

CI CANADIAN INCOME & GROWTH FUND

Q4-2022 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Income & Growth Fund, Series F*	-8.3%	4.5%	4.1%	6.4%	7.1%
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	-8.3%	4.1%	5.1%	7.5%	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, 2022.

PERFORMANCE SUMMARY

- Over the fourth quarter of 2022, CI Canadian Income & Growth Fund, Series F (the Fund) returned 4.9% 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 4.7%
- The Fund outperformed its benchmark primarily as a result of an overweight allocation to equities, as well as outperformance from both equity and fixed-income holdings.

CONTRIBUTORS TO PERFORMANCE

The Fund's position in Fairfax Financial Holdings Inc. contributed to performance. The company reported strong third-quarter 2022 results, and the market began to recognize the valuation discount the company's stock has versus peers was not justified given strong forecasts for higher interest and dividend income. The company's commitment to share buybacks also played a role in positive market sentiment.

Another contributor to the Fund's performance was Cenovus Energy Inc., which reported strong third-quarter 2022 results. Cenovus Energy's share price performance was aided by an expectation that the company's debt reduction target was fast approaching, which should allow for accelerated cash returns to shareholders.

DETRACTORS FROM PERFORMANCE

The Fund's position in Amazon.com Inc. detracted from performance. The company's shares traded lower after the company reported lower-than-expected third-quarter 2022 earnings results. Amazon.com also delivered a forecast for holiday sales that was weaker than projected. Broader sentiment toward information technology sector stocks resulting from rising interest rates also weighed on the company's share price.

A holding in AltaGas Ltd. also detracted from the Fund's performance after the company reported weaker-than-expected third-quarter 2022 results. Investors were concerned about the company's ability to reduce its debt, as well as volatile propane prices. The departure of its CEO also negatively affected investor sentiment toward the company.

PORTFOLIO ACTIVITY

There were no significant additions or eliminations from the Fund during the period.

MARKET OVERVIEW

After a difficult year in equity markets, we have a positive outlook for Canadian stocks as we believe the bulk of interest rate increases are behind us. Late-2022 commentary from the Bank of Canada acknowledging economic risks has given investors in both equity and bond markets comfort. While interest rate increases will take some time to work their way through the Canadian economy and will likely impact growth, particularly for indebted Canadian consumers, we do not believe the economic softness will be substantial. It is our view that Canadian equities are attractively priced, driving the Fund's overweight allocation to Canada.

Given higher interest rates, the Fund holds an overweight exposure to the financials sector given our expectation that Canadian consumers are unlikely to default in large scale. The Fund has an underweight exposure to the more economically sensitive consumer discretionary sector, as well as information technology, given growth challenges as interest rates are likely remain higher than they have been in recent history.

Within fixed-income securities, following a difficult year when inflation and interest rate increases caused bond prices to decline and yields to reset higher, we believe the repricing has left fixed-income investors with an attractive backdrop. We also welcome the opportunity for bonds to provide positive returns via negative correlation to equities in the event of weaker-than-expected economic performance.

Source: CI Global Asset Management

For more information, please visit [ci.com](https://www.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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