CI CANADIAN INCOME & GROWTH FUND

Q4-2021 Commentary

CI GLOBAL ASSET MANAGEMENT

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Income & Growth Fund, Series F*	17.3%	12.9%	8.1%	8.4%	7.9%
Benchmark: 35% S&P/TSX Composite Index, 25% MSCI ACWI Index, 20% FTSE Canada Universe Overall Bond Index, 20% BofAML U.S. High Yield Index	13.2%	12.6%	8.6%	9.4%	N/A

* Inception date: November 11, 2000. Formerly Signature Income & Growth Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at December 31, 2021.

PERFORMANCE SUMMARY

- In the fourth quarter of 2021, CI Canadian Income & Growth Fund, Series F (the Fund) returned 5.3% compared with its blended benchmark (35% S&P/TSX Composite Index, 25% MSCI ACWI Index, 20% FTSE Canada Universe Overall Bond Index, 20% BofAML U.S. High Yield Index), which returned 4.3%.

- The Fund outperformed its benchmark primarily as a result of an overweight allocation to equities. Within the Fund's equity holdings, exposure to the financials, energy and health care sectors contributed to performance.

CONTRIBUTORS TO PERFORMANCE

The Fund's position in Advanced Micro Devices Inc. contributed to performance. The company had a strong period, characterized by better-than-expected financial results and margin expansion. Its products have been shipping on schedule as the company has managed technology transitions and supply chain constraints well, with particular strength in data centres. The company recently announced a significant win with Meta Platforms Inc. as the newest customer to adopt its high-performance central processing units. The new offerings from the company continue to do well both in a cloud-computing and enterprise context.

Another contributor to the Fund's performance was The Bank of Nova Scotia. The bank's valuation discount to its domestic peers narrowed as market pessimism concerning its Latin American businesses declined. The region has suffered from politics and the COVID-19 pandemic, but the company's businesses should support attractive growth and profitability in the medium term.

DETRACTORS FROM PERFORMANCE

A holding in Lightspeed Commerce Inc. detracted from the Fund's performance as it was impacted by a hedge fund report seeking to undermine its credibility by engaging in sensational commentary. While the company vigorously defended itself, there was irreparable damage to its equity values in 2021. We believe the company has attractive long-term prospects, and 2022 provides an opportunity to demonstrate this.

Another detractor from performance was Daqo New Energy Corp., which saw its stock decline amid concerns about access to the U.S. solar market given market perceptions around parts of the company's Chinese supply chain. We believe these concerns are overblown, and that the company's favourable valuation make for an attractive investment.

PORTFOLIO ACTIVITY

During the quarter, we added a new Fund position in Unity Software Inc., whose core product is a multi-platform 3D game creation engine that developers can use to create product that is supported across a wide span of game platforms. This business looks attractive as its platform has a base of nearly half of all mobile games and a more dominant share of virtual reality content. In addition to content creation, the company provides middleware that improves advertising monetization of these games.

Late in the period, we sold the Fund's holding in Loblaw Companies Ltd. The company had been a beneficiary of pandemic lockdowns and optimism around its health and pharmacy business, and good progress in its efforts to improve distribution. However, the valuation of the company had already priced in these factors with valuation measures significantly in excess of historic ranges.

MARKET OVERVIEW

The Canadian equity market looks reasonably well positioned within a global context and on a valuation basis. With an expectation for reasonable but slowing global growth, in a rising interest rate environment, where inflation is higher than in recent periods and COVID-19's potency recedes, we believe Canada's economic trajectory, market composition and valuation allow for reasonable stock market returns.

For global equities, we expect 2022 to be a good year, supported by earnings growth, but there will be some challenges on valuations from expected interest rate increases. In the United States, with both gross domestic product growth and inflation above trend, we expect a favourable backdrop for earnings, which are driven by nominal rather than real growth. Along with an expected modest return for equities, we also expect a bumpier ride as shifting monetary policy impacts market liquidity. It should be a year for cautious optimism and tactical opportunities in 2022, and we believe that global equities, like the Canadian market, can provide a positive return over the year.

On the fixed-income side, the Fund continues to have an underweight duration (interest rate sensitivity) exposure based on the expectation for rising interest rates with the removal of extraordinary monetary accommodation. However, given the amount of increase that has been priced in, any growth concerns could provide an opportunity for some trading gains in the bond market. As well, the stability and outright duration of the Fund's bond position will still act as a hedge against overall portfolio volatility and variance from our expectations.

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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