

# CI Investment Grade Bond ETF

Management Report of Fund Performance for the period/year ended June 30, 2024

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.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.

## RESULTS OF OPERATIONS

The Fund's net assets decreased by \$41.5 million to \$209.1 million from December 31, 2023 to June 30, 2024. The Fund had net redemptions of \$39.5 million for the period. The portfolio's performance increased assets by \$2.6 million. The Fund paid distributions totalling \$4.6 million. Hedged Common Units returned 1.1% after fees and expenses for the six-month period ended June 30, 2024. Over the same time period, the Fund's benchmark returned 1.2%. The benchmark is the FTSE Canada All Corporate Bond Total Return Index (the Benchmark or the Index).

Please refer to the "Past Performance" section which outlines the performance of the Fund's other units.

In the first half of 2024, central banks and markets grappled with mixed economic data and shifting narratives. To start, generally strong labour data and persistent inflationary pressures led central banks to push back against market expectations for significant interest rate cuts. Market pricing went from implying six or more interest rate cuts by the U.S. Federal Reserve Board (Fed) to only three. At the same time, investors reevaluated growth prospects amid stronger-than-expected data. Riskier assets performed well, with stocks generating gains and credit spreads (the yield differential between securities of similar maturity but different credit quality) tightening, while bonds weakened.

U.S. inflation slowly eased while the labour and growth data faded. May 2024 brought a more significant downturn in economic data. The United States witnessed reduced job openings, contractionary manufacturing data, an increased unemployment rate and lower wage growth. Canada's economic indicators painted an even bleaker picture, with the unemployment rate rising, soft retail sales and slowing gross domestic product growth.

Progress on inflation and normalizing labour conditions allowed the Bank of Canada and the European Central Bank to initiate their first interest rate cuts in June 2024. With data more mixed in the United States, the Fed's messaging stayed consistent, that it wanted to see inflation progress further towards target before cutting interest rates. This message was driven home when the Fed lowered its 2024 interest rate cut forecast down from three to one in June 2024. Recent and upcoming elections, including the U.S. presidential election in November, further complicated the already uncertain environment.

The Fund underperformed its benchmark over the period. Early this year, we began to better align the Fund with our overall investment methodology to ensure it was able to respond effectively to late economic cycle dynamics. In our view, its year-to-date performance reflects the fruits of these efforts. At this stage of the cycle, we continue to retain a balanced positioning for the Fund with a government exposure of approximately 30% and credit duration (sensitivity to interest rates) of approximately three years alongside some credit hedges for added protection. The Fund's interest rate duration is tilted towards Canada as we continue to view it as more economically vulnerable relative to the United States. As our expectation for central bank easing begins to unfold, we believe the Fund's defensive posture should better preserve capital and allow us to capture opportunities when credit reprices more forcefully. With credit spreads very close to historically rich levels and credit fundamentals deteriorating, we remain cautious with respect to longer-dated credit risk and await better opportunities.

## RECENT DEVELOPMENTS

Heading into the second half of 2024, we expect a continuation of current trends, and we anticipate a further shift in monetary policy from a period of a sustained pause to initial interest rate cuts. As evidenced by the first half of the year, this transition is likely to be marked by conflicting and volatile data that could trigger exaggerated market reactions. The outlook for the second half of 2024 is complicated by the added uncertainty introduced by the U.S. elections.

Despite the U.S.'s resilience, ongoing restrictive monetary policies are systematically achieving their intended effects. This could lead to either an economic soft landing (with higher accepted inflation) or a hard landing (with inflation goals achieved), depending on the duration of these policies. In our view, prolonged restrictive monetary measures heighten the chance of a weaker economic outcome.

We continue to emphasize front-end yield, aiming to mitigate broader credit market sensitivity, particularly given current rich valuations and what appear to be the weakest fundamentals this cycle. We have reduced the Fund's overall interest rate duration, focusing instead on dynamically trading tactical ranges and being selective on yield curve positioning. We believe this will be more effective in managing risk and generating return.

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## RELATED PARTY TRANSACTIONS

### **Manager and Trustee**

CI Investments Inc. is the 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. 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.

Management fee and administration fee rates as at June 30, 2024, for the Series/Class or for each of the Series/Classes, as applicable, is/are shown below:

	<b>Annual management fee rate (%):</b>	<b>Annual administration fee rate (%):</b>
<b>Hedged Common Units</b>	0.650	0.04
<b>Hedged US\$ Common Units</b>	0.650	0.04

The Manager received \$0.7 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.

### **Portfolio Manager**

Marret Asset Management Inc. provides investment advice to the Fund. CI Financial Corp., an affiliate of CI Investments Inc., owns a majority interest in Marret Asset Management Inc.

### **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 June 30, 2024. 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>Hedged Common Units</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations October 23, 2009												
Listed TSX: FIG												
Jun. 30, 2024	9.34	0.17	(0.04)	(0.44)	0.40	0.09	(0.08)	-	-	(0.11)	(0.19)	9.24
Dec. 31, 2023	9.17	0.31	(0.07)	(0.77)	1.03	0.50	(0.16)	-	-	(0.22)	(0.38)	9.34
Dec. 31, 2022	10.87	0.32	(0.08)	(0.62)	(1.17)	(1.55)	(0.34)	-	-	(0.04)	(0.38)	9.17
Dec. 31, 2021	11.49	0.30	(0.09)	(0.08)	(0.36)	(0.23)	(0.26)	-	-	(0.12)	(0.38)	10.87
Dec. 31, 2020	10.99	0.29	(0.09)	0.34	0.31	0.85	-	-	(0.38)	-	(0.38)	11.49
Dec. 31, 2019	10.70	0.29	(0.09)	0.20	0.24	0.64	(0.08)	-	(0.22)	(0.08)	(0.38)	10.99
<b>Hedged USS Common Units</b> <sup>(1)(2)(3)(4)(5)</sup>												
Commencement of operations December 07, 2017												
Listed TSX: FIG.U												
Jun. 30, 2024	8.93	0.16	(0.03)	(0.31)	0.58	0.40	(0.07)	-	-	(0.08)	(0.15)	8.90
Dec. 31, 2023	8.65	0.30	(0.07)	(0.72)	0.82	0.33	(0.13)	-	-	(0.17)	(0.30)	8.93
Dec. 31, 2022	10.19	0.28	(0.07)	(0.13)	(0.83)	(0.75)	(0.30)	-	-	-	(0.30)	8.65
Dec. 31, 2021	10.70	0.28	(0.08)	0.01	(0.44)	(0.23)	(0.30)	-	-	-	(0.30)	10.19
Dec. 31, 2020	10.17	0.28	(0.08)	0.21	0.26	0.67	-	-	(0.30)	-	(0.30)	10.70
Dec. 31, 2019	9.78	0.27	(0.08)	(0.06)	(0.02)	0.11	(0.09)	-	(0.15)	(0.06)	(0.30)	10.17

(1) This information is derived from the Fund's semi-annual and 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(s)/year(s) ended June 30, 2024 and December 31.

(5) 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, 2024

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data

	Total net assets \$000's	Number of units outstanding 000's	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 \$
<b>Hedged Common Units</b> <sup>(1)(2)(3)(4)(5)(6)</sup>										
Commencement of operations October 23, 2009										
Listed TSX: FIG										
Jun. 30, 2024	198,480	21,468	0.77	0.69	0.08	0.77	11.60	-	110.65	9.24
Dec. 31, 2023	236,473	25,322	0.77	0.69	0.08	0.77	11.24	-	60.30	9.31
Dec. 31, 2022	311,939	34,030	0.77	0.69	0.08	0.77	11.32	0.01	53.52	9.16
Dec. 31, 2021	747,060	68,717	0.78	0.70	0.08	0.78	11.24	0.01	60.30	10.90
Dec. 31, 2020	854,523	74,387	0.76	0.68	0.08	0.76	10.93	0.01	104.69	11.50
Dec. 31, 2019	721,605	65,667	0.77	n/a <sup>^</sup>	n/a <sup>^</sup>	0.77	n/a <sup>^</sup>	0.02	102.86	11.02
<b>Hedged US\$ Common Units</b> <sup>(1)(2)(3)(4)(5)(6)(7)</sup>										
Commencement of operations December 07, 2017										
Listed TSX: FIG.U										
Jun. 30, 2024	10,644	875	0.75	0.69	0.06	0.75	8.40	-	110.65	8.90
Dec. 31, 2023	14,129	1,195	0.75	0.69	0.06	0.75	8.62	-	60.30	8.91
Dec. 31, 2022	21,274	1,816	0.76	0.69	0.07	0.76	9.70	0.01	53.52	8.66
Dec. 31, 2021	36,539	2,836	0.75	0.70	0.05	0.75	7.95	0.01	60.30	10.15
Dec. 31, 2020	31,464	2,310	0.74	0.68	0.06	0.74	7.49	0.01	104.69	10.70
Dec. 31, 2019	25,099	1,900	0.73	n/a <sup>^</sup>	n/a <sup>^</sup>	0.73	n/a <sup>^</sup>	0.02	102.86	10.19

(1) This information is derived from the Fund's semi-annual and 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 including securities borrowing fees 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. As of Jun. 30, 2024, and Dec. 31, 2023, 2022, 2021, 2020 and 2019 the trading expense ratio including interest and dividends on short positions was 0.00%, 0.00%, 0.01%, 0.02%, 0.03% and 0.04%, respectively.

(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, 2024 and December 31.

(6) Closing market price.

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

<sup>^</sup>Historical information pertaining to HST is not available.

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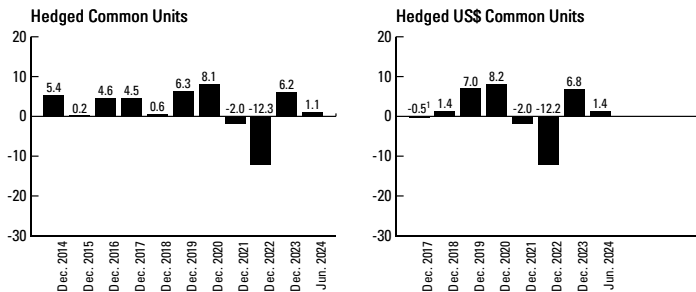
Management Report of Fund Performance for the period/year ended June 30, 2024

## PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the period(s)/year(s) shown were reinvested in additional units of the Fund or relevant Series/Class of the Fund, as applicable. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following chart/charts shows/show the Fund's semi-annual and annual performance for each of the period(s)/year(s) shown and illustrates/illustrate how the Fund's performance has changed from period/year to period/year. In percentage terms, the chart/charts shows/show how much an investment made on the first day of each financial period/year would have grown or decreased by the last day of each financial period/year, except where noted.



<sup>1</sup> 2017 return is for the period from December 12, 2017 to December 31, 2017.

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2024

Category	% of Net Assets	Category	% of Net Assets	Category	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>		<b>Asset allocation</b>	
Canada .....	81.9	Corporate Bonds .....	66.1	Corporate Bonds .....	66.1
U.S.A. ....	12.3	Canadian Government Bonds .....	22.0	Canadian Government Bonds .....	22.0
Cash & Cash Equivalents .....	1.6	Provincial Bonds .....	5.6	Provincial Bonds .....	5.6
U.K. ....	1.6	Foreign Government Bonds .....	3.4	Foreign Government Bonds .....	3.4
Jersey .....	0.7	Cash & Cash Equivalents .....	1.6	Cash & Cash Equivalents .....	1.6
Short-Term Investment(s) .....	0.6	Short-Term Investment(s) .....	0.6	Short-Term Investment(s) .....	0.6
Netherlands .....	0.4	Other Net Assets (Liabilities) .....	0.4	Other Net Assets (Liabilities) .....	0.4
Other Net Assets (Liabilities) .....	0.4	Municipal Bonds .....	0.3	Municipal Bonds .....	0.3
Australia .....	0.3	Foreign Currency Forward Contract(s) .....	0.1	Foreign Currency Forward Contract(s) .....	0.1
Switzerland .....	0.1	Swaps Contract(s) .....	(0.1)	Swaps Contract(s) .....	(0.1)
France .....	0.1				
Foreign Currency Forward Contract(s) .....	0.1				
Swaps Contract(s) .....	(0.1)				

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

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2024 (cont'd)

Top 25 Holdings	% of Net Assets
Government of Canada, 3%, June 01, 2034 .....	6.3
Province of Ontario, 4.15%, December 02, 2054 .....	2.8
Government of Canada, 1.5%, June 01, 2031 .....	2.6
Province of Ontario, 4.15%, June 02, 2034 .....	2.3
Government of Canada, 3.25%, December 01, 2033 .....	2.0
Government of Canada, 3.5%, March 01, 2034 .....	1.9
Cash & Cash Equivalents .....	1.6
Government of Canada, 1.75%, December 01, 2053 .....	1.5
Government of Canada, 2.5%, December 01, 2032 .....	1.4
IGM Financial Inc., 6%, December 10, 2040 .....	1.3
Goldman Sachs Group Inc. (The), Variable Rate, October 31, 2025 .....	1.3
Government of Canada, 4%, March 01, 2029 .....	1.2
Choice Properties REIT, Series K, 3.56%, September 09, 2024 .....	1.2
Government of Canada, 2%, June 01, 2028 .....	1.1
Bank of Montreal, 5.04%, May 29, 2028 .....	1.0
Government of Canada, 3.25%, September 01, 2028 .....	1.0
Teranet Holdings LP, Series 20, 3.54%, June 11, 2025 .....	1.0
SNC-Lavalin Group Inc., Series 6, 3.8%, August 19, 2024 .....	0.9
ARC Resources Ltd., 2.35%, March 10, 2026 .....	0.9
Gibson Energy Inc., 2.85%, July 14, 2027 .....	0.9
United States Treasury Bond, 4.5%, May 31, 2029 .....	0.9
United States Treasury Bond, 4.88%, April 30, 2026 .....	0.9
Dream Industrial REIT, Series C, 2.06%, June 17, 2027 .....	0.8
Thomson Reuters Corp., 2.24%, May 14, 2025 .....	0.8
Saputo Inc., 1.42%, June 19, 2026 .....	0.8
<b>Total Net Assets (in \$000's)</b>	<b>\$209,124</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.