

# CI Global Investment Grade ETF

Management Report of Fund Performance for the period/year ended June 30, 2023

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-792-9355, by writing to us at CI Investments Inc., 15 York Street, Second Floor, Toronto, ON, M5J 0A3 or by visiting our website at [www.ci.com](http://www.ci.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## RESULTS OF OPERATIONS

As at June 30, 2023, the Fund's net asset value were \$104.3 million. The Fund had net sales of \$12.9 million for the period. The portfolio's performance increased assets by \$1.5 million. The Fund paid distributions totalling \$1.7 million.

Entrenched inflation fears pushed central banks to continue to raise short-term interest rates while the rise of longer-dated bond yields was much more muted. This has left us with historically large yield curve inversions in government bond markets, which many market participants believe correlate to a high probability of a near-term recession. The Bank of Canada resumed its monetary tightening path during the period, raising interest rates further as inflation remained above its target level.

The U.S. Federal Reserve Board (Fed) skipped its June 2023 meeting date but did provide an outlook, which indicated that two more 25-basis-point interest rate hikes by year-end were likely needed. This resulted in two-year yields approaching a cycle high just below 5%. Disagreements in near-term policy actions began to be more pronounced, but Fed chair Jerome Powell continued to advocate for a more restrictive monetary policy.

The Fund's allocation to both investment-grade and high-yield corporate bonds contributed to performance as credit spreads tightened. Security selection was also a contributor to the Fund's performance. Top individual contributors to the Fund's performance were holdings in Inter Pipeline Ltd. 5.091% Nov. 27, 2051 and Rogers Communications Inc. 4.55% Mar. 15, 2052 bonds. Longer-term corporate bonds benefited from tightening corporate credit spreads.

The Fund's larger allocation to government bonds versus the benchmark detracted from performance as yields rose across most of the yield curve. The Fund's position in U.S. Treasury 3.50% Apr. 30, 2028 bonds was a notable detractor from performance as yields rose in the front end of the curve. However, the duration (sensitivity to interest rates) impact of the rise in yield in this security was more significant than other securities.

Bank of Montreal 7.057% May 26, 2028 additional tier-1 (AT1) preferred shares were added to the Fund. The preferred shares' coupon rate of over 7% and reset spreads of 425 basis points are attractive from a highly regulated investment-graded issuer. Additionally, institutional preferred shares pay Canadian dividends, so they are tax-advantaged for those investors able to claim a dividend tax credit. We increased the Fund's holding in General Electric Co. 5.0% Dec. 31, 2049 floating-rate notes. The company continues to progress towards splitting into three companies, which should result in more significant debt repayment. A holding of Waste Management Inc. 2.0% Jun. 1, 2029 bonds was eliminated from the Fund to fund higher-yielding purchases.

## RECENT DEVELOPMENTS

Our view on investment-grade credit has not significantly changed as the year has unfolded. The technical backdrop remains supportive of investment-grade credit, with supply-and-demand dynamics in general. We are expecting some deterioration in credit metrics throughout the year, and we remain vigilant to exit Fund holdings that appear vulnerable.

All-in yields on lower-rated bonds are at attractive levels on a risk-adjusted basis. Spreads, however, are at the tighter end of the range that we envision holding for the second half of 2023. This combination leaves us neutral on the high-yield bond space. Our approach at times like this is to stay focused on individual credit stories. We maintain an overweight position in the United States as a hedge on economic or market turbulence.

## RELATED PARTY TRANSACTIONS

### **Manager, Portfolio Adviser and Trustee**

CI Investments Inc. is the Manager, Portfolio Adviser and Trustee of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration of management fees, provided management services required in the day-to-day operations of the Fund. The Manager bears all of the operating expenses of the Fund (other than taxes, borrowing costs and new governmental fees) in return for an administration fee.

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Management fee and administration fee rates as at June 30, 2023, for the Series/Class or for each of the Series/Classes, as applicable, is/are shown below:

	Annual management fee rate (%)	Annual administration fee rate (%)
ETF CS Series	0.500	0.15
ETF US\$ Hedged Series	0.500	0.15

The Manager received \$0.2 million in management fees and \$0.1 million in administration fees for the period.

## **Management Fees**

100% of total management fees were used to pay for investment management and other general administration.

## **Related Fund Trading**

Related fund trading occurs when a Fund purchases or sells units/shares of another Fund managed by the Manager. During the period/year ended June 30, 2023, the Fund engaged in related fund trading or held position(s) in related fund(s) at the end of the period/year.

## **Inter Fund Trading**

Inter fund trading occurs when a Fund purchases or sells a security of any issuer from or to another Fund managed by the Manager. These transactions are executed through market intermediaries and under prevailing market terms and conditions. The Independent Review Committee (IRC) reviews such transactions during scheduled meetings. During the period/year ended June 30, 2023, the Fund executed inter fund trades.

## **Independent Review Committee**

The Manager, in respect of the Fund, received the following standing instructions from the IRC with respect to related party transactions:

The applicable standing instructions require, amongst others, that related party transactions be conducted in accordance with the Manager's policies and procedures and applicable law and that the Manager reports related party transactions periodically to the IRC and advise the IRC of any material breach of such policies. The Manager's policies and procedures require that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager, uninfluenced by considerations other than the best interests of the Fund; (c) do not exceed the limitations of the applicable legislation; and (d) achieve a fair and reasonable result for the Fund.

Except as otherwise noted above under Related Party Transactions section, the Fund was not a party to any related party transactions during the period/year ended June 30, 2023. If the Fund invested in related party transactions, it relied on the IRC's standing instructions regarding related party transactions during this reporting period/year.

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## FINANCIAL HIGHLIGHTS

The following table/tables shows/show selected key financial information about the Fund and is/are intended to help you understand the Fund's financial performance for the past six period(s)/year(s), as applicable.

Net Assets per Unit (\$)	Increase (decrease) from operations:					Distributions:					Net assets at the end of the period/year shown	
	Net assets at the beginning of period/year	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period/year	Unrealized gains (losses) for the period/year	Total increase (decrease) from operations	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>ETF C\$ Series</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations October 27, 2022												
Listed TSX: CGIN												
Jun. 30, 2023	20.17	0.49	(0.07)	0.07	(0.15)	0.34	(0.21)	-	(0.11)	-	(0.32)	20.16
Dec. 31, 2022	20.00	0.15	(0.03)	0.07	0.11	0.30	(0.11)	-	(0.06)	-	(0.17)	20.17
<b>ETF US\$ Hedged Series</b> <sup>(1)(2)(3)(4)(5)</sup>												
Commencement of operations October 27, 2022												
Listed TSX: CGIN.U												
Jun. 30, 2023	20.17	0.46	(0.08)	(0.68)	0.30	-	(0.06)	-	(0.26)	-	(0.32)	20.20
Dec. 31, 2022	20.00	0.14	(0.03)	0.49	(0.73)	(0.13)	(0.08)	-	(0.31)	-	(0.39)	20.17

(1) This information is derived from the Fund's semi-annual and annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant Series/Class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant Series/Class over the fiscal period/year.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the period(s)/year(s) ended June 30, 2023 and December 31.

(5) Per units amounts are presented in U.S. dollars.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data

	Total net assets \$000's	Number of units outstanding 000's	Management expense ratio before taxes %	Harmonized sales tax %	Management expense ratio after taxes %	Effective HST rate for the period/ year %	Trading expense ratio %	Portfolio turnover rate %	Closing market price \$
<b>ETF CS Series</b> <small>(1)(2)(3)(4)(5)(6)</small>									
Commencement of operations October 27, 2022									
Listed TSX: CGIN									
Jun. 30, 2023	97,489	4,835	0.68	0.06	0.74	5.75	0.01	75.08	20.20
Dec. 31, 2022	87,084	4,318	0.68	0.08	0.76	13.00	0.07	89.44	20.18
<b>ETF US\$ Hedged Series</b> <small>(1)(2)(3)(4)(5)(6)(7)</small>									
Commencement of operations October 27, 2022									
Listed TSX: CGIN.U									
Jun. 30, 2023	6,823	255	0.68	0.04	0.72	5.40	0.01	75.08	20.23
Dec. 31, 2022	4,506	165	0.68	0.08	0.76	13.00	0.07	89.44	20.20

(1) This information is derived from the Fund's semi-annual and annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the period/year, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period/year, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal period/year. The higher a Fund's portfolio turnover rate in a period/year, the greater the trading costs payable by the Fund in the period/year, and the greater the chance of an investor receiving taxable capital gains in the period/year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period/year, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the period/year.

(5) This information is provided for the period(s)/year(s) ended June 30, 2023 and December 31.

(6) Closing market price.

(7) Per units amounts are presented in U.S. dollars.

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*Management Report of Fund Performance for the period/year ended June 30, 2023*

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## **PAST PERFORMANCE**

In accordance with National Instrument 81-106, Investment Fund Continuous Disclosure, "PAST PERFORMANCE" disclosure consisting of "Year-by-Year Returns" and "Annual Compound Returns" is not required if a Fund has been a reporting issuer for less than a year.

The Fund has been in existence for less than a year thus the "PAST PERFORMANCE" disclosure is not presented.

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2023

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
U.S.A.	54.6	Corporate Bonds	49.7	United States Treasury Bond, 3.5%, January 31, 2030	5.5
Canada	30.5	Foreign Government Bonds	28.8	United States Treasury Bond, 3.5%, February 15, 2033	4.4
Exchange-Traded Fund(s)	4.6	Canadian Government Bonds	5.9	United States Treasury Bond, 3.38%, May 15, 2033	3.9
Other Net Assets (Liabilities)	2.7	Exchange-Traded Fund(s)	4.6	United States Treasury Bond, 4.13%, November 15, 2032	3.9
U.K.	1.8	Other Net Assets (Liabilities)	2.7	United States Treasury Bond, 3.5%, April 30, 2028	3.3
Ireland	1.4	Financials	2.3	CI Global High Yield Credit Private Pool ETF (ETF C\$ Series)	3.2
Cash & Cash Equivalents	1.4	Asset-Backed Securities	1.4	Government of Canada, 3.5%, March 01, 2028	2.4
Foreign Currency Forward Contract(s)	0.9	Cash & Cash Equivalents	1.4	United States Treasury Bond, 3.63%, February 15, 2053	1.7
Cayman Islands	0.8	Energy	0.9	United States Treasury Bond, 4%, November 15, 2052	1.7
Japan	0.6	Communication Services	0.9	United States Treasury Bond, 4%, November 15, 2042	1.5
France	0.4	Foreign Currency Forward Contract(s)	0.9	Cash & Cash Equivalents	1.4
Short-Term Investment(s)	0.2	Utilities	0.3	General Electric Co., Series D, Convertible, Variable Rate, June 15, 2023	1.3
British Virgin Islands	0.1	Short-Term Investment(s)	0.2	United States Treasury Bond, 0.13%, October 15, 2023	1.3
				Government of Canada, 2%, June 01, 2032	1.2
				Government of Canada, 3%, November 01, 2024	1.2
				Bank of America Corp., Variable Rate, April 25, 2034	1.0
				PNC Financial Services Group Inc., Series O, Convertible, Variable Rate, November 01, 2023	0.9
				iShares iBoxx \$ Investment Grade Corporate Bond ETF	0.9
				Bank of Montreal, Variable Rate, January 10, 2037	0.8
				Inter Pipeline Ltd., 6.38%, February 17, 2033	0.8
				Manulife Financial Corp., Variable Rate, February 24, 2032	0.8
				United Airlines, Pass Through Trust Certificates, 2020-1, Class A, 5.88%, October 15, 2027	0.8
				United States Treasury Bond, Inflation Indexed, 0.38%, July 15, 2027	0.8
				AerCap Ireland Capital DAC/AerCap Global Aviation Trust, 2.45%, October 29, 2026	0.7
				Toronto-Dominion Bank (The), Convertible, Variable Rate, October 31, 2082	0.7
				<b>Total Net Assets (in \$000's)</b>	<b>\$104,312</b>

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

### A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.