

# CI Conservative Asset Allocation ETF

Management Report of Fund Performance for the period/year ended December 31, 2023

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the 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.sedarplus.ca](http://www.sedarplus.ca).

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.

## INVESTMENT OBJECTIVE AND STRATEGIES

The investment objective of the CI Conservative Asset Allocation ETF (the Fund) is to provide income with a potential for modest capital appreciation by investing in Exchange-Traded Funds (ETFs) that provide exposure to a portfolio of global fixed income and equity securities.

To achieve its investment objective, the Fund invests in a portfolio of global fixed-income and equity securities. The Portfolio Manager seeks to maintain a long-term strategic asset allocation of approximately 80% fixed income securities and 20% equity securities (under normal market conditions). The portfolio asset mix may be reconstituted and rebalanced from time to time at the discretion of the Portfolio Manager.

For a complete discussion of the Fund's investment objective and strategies, please refer to the Fund's most recently filed simplified prospectus.

## RISK

No changes affecting the overall level of risk associated with investing in the Fund were made during the period/year. The risks of the Fund remain as discussed in the Fund's most recently filed simplified prospectus or its amendments. The Manager reviews the risk rating for the Fund on an annual basis, at a minimum, based on the methodology mandated by the Canadian Securities Administrators to determine the risk level of the Fund. Any change to the risk rating made during the period/year was as a result of such review and was not a result of any change to the investment objective, strategies or management of the Fund.

## RESULTS OF OPERATIONS

As at December 31, 2023, the Fund's net asset value were \$2.1 million. The Fund had net sales of \$2.0 million for the period. The portfolio's performance increased assets by \$0.1 million.

Inflation continued to decline during the period. Central banks signalled that their job to battle inflation was almost done and that interest rate cuts may be coming soon. This shift in central bank policy ignited a sharp rebound in the value of both bonds and stocks in the final quarter of 2023. In certain asset classes, including Canadian bonds, U.S. bonds, real estate and Canadian small-capitalization equities, the fourth-quarter return turned the full-year return from negative to positive. This, once again, reminded investors about the importance of staying invested.

U.S. large-capitalization stocks, as measured by the S&P 500 Index, finished the period at 4,783 points, which is just 14 points below the all-time high, which was recorded on January 3, 2023. High inflation appeared to have been short-lived, along with high interest rates and poor stock performance.

The Fund has been in existence less than one year and, as such, there is no attribution information available.

## RECENT DEVELOPMENTS

The Fund is positioned for what may happen in the medium-to-long term rather than what may take place in the near term. The Fund has exposure to companies that we expect to benefit from lowering interest rates, stable economic growth and ongoing innovation.

On the theme of innovation, Apple Inc. is expected to launch its Vision Pro in the first quarter of 2024. It could be the next popular gadget to own after iPod, iPad, iPhone and Apple Watch. The company's failure or success is likely to have a direct and significant impact on S&P 500 Index performance given Apple Inc.'s significant weight in the index. Innovation has continued to drive stock prices higher in the United States, particularly in the current competition for dominance in artificial intelligence (AI). The largest information technology giants have all committed to spending in AI initiatives, in the hundreds of billions of dollars.

Unfortunately, this leaves small-cap companies out of the game. AI chip maker NVIDIA Corp. is busier than ever to meet demand and is also upgrading its products to compete. 2024 is set up to be an interesting year, with potentially larger-than-expected boosts from less restrictive monetary policies and from innovation.

## RELATED PARTY TRANSACTIONS

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

CI Investments Inc. is the Manager, Portfolio Manager 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.

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Management fee rate/rates as at December 31, 2023, for Series/Class or each of the Series/Classes, as applicable, is/are shown below:

	Annual management fee rate (%):
Common Units	0.220

The Manager received a nominal amount in management 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 December 31, 2023, the Fund engaged in related fund trading or held position(s) in related fund(s) at the end of the period/year.

## **Independent Review Committee**

The Manager, in respect of the Fund, received the following standing instructions from the Independent Review Committee (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 December 31, 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 five 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>Common Units</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations May 17, 2023												
Listed TSX: CCNV												
Dec. 31, 2023	20.00	0.45	(0.04)	(0.43)	1.59	1.57	(0.32)	(0.03)	(0.02)	-	(0.37)	20.50

(1) This information is derived from the Fund's audited 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 ended December 31, 2023.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data

	Total net assets	Number of units outstanding	Management expense ratio before waivers or absorptions after taxes	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
	\$000's	000's	%	%	%	%	%	%	%	\$
<b>Common Units</b> <small>(1)(2)(3)(4)(5)(6)</small>										
Commencement of operations May 17, 2023										
Listed TSX: CCNV										
Dec. 31, 2023	2,050	100	0.35	0.32	0.03	0.35	13.00	0.01	144.73	20.48

(1) This information is derived from the Fund's audited 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 ended December 31, 2023.

(6) Closing market price.

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*Management Report of Fund Performance for the period/year ended December 31, 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 December 31, 2023

Category	% of Net Assets	Category	% of Net Assets	Top Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Exchange-Traded Fund(s) .....	100.1	Exchange-Traded Fund(s) .....	100.1	iShares Core Canadian Universe Bond Index ETF .....	62.7
Other Net Assets (Liabilities) .....	0.3	Other Net Assets (Liabilities) .....	0.3	Vanguard Global Aggregate Bond Index ETF .....	18.4
Cash & Cash Equivalents .....	(0.4)	Cash & Cash Equivalents .....	(0.4)	CI Canadian Equity Index ETF (Unhedged Common Units) .....	6.2
				CI U.S. 1000 Index ETF (Unhedged Common Units) .....	5.9
				iShares Core MSCI EAFE ETF .....	5.0
				iShares Core MSCI Emerging Markets ETF .....	1.9
				Cash & Cash Equivalents .....	(0.4)
				<b>Total Net Assets (in \$000's)</b>	<b>\$2,050</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.