

# CI Canadian Convertible Bond 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](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 objectives of the CI Canadian Convertible Bond ETF (the Fund) are to provide unitholders with: (i) quarterly cash distributions and (ii) the opportunity for capital appreciation by investing on a capitalization weighted basis in a portfolio of convertible bonds of Canadian issuers.

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 decreased by \$0.5 million to \$50.4 million from December 31, 2023 to December 31, 2024. The Fund had net redemptions of \$2.9 million for the year. The portfolio's performance increased assets by \$5.9 million. The Fund paid distributions totalling \$3.5 million. Common Units returned 12.4% after fees and expenses for the one-year period ended December 31, 2024. Over the same time period, the Fund's benchmark returned 16.2%. The benchmark is a combination of the ICE BofA Canada High Yield Index (TR) - 50% and the S&P/TSX Composite Index (GTR) - 50% (the Blended Benchmark or the Blended Index).

2024 was characterized by strong equity markets, the start of the monetary easing cycle by several central banks and volatile government bond yields. The Bank of Canada decreased the overnight lending rate by 1.75% through five consecutive interest rate cuts starting in June, while the U.S. Federal Reserve Board cut the federal funds rate three times starting in September for a total of 100 basis points (bps).

Both U.S. and Canadian equity markets, as measured by the S&P 500 Index and S&P/TSX Composite Index, respectively, gained in excess of 20% for the year on generally solid corporate profits, led by companies in the information technology sector.

Longer-dated bond yields climbed higher in the first four months of the year, dropped considerably through mid-September on lower inflation data, and then rose again due to continued economic strength, particularly in the United States, and the Republican Party's win in the U.S. elections in November. U.S. 10-year bond yield finished the year up 69 bps to 4.57% while Canadian 10-year bond yields finished up 12 bps to 3.23%.

The Fund underperformed its benchmark for the year. The deteriorating credit of a couple of issuers was the biggest factor that detracted from the Fund's performance. The largest individual detractors from the Fund's performance were holdings in Tidewater Midstream & Infrastructure Ltd. 8.0% Jun. 30, 2029 and Slate Office REIT 5.5% Dec. 31, 2026 bonds. Tidewater Midstream & Infrastructure convertible bonds fell after the company reported poor financial results in both the second and third quarters of 2024. The company's convertible bonds did, however, fare better than the underlying equity, which was down over 80% during 2024. Slate Office REIT convertible bonds followed its equity lower after the company suspended coupon payments amid ongoing challenges in the office leasing market and a stretched balance sheet.

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The Fund tends to be more influenced by security-specific credit factors and stock performance than more broad-based factors. Several Fund holdings had strong returns this year based on recovering credit metrics while others climbed as their underlying stock price rose above the conversion price. Top individual contributors to the Fund's performance included holdings in Cineplex Inc. 7.75% Mar. 1, 2030, NFI Group Inc. 5.0% Jan. 15, 2027 and Exchange Income Corp. 5.75% Mar. 31, 2026 bonds. Cineplex's stock rebounded on better box office performance, pushing up the performance of the company's convertible bonds, which are highly equity sensitive. NFI Group's convertible bonds rebounded on an improved bus industry outlook and progress on the company's balance sheet. Exchange Income's stock performed very well in 2024 on strong financial performance, lifting the performance of the company's convertible bonds.

Higher-than-anticipated bond yields were offset by a stronger-than-expected Canadian economy in 2024, which essentially balanced each other out in terms of overall risk. We added positions in Advantage Energy Ltd. 5.0% Jun. 30, 2029, Surge Energy Inc. 8.5% Dec. 31, 2028 and Tidewater Midstream & Infrastructure 8.0% Jun. 30, 2029 bonds. Existing positions in StorageVault Canada Inc. 5.0% Mar. 31, 2028, NFI Group 5.0% Jan. 15, 2027, Cineplex 7.75% Mar. 1, 2030 and Innergex Renewable Energy Inc. 4.65% Oct. 31, 2026 bonds were increased. The positions in Element Fleet Management Corp. 4.25% Jun. 30, 2024, Alaris Equity Partners Income Trust 5.5% Jun. 30, 2024, Algoma Central Corp. 5.25% Jun. 30, 2024, WildBrain Ltd. 5.875% Sep. 30, 2024 and Exchange Income 5.35% Jun. 30, 2025 bonds were eliminated during the year.

## **RECENT DEVELOPMENTS**

There is uncertainty regarding the Canadian economy heading into 2025 as there could be a Canadian federal election sooner than the October scheduled date. In addition, U.S. president-elect Donald Trump has threatened to impose up to 25% tariffs on Canadian exports to the United States, and bond yields are still volatile. That being said, we expect the economy overall to remain on a path of slow growth.

Individual company credit will continue to play a crucial role in the performance of the Fund. We seek to invest in companies with strong balance sheets that can withstand economic uncertainty. Our security selection process tends to produce a portfolio that is well diversified by issuer and that reduces downside risk to any particular event or economic scenario.

## **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.

Management fee rate/rates as at December 31, 2024, for Series/Class or each of the Series/Classes, as applicable, is/are shown below:

	<b>Annual management fee rate (%):</b>
<b>Common Units</b>	0.650

The Manager received \$0.3 million in management fees for the year.

### **Management Fees**

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

### **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, 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
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Common Units</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations June 01, 2011												
Listed TSX: CXF												
Dec. 31, 2024	9.52	0.54	(0.07)	0.20	0.48	1.15	(0.47)	-	(0.22)	-	(0.69)	10.19
Dec. 31, 2023	9.59	0.50	(0.07)	0.07	(0.09)	0.41	(0.43)	-	(0.02)	(0.03)	(0.48)	9.52
Dec. 31, 2022	10.14	0.48	(0.07)	(0.05)	(0.40)	(0.04)	(0.41)	-	-	(0.07)	(0.48)	9.59
Dec. 31, 2021	10.03	0.46	(0.08)	0.30	(0.10)	0.58	(0.39)	-	(0.32)	-	(0.71)	10.14
Dec. 31, 2020	9.94	0.47	(0.07)	0.07	(0.01)	0.46	(0.40)	-	(0.10)	-	(0.50)	10.03

(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	Number of units outstanding	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>(13252460500)</small>									
Commencement of operations June 01, 2011									
Listed TSX: CXF									
Dec. 31, 2024	50,422	4,947	0.65	0.06	0.71	9.97	0.04	29.28	10.25
Dec. 31, 2023	50,938	5,347	0.65	0.06	0.71	9.82	0.02	12.82	9.14
Dec. 31, 2022	59,463	6,197	0.65	0.06	0.71	9.91	0.02	14.83	9.44
Dec. 31, 2021	61,828	6,097	0.65	0.07	0.72	10.20	0.07	41.56	10.14
Dec. 31, 2020	56,627	5,647	0.65	0.07	0.72	10.16	0.06	31.58	10.02

(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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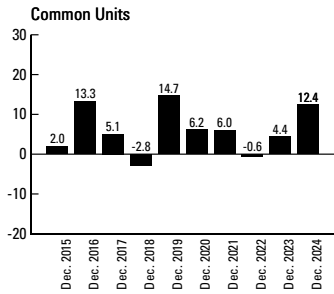
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## PAST PERFORMANCE

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.



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## Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the Blended Index composed of: (the ICE BofA Canada High Yield Index (TR) - 50% and the S&P/TSX Composite Index (GTR) - 50%); the ICE BofA Canada High Yield Index (TR) and the S&P/TSX Composite Index (GTR).

The ICE BofA Canada High Yield Index tracks the performance of investment grade debt issued by Canadian corporations in both the Canadian and U.S. markets.

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.

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	12.4	5.3	5.6	5.9	n/a
Blended Index	16.2	6.5	8.3	7.4	n/a
ICE BofA Canada High Yield Index (TR)	10.8	4.2	5.1	5.9	n/a
S&P/TSX Composite Index (GTR)	21.7	8.6	11.1	8.6	n/a

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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
<b>Country allocation</b>		<b>Sector allocation</b>		<b>Asset allocation</b>	
Canada .....	91.5	Corporate Bonds .....	91.5	Corporate Bonds .....	91.5
Cash & Cash Equivalents .....	7.9	Cash & Cash Equivalents .....	7.9	Cash & Cash Equivalents .....	7.9
Other Net Assets (Liabilities) .....	0.8	Other Net Assets (Liabilities) .....	0.8	Other Net Assets (Liabilities) .....	0.8
Foreign Currency Forward Contract(s) .....	(0.2)	Foreign Currency Forward Contract(s) .....	(0.2)	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
NFI Group Inc., Convertible, 5%, January 15, 2027 .....	8.3
Cash & Cash Equivalents .....	7.9
Cineplex Inc., Convertible, 5.75%, September 30, 2025 .....	6.4
Innergex Renewable Energy Inc., Convertible, 4.65%, October 31, 2026 .....	4.8
Premium Brands Holdings Corp., Convertible, 4.2%, September 30, 2027 .....	4.3
Mullen Group Ltd., Convertible, 5.75%, November 30, 2026 .....	4.2
Premium Brands Holdings Corp., Convertible, 4.65%, April 30, 2025 .....	4.2
StorageVault Canada Inc., Convertible, 5%, March 31, 2028 .....	4.1
Advantage Energy Ltd., Convertible, 5%, June 30, 2029 .....	4.1
Morguard REIT, Convertible, 5.25%, December 31, 2026 .....	3.8
Chemtrade Logistics Income Fund, Convertible, 6.25%, August 31, 2027 .....	3.7
Innergex Renewable Energy Inc., Convertible, 4.75%, June 30, 2025 .....	3.7
AG Growth International Inc., Convertible, 5%, June 30, 2027 .....	3.6
NorthWest Healthcare Properties REIT, Convertible, 6.25%, August 31, 2027 .....	3.4
Exchange Income Corp., Convertible, 5.75%, March 31, 2026 .....	3.3
NorthWest Healthcare Properties REIT, Convertible, 5.5%, March 31, 2025 .....	3.2
AG Growth International Inc., Convertible, 5.2%, December 31, 2027 .....	2.8
Chemtrade Logistics Income Fund, Convertible, 7%, June 30, 2028 .....	2.8
Exchange Income Corp., Convertible, 5.25%, January 15, 2029 .....	2.5
North American Construction Group Ltd., Convertible, 5.5%, June 30, 2028 .....	2.5
Morguard North American Residential REIT, Convertible, 6%, March 31, 2028 .....	2.0
Well Health Technologies Corp., Convertible, 5.5%, December 31, 2026 .....	2.0
North American Construction Group Ltd., Convertible, 5%, March 31, 2026 .....	1.8
Tidewater Midstream and Infrastructure Ltd., Convertible, 8%, June 30, 2029 .....	1.6
Timbercreek Financial Corp., Convertible, 5.25%, July 31, 2028 .....	1.5
<b>Total Net Assets (in \$000's)</b>	<b>\$50,422</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.