

CI CORPORATE BOND FUND

Q4-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I
CI Corporate Bond Fund, Series F*	3.7%	6.5%	4.8%	5.6%	5.5%
Benchmark: 50% ICE BofAML U.S. High Yield Total Return Index, 50% FTSE Canada Universe + Maple All Corporate Bond Total Return Index	2.0%	6.1%	4.8%	6.8%	6.4%

* Inception date: July 15, 2003. Formerly Signature Corporate Bond Fund, renamed effective July 29, 2021.
Source: CI Global Asset Management, as at December 31, 2021.

PERFORMANCE SUMMARY

- Over the fourth quarter of 2021, CI Corporate Bond Fund, Series F (the Fund) returned 0.3% 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 was up 0.8% over the same period.
- The Fund slightly underperformed its benchmark as a result of security selection and a short duration (sensitivity to interest rates) positioning.

CONTRIBUTORS TO PERFORMANCE

The Fund's preferred shares holdings of investment-grade Canadian issuers were some of the strongest contributors to performance as the asset class recovered from March 2020 lows. The market is shrinking due to replacement limited recourse capital note issuance, and as some of the structures trade higher as short-dated government bond yields rise.

DETRACTORS FROM PERFORMANCE

The Fund's cyclical positioning, exemplified by high-yield bond overweight positions in cruise lines (Royal Caribbean Cruises Ltd. and Carnival Corp.), airlines (Air Canada) and theatres (Cineplex Inc. and AMC Entertainment Inc.) detracted from performance. The emergence and spread of the COVID-19 omicron variant pushed back full economic reopening.

PORTFOLIO ACTIVITY

We added a new position in Rogers Communications Inc. 5.0% bonds due 2081. The proceeds of the debt were used to pay for spectrum, but the company also has to fund the pending Shaw Communications Inc. acquisition. The hybrid bond's credit ratings may be lowered but we feel this is already reflected in the trading level.

Our longstanding position in LBC Tank Terminals Holding Netherlands BV 6.875% bonds due 2023 was eliminated when it was called in the fourth quarter of 2021 and not refinanced in the public markets.

MARKET OVERVIEW

While economic growth is expected to moderate in 2022, it should still be above trend despite the early challenge of the COVID-19 omicron variant. Financial conditions remain loose even as the language from the U.S. Federal Reserve Board shifts in the face of longer-than-anticipated higher inflation. Credit fundamentals could improve in 2022, and we expect high-yield bonds to outperform investment-grade bonds. The former is being of shorter duration and more levered to economic growth, and as such, we expect to see more credit quality improvement there.

Source: CI Global Asset Management



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