

CI CORPORATE BOND FUND

Q2-2023 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I
CI Corporate Bond Fund, Series F*	4.4%	1.5%	2.1%	3.7%	4.7%
Benchmark: 50% ICE BofAML U.S. High Yield Total Return Index, 50% FTSE Canada Universe + Maple All Corporate Bond Total Return Index	5.4%	0.5%	2.3%	4.7%	5.5%

* Inception date: July 15, 2003. Formerly Signature Corporate Bond Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at June 30, 2023.

PERFORMANCE SUMMARY

- Over the second quarter of 2023, CI Corporate Bond Fund, Series F (the Fund) returned 0.8% compared with its benchmark, a 50/50 combination of the ICE BofAML U.S. High Yield Total Return Index and the FTSE Canada Universe + Maple All Corporate Bond Total Return Index, which was 0.5% over the same period.
- The Fund outperformed its benchmark during the period. Security selection within high-yield and investment-grade bonds contributed to the Fund's performance. The Fund's short-duration positioning (lower sensitivity to interest rates) and overweight allocation to high-yield bonds contributed to performance as government bond yields rose.

CONTRIBUTORS TO PERFORMANCE

The Fund's convertible bond holdings in Norwegian Cruise Lines Holdings Ltd. 2.5% due February 2027 and Carnival Corp. 5.75% due December 2027 significantly contributed to performance. Passenger bookings remained robust and in excess of 2019 levels. Meanwhile, fuel costs have abated, putting these issuers in a good position to grow earnings and reduce debt.

The Fund's short-duration positioning (almost one year shorter than the benchmark duration of 4.2 years) added value as interest rates backed up at the five-year mark in Canada and the United States by 67 and 58 basis points, respectively.

DETRACTORS FROM PERFORMANCE

The Fund's allocation to Canadian preferred shares detracted from performance. A federal budget change that reduces the attractiveness of the asset class to domestic financial institutions plus higher government bond yields weighed on the space.

While we lowered the Fund's hedge at the lows in May and profitably raised the hedge again later in the month, the approximate 2% appreciation of the Canadian dollar against the U.S. dollar was a slight detractor from the Fund's performance.

PORTFOLIO ACTIVITY

We added a privately syndicated second lien term loan issued by IAMGOLD Corp. to the Fund. The loan, which matures in 2028, allows IAMGOLD to complete the construction of its Cote joint venture gold mine in Northern Ontario.

The Fund realized significant capital gains on the sale of a small position in Carnival Corp. 5.75% due December 2027. Favour from the equity market finally seems to have returned to the cruise line industry, where stocks performed very well in May and June. Cruise line bonds remain core positions within the Fund.

MARKET OVERVIEW

The current trend in corporate bonds is likely to continue into the second half of 2023. Credit spreads (the yield differential between securities of similar maturity but different credit quality) have historically performed well following a pause in interest rate increases from the U.S. Federal Reserve Board (Fed).

The third quarter of the year tends to be seasonally quiet, with some excitement in years with policy change coming from the Fed's Jackson Hole conference in August. Usually in September there is more clarity about whether issuers' 2023 forecasts are tracking to plan, and bond issuance picks up again. We expect issuers to continue to actively address pending maturities even as borrowing costs are higher, respecting the old adage in the high-yield market to "borrow when you can, not when you have to." This is a bond-picker's market, and we are cautiously optimistic but realize that we could see bond spreads spike to wider levels over short periods of time.

Source: CI Global Asset Management

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

IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or an offer or a solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

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.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Global Asset Management has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

Certain names, words, titles, phrases, logos, icons, graphics, or designs in this document may constitute trade names, registered or unregistered trademarks or service marks of CI Investments Inc., its subsidiaries, or affiliates, used with permission. All other marks are the property of their respective owners and are used with permission.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Global Asset Management and the portfolio manager believe to be reasonable assumptions, neither CI Global Asset Management nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

CI Global Asset Management is a registered business name of CI Investments Inc.

© CI Investments Inc. 2023. All rights reserved.

Published: July 20, 2023.