

CI Preferred Share ETF

Management Report of Fund Performance for the period/year ended December 31, 2024

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 or SEDAR+ at 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 Preferred Share ETF (the Fund) is to provide unitholders with: (a) regular distributions; and (b) the opportunity for capital appreciation from the performance of a portfolio comprised primarily of preferred shares of North American issuers. This actively managed portfolio will be comprised primarily of investment grade preferred shares and to a lesser extent investment grade corporate debt and convertible bonds. At least 75% of the preferred shares and corporate debt in the portfolio of the Fund shall be rated investment grade at the end of every reporting period (June 30th and December 31st).

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

The Fund's net assets increased by \$1.2 million to \$55.3 million from December 31, 2023 to December 31, 2024. The Fund had net redemptions of \$6.9 million for the year. The portfolio's performance increased assets by \$11.6 million. The Fund paid distributions totalling \$3.5 million. Common Units returned 23.4% after fees and expenses for the one-year period ended December 31, 2024. Over the same time period, the Fund's benchmark returned 24.7%. The benchmark is the S&P/TSX Preferred Share Index (GTR) (the Benchmark or the Index).

During 2024, global risk assets and fixed income produced strong returns, driven by interest rate cuts by multiple central banks. Economies continued to post good but slowing growth, and inflation moderated. Corporate earnings remained good overall.

The Bank of Canada (BoC) cut its overnight interest rate from 5.00% to 3.25% and indicated that there could be more cuts in 2025 if the Canadian economy progressed as expected. The unemployment rate in Canada reached 6.9% in October, but it improved to 6.7% in the last months of 2024. Core inflation fell to the BoC's target rate of 2.0%, and the Canadian economy and housing market began to improve.

Demand for preferred shares remained high as the market experienced an enormous number of redemptions and shrank by 12.8%. Current yields remained attractive compared to interest rates in Canada.

The Fund underperformed its benchmark for the year. The S&P/TSX Preferred Share Total Return Index, largely owing to its overweight allocation to the floating-rate sector and its out-of-benchmark exposure to institutional preferred shares. The Fund's out-of-benchmark position in institutional preferred shares detracted from performance as their return was lower than the benchmark's. The Fund's cash position also detracted from performance. Individual detractors from the Fund's performance included holdings in BCE Inc. Floating-rate preferred shares reset monthly at bank prime, as the BoC signalled that it would lower interest rates, and the market was concerned about the company's high leverage. The Fund's holding of Great-West Lifeco Inc. Series I shares (4.5%, perpetual) was another detractor from performance as these shares were weaker as perpetual preferred shares struggled amid rising interest rates.

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The Fund's security selection in all three sectors of the preferred share market contributed to performance, especially in the rate-reset and floating-rate sectors. The Fund's out-of-benchmark position in Brookfield Office Properties Inc. preferred shares contributed to performance as the company rebounded from concerns about its office property holdings in 2023. Individual contributors to the Fund's performance included a holding in Enbridge Inc., which benefited from strong demand for energy and thus pipeline capacity. The Fund held a large position in the company's Series 1 rate-reset shares (6.7037%), which had a very good year, and the holding was the main contributor to the Fund's performance. The Fund's holding in Brookfield Office Properties Inc. Series P, R, C, E and M rate-reset shares also contributed to performance as the shares rebounded as concerns about the company's office portfolio faded and the dividend continued to be paid.

New positions included bank preferred shares that were expected to be redeemed at their next redemption date, such as Bank of Montreal Series 33 preferred shares and Canadian Imperial Bank of Commerce Series 41 and 43 preferred shares.

Decreased positions included BCE Inc. Floating-rate (prime) Series AB and Series AD shares as the BoC signalled that it would cut interest rates.

Positions eliminated from the Fund included multiple bank preferred shares that were announced for redemption and sold to fund other positions.

RECENT DEVELOPMENTS

Both the BoC and the Fed cut interest rates as inflation fell. However, U.S. inflation remains above the Fed's target rate, and markets have been adjusting to expectations for fewer Fed interest rate cuts in 2025. The BoC's overnight interest rate is currently at 3.25%, and markets are pricing in two cuts of 25 basis points (bps) each in 2025. Meanwhile, the Fed's federal funds rate is at 4.50%, and markets expect one to two cuts of 25 bps each.

Canada faces several challenges in 2025, including reduced immigration, rising consumer mortgage payments and economic uncertainty related to the Trump administration. The market is pricing in two interest rate cuts in the next year, but economic difficulties may necessitate more.

The Canadian preferred share market has enjoyed a stellar 12 months, with the benchmark index up 24.7%. We have a positive outlook for 2025, as we believe that returns should be very good in absolute and relative terms, although much lower than in 2024. The current yield of 5.88% remains attractive, and we expect that resets will increase the Fund's current yield over the next couple of years. Additionally, preferred share redemptions are estimated to total roughly 10% of the market, which should drive demand.

Privatization

On November 25, 2024, CI Financial Corp. announced that it had entered into a definitive agreement with an affiliate of Mubadala Capital, the alternative asset management arm of Mubadala Investment Company, to acquire all issued and outstanding common shares of CI Financial Corp., other than shares held by members of senior management of CI Financial Corp. who enter into equity rollover agreements. Subject to court and shareholder approvals, regulatory clearances and other customary closing conditions, the transaction is expected to close in the second quarter of 2025. The Manager does not expect the transaction to impact it or the Fund's business, operations or affairs at this time.

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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. 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 December 31, 2024, 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 (%):
Common Units	0.650	0.10

The Manager received \$0.4 million in management fees and \$0.1 million in administration fees for the year.

Management Fees

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

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 December 31, 2024, 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 December 31, 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 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Common Units ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾												
Commencement of operations May 11, 2016												
Listed TSX: FPR												
Dec. 31, 2024	19.72	1.45	(0.18)	0.42	2.96	4.65	(0.01)	(1.23)	(0.11)	-	(1.35)	23.08
Dec. 31, 2023	20.19	1.44	(0.16)	(0.22)	(0.26)	0.80	(0.11)	(1.10)	-	-	(1.21)	19.72
Dec. 31, 2022	24.40	1.27	(0.18)	0.31	(4.71)	(3.31)	-	(1.04)	(0.05)	-	(1.09)	20.19
Dec. 31, 2021	20.82	1.14	(0.20)	0.53	3.13	4.60	-	(0.88)	-	(0.04)	(0.92)	24.40
Dec. 31, 2020	20.52	1.14	(0.16)	(0.11)	0.24	1.11	-	(0.91)	-	(0.01)	(0.92)	20.82

(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(s)/year(s) ended December 31.

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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 \$
Common Units <small>(13252940500)</small>									
Commencement of operations May 11, 2016									
Listed TSX: FPR									
Dec. 31, 2024	55,281	2,395	0.75	0.06	0.81	7.93	0.05	30.06	23.01
Dec. 31, 2023	54,121	2,745	0.75	0.07	0.82	9.82	0.02	17.19	19.58
Dec. 31, 2022	62,496	3,095	0.75	0.07	0.82	9.84	0.02	16.67	20.21
Dec. 31, 2021	87,723	3,595	0.75	0.07	0.82	9.86	0.04	25.12	24.41
Dec. 31, 2020	77,967	3,745	0.76	0.04	0.80	8.87	0.07	33.85	20.74

(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(s)/year(s) ended December 31.

(6) Closing market price.

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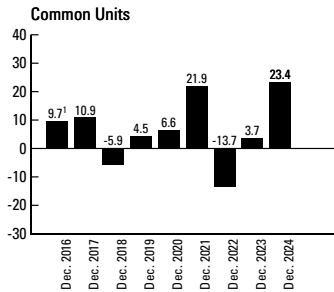
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PAST PERFORMANCE

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 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.



1 2016 return is for the period from May 11, 2016 to December 31, 2016.

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Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the S&P/TSX Composite Index (GTR) and the S&P/TSX Preferred Share Index (GTR).

The S&P/TSX Composite Index is a float-adjusted market capitalization weighted index, which is the principal broad measure of the Canadian equity market. It includes common stocks and income trust units of companies incorporated in Canada which are listed on the Toronto Stock Exchange.

The S&P/TSX Preferred Share Index is a float-adjusted market capitalization weighted index designed to track the performance of the Canadian preferred stock market. The Index is comprised of preferred stocks trading on the Toronto Stock Exchange, including floating and fixed rate preferreds, cumulative and noncumulative preferred, preferred stocks with a callable or conversion feature, and trust preferred.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Inception (%)
Common Units	23.4	3.4	7.5	n/a	6.5
S&P/TSX Composite Index (GTR)	21.7	8.6	11.1	n/a	9.1
S&P/TSX Preferred Share Index (GTR)	24.7	2.7	6.5	n/a	5.2

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SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2024

Category	% of Net Assets	Category	% of Net Assets	Category	% of Net Assets
Country allocation		Sector allocation		Asset allocation	
Canada	89.7	Financials	43.7	Common Equities	94.6
U.S.A.	7.5	Energy	19.0	Corporate Bonds	2.6
Cash & Cash Equivalents	1.9	Utilities	14.8	Cash & Cash Equivalents	1.9
Exchange-Traded Fund(s)	1.0	Communication Services	7.6	Exchange-Traded Fund(s)	1.0
Other Net Assets (Liabilities)	0.1	Real Estate	6.7	Other Net Assets (Liabilities)	0.1
Foreign Currency Forward Contract(s)	(0.2)	Consumer Staples	2.8	Foreign Currency Forward Contract(s)	(0.2)
		Corporate Bonds	2.6		
		Cash & Cash Equivalents	1.9		
		Exchange-Traded Fund(s)	1.0		
		Other Net Assets (Liabilities)	0.1		
		Foreign Currency Forward Contract(s)	(0.2)		

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 December 31, 2024 (cont'd)

Top 25 Holdings	% of Net Assets
Enbridge Inc., Preferred, Series 1, Variable Rate, Perpetual	3.5
BCE Inc., Preferred, Series AB, Floating Rate, Perpetual	2.4
BCE Inc., Preferred, Series AD, Floating Rate, Perpetual	2.1
Toronto-Dominion Bank (The), Preferred, Series 5, Variable Rate, Perpetual	1.9
Cash & Cash Equivalents	1.9
Brookfield Renewable Partners LP, Preferred, Series 13, Variable Rate, Perpetual	1.7
Royal Bank of Canada, Preferred, Series BD, Variable Rate, Perpetual	1.7
TransAlta Corp., Preferred, Series C, Variable Rate, Perpetual	1.7
Canadian Imperial Bank of Commerce, Preferred, Class A, Series 41, Variable Rate, Perpetual	1.7
Brookfield Office Properties Inc., Preferred, Series P, Variable Rate, Perpetual	1.6
Toronto-Dominion Bank (The), Preferred, Series 7, Variable Rate, Perpetual	1.6
TC Energy Corp., Preferred, Series 1, Variable Rate, Perpetual	1.6
Pembina Pipeline Corp., Preferred, Series 22, Floating Rate, Perpetual	1.6
Capital Power Corp., Preferred, Series 3, Variable Rate, Perpetual	1.5
TransAlta Corp., Preferred, Series E, Variable Rate, Perpetual	1.5
Power Corp. of Canada, 5.6%, Preferred, Series A, Perpetual	1.5
Manulife Financial Corp., 4.65%, Preferred, Series 2, Perpetual	1.5
TC Energy Corp., Preferred, Series 7, Variable Rate, Perpetual	1.5
Enbridge Inc., Preferred, Series D, Variable Rate, Perpetual	1.4
Emera Inc., 4.6%, Preferred, Series L, Perpetual	1.4
Toronto-Dominion Bank (The), Preferred, Series 1, Variable Rate, Perpetual	1.4
Royal Bank of Canada, Preferred, Series BF, Variable Rate, Perpetual	1.3
Enovus Energy Inc., Preferred, Series 5, Variable Rate, Perpetual	1.3
Sun Life Financial Inc., 4.45%, Preferred, Series 4, Perpetual	1.3
Loblaws Cos., Ltd., 5.3%, Preferred, Series B, Perpetual	1.3
Total Net Assets (in \$000's)	\$55,281

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.