

# CI Canadian Convertible Bond 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 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 \$8.6 million to \$50.9 million from December 31, 2022 to December 31, 2023. The Fund had net redemptions of \$8.1 million for the year. The portfolio's performance increased assets by \$2.3 million. The Fund paid distributions totalling \$2.8 million. The Fund returned 4.4% after fees and expenses for the one-year period ended December 31, 2023. Over the same time period, the Fund's benchmark returned 10.4%. The benchmark is a combination of the ICE BofA Canada High Yield Total Return Index - 50%, the S&P/TSX Composite Total Return Index - 50% (the Benchmark or the Index).

The first half of the year was characterized by continued monetary tightening by central banks, large fluctuations in bond yields and generally rising equity markets. The U.S. Federal Reserve Board (Fed) raised interest rates into July 2023 before pausing for the rest of the year with the target rate at 5.50%. The Bank of Canada (BoC) paused its interest rate increases for a few months but resumed them in June and July. The BoC then held its policy interest rate steady at 5.00% for the remainder of 2023. Inflation was the key driver of interest rates, with higher readings than expected for most of the first half of the year and steadily declining levels in the second half. North American economies remained resilient, raising expectations of an economic soft landing and propelling equity markets higher.

The Fund underperformed its benchmark for the year. Exposure to select smaller-capitalization real estate convertible bonds detracted from the Fund's performance, as did a couple of holdings that declined along with their underlying equity prices. The largest individual detractors from the Fund's performance were holdings in Slate Office REIT 5.5% Dec. 31, 2026, American Hotel Income Properties REIT L.P. 6.0% Dec. 31, 2026 and Northwest Healthcare Properties REIT 6.25% Aug. 31, 2027 bonds. Slate Office REIT convertible bonds declined on perceived increased credit risk as the company faced a tough office leasing environment and a stressed balance sheet. The company cut its distribution, which should help with debt reduction. American Hotel Income Properties REIT L.P.'s operating results were hurt by increased labour costs and slightly softening hotel fundamentals. Northwest Healthcare Properties REIT was affected by perceived credit risk as it restructured a convertible bond that was payable at the end of 2023 rather than pay it back in cash.

The Fund's performance benefited from holdings where the underlying equity price rose, contributing to a rise in the convertible bond price as well. The Fund also had a few holdings with improving credit profiles, which caused the credit spread (the yield differential between securities of similar maturity but different credit quality) to narrow and the convertible bonds to rise in value. A holding in Element Fleet Management Corp. 4.25% Jun. 30, 2024 bonds contributed to the Fund's performance as the company's stock rose in response to strong financial results. A holding of North American Construction Group Ltd. 5.5% Jun. 30, 2028 bonds was another contributor to the Fund's performance. The company's stock climbed after reporting strong second-quarter 2023 results and the announcement of acquisition of an Australian company. A position in NFI Group Inc. 5.0% Jan. 15, 2027 bonds also contributed to the Fund's performance as NFI Group Inc.'s credit profile improved as the company completed an equity placement to shore up its balance sheet, had some debt covenants extended and continued to win several large new business orders.

We added new positions in Chemtrade Logistics Income Fund 7.0% Jun. 30, 2028 and 8.5% Sep. 20, 2025, StorageVault Canada Inc. 5.0% Mar. 31, 2028, Morguard North American Residential REIT 6.0% Mar. 31, 2028 and Morguard REIT 5.25% Dec. 31, 2026 bonds. An existing holding in Cineplex Inc. 5.75% Sep. 30, 2025 bonds was increased. The Fund holdings of Chemtrade Logistics Income Fund 4.75% May 31, 2024 and Fortuna Silver Mines Inc. 4.65% Oct. 31, 2024 bonds were eliminated, while holdings of Northwest Healthcare Properties REIT 6.25% Aug. 31, 2027, Element Fleet Management Corp. 4.25% Jun. 30, 2024 and Aecon Group Inc. 5.0% Dec. 31, 2023 bonds were trimmed.

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## RECENT DEVELOPMENTS

Despite the sharp rise in interest rates, North American economies remained resilient, with close to full employment and decent growth, particularly in the United States. Inflation has come down steadily, and while still above the target rate of 2% set by central banks, including the Fed, it is trending in the right direction. This could allow central banks to start lowering interest rates in the first half of 2024. In this scenario, it does seem possible for the economy to have an economic soft landing and avoid recession. The risk is that economic growth could still fall sharply as all of the interest rate hikes could still have a lagged effect, but that is not what we anticipate.

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

## 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, 2023, for Series/Class or each of the Series/Classes, as applicable, is/are shown below:

	Annual management fee rate (%):
Common Units	0.650

The Manager received \$0.4 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, 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 June 01, 2011												
Listed TSX: CXF												
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
Dec. 31, 2019	9.11	0.44	(0.08)	0.20	0.76	1.32	(0.37)	-	(0.12)	-	(0.49)	9.94

(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 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>(122,040,000)</small>										
Commencement of operations June 01, 2011										
Listed TSX: CXF										
Dec. 31, 2023	50,938	5,347	0.71	0.65	0.06	0.71	9.82	0.02	12.82	9.14
Dec. 31, 2022	59,463	6,197	0.71	0.65	0.06	0.71	9.91	0.02	14.83	9.44
Dec. 31, 2021	61,828	6,097	0.72	0.65	0.07	0.72	10.20	0.07	41.56	10.14
Dec. 31, 2020	56,627	5,647	0.72	0.65	0.07	0.72	10.16	0.06	31.58	10.02
Dec. 31, 2019	59,598	5,997	0.72	n/a <sup>^</sup>	n/a <sup>^</sup>	0.72	n/a <sup>^</sup>	0.10	50.24	9.88

(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.

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

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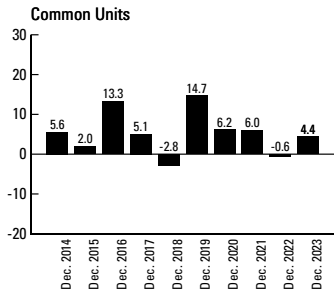
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## PAST PERFORMANCE

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: (50% - ICE BofA Canada High Yield Total Return Index and 50% - S&P/TSX 60 Total Return Total Return Index); the ICE BofA Canada High Yield Total Return Index and the S&P/TSX 60 Total Return Index.

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	4.4	3.2	6.0	5.3	n/a
Blended Index	10.4	6.6	7.8	6.4	n/a
ICE BofA Canada High Yield Total Return Index	8.8	2.7	5.1	5.0	n/a
S&P/TSX Composite Total Return Index	11.8	10.2	10.1	7.6	n/a

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## SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2023

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Canada .....	93.9	Corporate Bonds .....	93.9	Element Fleet Management Corp., Convertible, 4.25%, June 30, 2024 .....	6.0
Cash & Cash Equivalents .....	5.2	Cash & Cash Equivalents .....	5.2	NFI Group Inc., Convertible, 5%, January 15, 2027 .....	5.5
Other Net Assets (Liabilities) .....	0.7	Other Net Assets (Liabilities) .....	0.7	Cash & Cash Equivalents .....	5.2
Foreign Currency Forward Contract(s) .....	0.2	Foreign Currency Forward Contract(s) .....	0.2	Cineplex Inc., Convertible, 5.75%, September 30, 2025 .....	4.6
				Premium Brands Holdings Corp., Convertible, 4.65%, April 30, 2025 .....	4.3
				Innergex Renewable Energy Inc., Convertible, 4.75%, June 30, 2025 .....	3.8
				AG Growth International Inc., Convertible, 5%, June 30, 2027 .....	3.7
				Premium Brands Holdings Corp., Convertible, 4.2%, September 30, 2027 .....	3.6
				Mullen Group Ltd., Convertible, 5.75%, November 30, 2026 .....	3.5
				Innergex Renewable Energy Inc., Convertible, 4.65%, October 31, 2026 .....	3.4
				NorthWest Healthcare Properties REIT, Convertible, 5.5%, March 31, 2025 .....	3.4
				Extendicare Inc., Convertible, 5%, April 30, 2025 .....	3.4
				Exchange Income Corp., Convertible, 5.75%, March 31, 2026 .....	2.9
				Chemtrade Logistics Income Fund, Convertible, 6.25%, August 31, 2027 .....	2.8
				AG Growth International Inc., Convertible, 5.2%, December 31, 2027 .....	2.8
				Chemtrade Logistics Income Fund, Convertible, 7%, June 30, 2028 .....	2.7
				Alaris Equity Partners Income, Convertible, 5.5%, June 30, 2024 .....	2.6
				North American Construction Group Ltd., Convertible, 5.5%, June 30, 2028 .....	2.5
				Algoma Central Corp., Convertible, 5.25%, June 30, 2024 .....	2.4
				StorageVault Canada Inc., Convertible, 5%, March 31, 2028 .....	2.4
				Exchange Income Corp., Convertible, 5.35%, June 30, 2025 .....	2.3
				Chemtrade Logistics Income Fund, Convertible, 8.5%, September 30, 2025 .....	2.3
				WildBrain Ltd., Convertible, 5.88%, September 30, 2024 .....	2.3
				NorthWest Healthcare Properties REIT, Convertible, 6.25%, August 31, 2027 .....	2.3
				Tidewater Midstream and Infrastructure Ltd., Convertible, 5.5%, September 30, 2024 .....	2.0
				<b>Total Net Assets (in \$000's)</b>	<b>\$50,938</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.