CI ASIAN OPPORTUNITIES FUND

Q2-2022 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Asian Opportunities Fund, Series F*	-22.0%	4.8%	2.9%	7.4%	2.1%
Benchmark: MSCI AC Asia Pacific – Net Return CAD	-19.0%	1.4%	2.7%	8.0%	N/A

* Inception date: August 8, 2000. Formerly Signature Asian Opportunities Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at June 30, 2022.

PERFORMANCE SUMMARY

- Over the second quarter of 2022, CI Asian Opportunities Fund, Series F (the Fund) returned -6.6% compared with its benchmark, the MSCI AC Asia Pacific – Net Return CAD, which returned -9.0% over the same period.
- The Fund outperformed its benchmark as a result of country and sector allocation as well as a higher-than-usual cash allocation. Underweight exposures to the materials and communication services sectors also contributed to the Fund's performance.
- Though stock selection was challenging overall, choices within the industrials and health care sectors contributed to the Fund's performance, while stock selection in the information technology and consumer discretionary sectors detractor from performance.

CONTRIBUTORS TO PERFORMANCE

A holding in Full Truck Alliance Co. Ltd. contributed to the Fund's performance. The company's share price increased after Chinese regulators granted approval for the resumption of new registrations after almost a year of operating under this regulatory uncertainty. The company delivered solid first-quarter 2022 results despite the suspension of new user registrations. User signup growth is expected to gain steam in the months ahead as regulatory challenges ease, which together with a gradual improvement in monetization, should allow the company to grow its earnings at a healthy pace for years to come.

Another notable contributor to the Fund's performance was Standard Chartered PLC, a commercial bank that operates commercial and retail banking networks in Hong Kong, Singapore, Malaysia, Thailand, India and the Middle East, as well as in several African nations. The bank is seen as an investment in emerging market growth. While these markets will not be immune from the wider economic slowdown, the growth rates of the economies to which Standard Chartered is exposed to are providing long-term growth opportunities. Potential increase in net interest income as interest rate increases and another US$350 million in share buybacks add to the attractiveness of this investment.

DETRACTORS FROM PERFORMANCE

A position in Keyence Corp. detracted from the Fund's performance. Investors were concerned that weakening macroeconomic conditions could negatively impact factory automation demand. The high interest rate environment is also not accommodative for high-valuation stocks. We believe that machine vision is a key enabler for smart industrials, and Keyence is the undisputed global leader in this field.

Another notable detractor from the Fund's performance was Insignia Financial Ltd., a vertically integrated wealth manager. After making acquisitions of financial advice businesses, the company's execution on cost savings and advisor restructuring seems to be more challenging than market expectations. The company's management flagged a further reduction of another 30 adviser roles with no revenue impact to improve efficiencies within its advice business.

PORTFOLIO ACTIVITY

We added a new Fund position in Sany Heavy Industry Co. Ltd., the world's largest excavator manufacturer. The company's stock price had been under pressure for almost 10 months because of economic growth concerns in China. We believe the worst of the Chinese growth slowdown is behind us and expect a recovery in the company's sales in the second half of 2022. The company's market share continues to increase overseas, with strong growth in North America and Europe.

We eliminated a position in NetEase Inc. from the Fund as we believe post-pandemic normalization could lead to slower revenue growth for online game companies. Furthermore, the company's stock was negatively impacted as NetEase announced a delay in its launch of the highly anticipated "Diablo Immortal" in China after the posting of a politically sensitive feed on a social media platform by the company's personnel.

MARKET OVERVIEW

During the past six months, the macroeconomic debate had pivoted between inflation fears and growth worries. The U.S. inflation readings in early June had sent 10-year U.S. Treasury yields to 3.5%, which may well mark the high point in the current environment, with the market at one point pricing in a terminal federal funds rate of almost 4% (currently at 2.25%). Following the June spike in interest rates, the macroeconomic debate quickly shifted from inflation to growth and whether the economy would be able to avoid a recession given the higher interest rate structure.

Our expectation is that inflation could start to decline in the second half of 2022 but that the decline in U.S. and global inflation could be slow and might stay above 3%, which would suggest further U.S. interest rate increases in the latter part of 2022. Global and U.S. economic growth are expected to slow further, and 2022 growth should be significantly below 2021 and could easily fall below potential growth in the United States and Europe. On the positive side, Chinese growth is expected to accelerate during the second half of the year and into 2023, which could help Asian equities (excluding Japan) to outperform developed market equities.

Source: 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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