

CI CANADIAN BOND FUND

Q3-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Canadian Bond Fund, Series F*	-2.4%	4.7%	2.0%	3.0%	4.3%
Benchmark: FTSE Canada Universe Bond Total Return Index	-3.4%	4.3%	2.3%	3.3%	5.1%

* Inception date August 8, 2000. Formerly Signature Canadian Bond Fund, renamed effective July 29, 2021.

Source: CI Global Asset Management, as at September 30, 2021.

PERFORMANCE SUMMARY

- In the third quarter of 2021, CI Canadian Bond Fund, Series F (the Fund) returned -0.3% compared with the FTSE Canada Universe Bond Total Return Index, which returned -0.5%.
- The Fund outperformed its benchmark primarily as a result of its short duration (sensitivity to interest rates) and yield curve positioning. An overweight exposure to investment-grade corporate bonds also contributed to performance

CONTRIBUTORS TO PERFORMANCE

A position in Enbridge Inc. 6.25% Mar. 1, 2078-28 contributed to the Fund's performance. The company's Line 3 replacement project reached substantial completion and is estimated to contribute approximately \$200 million of earnings this year, a positive catalyst for the credit. This hybrid security also provides an attractive yield for investors who are able to own the lower-rated bonds of an investment-grade parent company further down the capital structure. NHL U.S. Funding L.P. 4.12% Jul. 12, 2028 was another contributor to the Fund's performance. Ongoing pandemic recovery in the United States and Canada was positive for the bond as hockey teams began to welcome back fans into arenas. In addition, the league successfully negotiated a new seven-year U.S. national media rights agreement, which should see U.S. national media rights fees per year increase by approximately 2.5 times.

DETRACTORS FROM PERFORMANCE

Province of Manitoba 2.05% Sep. 5, 2052 and Province of Alberta 3.1% Jun. 1, 2050 detracted from the Fund's performance. While provincial bond spreads were stable, the underlying Government of Canada (GoC) bond yield rose significantly, putting downward pressure on the price of these bonds.

PORTFOLIO ACTIVITY

We purchased a new position in GoC 1.5% Jun. 1, 2031 to add duration as yields increased amid central bank forward guidance. We reduced a holding in GoC 2.0% Sep. 1, 2023 to add duration to the Fund further out on the interest rate curve.

MARKET OVERVIEW

Continued recovery across the global economy, with higher COVID-19 vaccination rates and declining risk of additional lockdowns, has rekindled the prospect of further solid growth. As output gaps closed and inflation normalized at or above many central banks' targets, interest rates rose globally, and we expect this trend to continue through the end of the year and into 2022.

At the U.S. Federal Reserve's (Fed) September meeting, it signalled that asset purchases could be tapered soon. The Fed changed its interest rate projections to three expected increases in 2023 (up from two) and three increases in 2024. This change in expectations led U.S. five- and 10-year Treasuries to sell off 15 and 20 basis points, respectively.

In Canada, with tapering already underway, the Bank of Canada (BoC) provided an outlook of interest rate increases in the second half of 2022 once 2% target inflation is sustainable. The BoC has benefited from a string of positive economic indicators, which are supportive of higher interest rates while employment in the United States has been less than expected.

The Fund has a short duration position as interest rates are anticipated to rise, but as they rise, we expect to reduce the short position. The Fund holds an overweight exposure to corporate bonds as we are positive on the economy and the asset class should continue to provide excess returns.

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 construed as an endorsement or recommendation of any entity or security discussed. 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 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. 2021. All rights reserved.

Published October 13, 2021.