

CI CORPORATE BOND FUND

Q2-2022 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Corporate Bond Fund, Series F*	-10.0%	0.1%	1.6%	3.8%	4.7%
Benchmark: 50% ICE BofAML U.S. High Yield Total Return Index, 50% FTSE Canada Universe + Maple All Corporate Bond Total Return Index	-11.4%	-0.8%	1.6%	4.8%	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, 2022.

PERFORMANCE SUMMARY

- Over the second quarter of 2022, CI Corporate Bond Fund, Series F (the Fund) returned -6.3% 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 returned -7.4% over the same period.
- The Fund outperformed its benchmark as a result of its shorter duration (interest rate sensitivity) than that of its benchmark. Defensive security positioning also contributed to performance, as did the Fund's cash allocation and U.S.-dollar exposure.

CONTRIBUTORS TO PERFORMANCE

An overweight position in the energy sector contributed to the Fund's performance as oil and gas prices remained elevated. NuVista Energy Ltd. 7.875% Jul. 23, 2026 bonds and Calfrac Well Services Ltd. 10.875% Mar. 15, 2026 bonds were notable outperformers.

Late in the period, various Government of Canada bond positions held in the Fund for duration management outperformed as yields rebounded approximately 20 basis points amid increased recession risk.

DETRACTORS FROM PERFORMANCE

The Fund's overweight positions in bonds of cruise lines, including Carnival Corp., Royal Caribbean Cruises Ltd., Viking Cruises Ltd. and Norwegian Cruise Line Holdings Ltd., detracted from performance. While these are some of our highest conviction positions and passenger volumes and forward bookings have returned to pre-COVID-19 pandemic levels, high fuel prices and poor market sentiment weighed on the bonds.

Exposure to the gaming market in Macau (via Studio City International Holdings Ltd. and Wynn Macau Ltd. bonds) also detracted from the Fund's performance as this market and its feeder cities have been much slower to emerge from pandemic lockdowns than Las Vegas.

PORTFOLIO ACTIVITY

New fixed-income securities with 7% coupons issued by Canadian Imperial Bank of Commerce, Manulife Financial Corp. and The Bank of Nova Scotia were added to the Fund.

We trimmed bonds issued by copper producer First Quantum Minerals Ltd. (7.5% Apr. 1, 2025) on strong relative performance to extend in the capital structure.

MARKET OVERVIEW

The raising of interest rates by the Bank of Canada and U.S. Federal Reserve Board pushed valuations in all assets classes wider. Investment-grade bond spreads of +158 basis points and U.S. high-yield bond spreads at +592 basis points are pricing in a ratings downgrade and default cycle consistent with a deep recession. It is a scenario we do not discount but find overly pessimistic. While companies' interest burden is undoubtedly rising, credit quality and dividend coverage were good to start the year and a 15% reduction in cash flows, which is representative of previous recessions, brings balance sheet metrics back to average levels. As such, we are slowing shifting to take on more risk in the Fund, looking to reduce the Fund's exposure to the financials and energy sectors in the high-yield bond segment and increase our positions in cruise lines and airlines.

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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Published July 18, 2022.