CI ASIAN OPPORTUNITIES FUND

Q3-2021 Commentary

CI GLOBAL ASSET MANAGEMENT

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Asian Opportunities Fund, Series F*	13.1%	10.4%	9.3%	9.6%	3.1%
Benchmark: MSCI AC Asia Pacific - Net Return CAD	12.2%	7.8%	8.8%	10.4%	4.3%

* Inception date August 8, 2000. Formerly Signature Asian Opportunities Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at September 30, 2021.

PERFORMANCE SUMMARY

- Over the third quarter of 2021, CI Asian Opportunities Fund, Series F (the Fund) returned -5.3% compared with MSCI AC Asia Pacific - Net Return CAD, which returned -2.2% over the same period.
- The Fund underperformed its benchmark during the period largely as a result of stock selection, particularly in the real estate, information technology and financials sectors. An overweight allocation and stock selection in utilities contributed to the Fund's performance.
- A change in Chinese regulations regarding domestic internet companies negatively impacted the Fund. The new policies introduced significant uncertainties toward Chinese equities and left investors guessing how far Chinese regulators would go and what other industries might face new regulations. Although we had significantly reduced the Fund's exposure to the Chinese internet segment, Fund performance was negatively impacted.
- Worries about China's real estate sector was also top of mind for investors as a large Chinese developer faced difficulties in repaying debt. Higher interest rates in the United States and a stronger U.S. dollar impacted overall sentiment towards emerging countries in Asia, which impacted the Fund's performance.

CONTRIBUTORS TO PERFORMANCE

Huaneng Power International Inc.'s stock had been trading at a distressed valuation as investors do not like coal-fired power companies. However, the company has added renewable generations aggressively and by the end of the first half of 2021, renewable power accounted for over 20% of installed generation. We believe the renewable element of the company was overlooked by the market. Not long after we built the Fund's position, the market recognized the value of the company's renewable power, and its stock has rebounded since. Keyence Corp. outperformed, driven by strong earnings growth. In the long run, we believe that the company will benefit from sustained long-term global demand expansion for factory automation. In particular, the manufacturing industry's increasing shift toward sophisticated production lines should further benefit the company. It is considered one of the Fund's core holdings.

DETRACTORS FROM PERFORMANCE

A position in KWG Living Group Holdings Ltd., one of the largest property management companies in China, detracted from the Fund's performance. The stock came under pressure recently because of investors' concerns about the Chinese property sector. However, we believe China Evergrande Group is not reflective of the overall sector and believe the Chinese government has the will and ability to manage the situation. SK Hynix Inc. underperformed as investors expect dynamic random-access memory pricing to peak in 2021. The selling pressure was further exacerbated as information technology stocks generally underperformed value stocks in an environment of rising 10-year bond yields and amid concerns of interest rate increases.

PORTFOLIO ACTIVITY

Inner Mongolia Yili Industrial Group Co., one of the largest dairy companies in China, was added to the Fund. It manufactures and distributes dairy products and health drinks in major product categories, including milk and dairy products. The company delivers double-digit growth through extensive distribution channels nationally and a product mix geared towards fresh products.

We sold Anta Sports Products Ltd. as the sportswear industry started to see sales decelerate because of rising COVID-19 cases, and a high base effect from the strong sales in the second half of 2020. Recent power usage restrictions also affect the textile industry with shorter production hours, causing the spike in raw material costs. The warm weather also delayed the sale of winter apparel, thus lowering the average selling price and gross margins. We were concerned about these factors, and eliminated the position. Galaxy Entertainment Group Ltd., one of the six casino operators in Macau, was eliminated from the Fund. The company was hit by continuous COVID-19 cases, which impacted visitations. More recently, the introduction of proposed new gaming regulation framework also had an impact. It remains to be seen how the sector will evolve in the future amid these developments. We reduced our weighting before the turmoil in the sector and sold out of the remaining position as more of these risks materialized.

MARKET OVERVIEW

A number of key factors should determine whether emerging market equities can end the year strongly. These factors include U.S. yields (and the U.S. dollar and U.S. inflation), worries about China's growth and more specifically the real estate and internet sectors. How and when global fiscal and monetary policy stimulus are withdrawn in 2022 is another factor to consider.

A continued rise in U.S. real yields should be a challenge for emerging market assets, but we believe that any action by the U.S. Federal Reserve will be gradual and well-telegraphed to help soften the adverse impact on emerging markets.

The news that one of China's largest property developers may default on its debt highlighted the struggles in the Chinese property sector. Given the key role of real estate in driving economic growth over the last two decades, worries about the property market have spilled over into Chinese growth concerns. We believe Chinese authorities could prevent growth from slowing too significantly and should step in with stimulus once needed. Timing is a risk and will likely lead to increased price volatility as investors hope for near-term stimulus while policymakers might be more patient.

The Fund holds an overweight position in the financials sector and underweight exposure to Chinese ecommerce. We have also reduced the Fund's overweight allocation to China while maintaining and underweight position in Japan.

Source: CI Global Asset Management

CI GLOBAL ASSET MANAGEMENT

For more information, please visit ci.com.

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The comparison presented is intended to illustrate the Mutual Fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes. There are various important differences that may exist between the Mutual Fund and the stated indexes that may affect the performance of each. The objectives and strategies of the Mutual Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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Published October 13, 2021