

# CI Canadian Core Fixed Income Private Trust

Management Report of Fund Performance for the period ended September 30, 2022

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.sedar.com](http://www.sedar.com).

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.

To request an alternate format of this document, please contact us at [service@ci.com](mailto:service@ci.com) or 1-800-792-9355.

## RESULTS OF OPERATIONS

The Fund's net assets decreased by \$9.3 million to \$174.4 million from March 31, 2022 to September 30, 2022. The Fund had net redemptions of \$0.7 million during the period. The portfolio's performance decreased assets by \$8.6 million. Series I units returned -4.8% after fees and expenses for the six-month period ended September 30, 2022. Over the same time period, the Fund's benchmark returned -5.2%. The benchmark is the FTSE Canada Universe Bond Total Return Index (the Benchmark or the Index).

During the period, actions taken by central banks to combat historically high inflation continued to dominate the market. Interest rates in Canada saw their year highs in June, with 10-year bonds reaching 3.6%, while U.S. Treasuries continued to test new highs, reaching 4.0% for a time.

The United States posted negative growths figures for a second consecutive quarter and market participants debated the technical definition of a recession. Employment figures continued to be strong, as did inflation, which led the U.S. Federal Reserve Board (Fed) to raise interest rates to 3.25%.

In Canada, economic data deteriorated, with the Canadian economy showing weak employment reports and slowing economic growth. Canada also showed improving inflation data, with core measures easing as Canadian consumers pulled back in spending as higher interest rates dampened consumer demand. The Bank of Canada (BoC) continued to raise interest rates, bringing the overnight rate to 3.25%.

The U.K. gilts markets was a main driver of interest rate volatility globally as markets reacted to an oversized stimulus and tax-cutting plan funded through debt markets, which saw interest rates sell off a historic amount. A subsequent Bank of England intervention reversed a portion of the market pricing, but the volatility played out across multiple markets, including the Canadian and U.S. Treasury bond markets.

The Fund outperformed its benchmark for the period. The Fund's duration (sensitivity to interest rates) and yield curve positioning contributed to performance. The largest individual contributor to the Fund's performance was a holding in General Electric Co. 6.62257% preferred shares. General Electric Co. continued its progress towards spinning off its health care division. These preferred shares are no longer required in the company's capital structure, and we expect them to be redeemed starting in late 2023 to mid-2024, offering a double-digit return.

Individual detractors from the Fund's performance included holdings in Government of Canada (GoC) 2.0% Dec. 1, 2051 and Province of Alberta 3.1% Jun. 1, 2050. Long-term GoC bond yields rose over the period as interest rate markets responded to central bank

policy actions meant to reduce high inflation. The Province of Alberta bond declined in value along with riskier global assets, but was also impacted by rising yields.

We added to the Fund new institutional preferred shares issued by Bank of Montreal, The Bank of Nova Scotia and Canadian Imperial Bank of Commerce. These are non-exchange-traded, \$1000 par equivalent securities with coupons above 7%. An existing position in GoC 1.75% Dec. 1, 2053 was increased to raise the Fund's weighting in longer-dated Canadian bonds. Province of New Brunswick 2.6% Aug. 14, 2026 was sold in favour of similar-term Province of Ontario bonds, as we preferred the more-liquid issuer. We trimmed a position in GoC 1.5% Jun. 1, 2023 to reduce the Fund's exposure to short-dated government bonds in favour of longer-dated bonds.

## RECENT DEVELOPMENTS

Volatility may remain high as both the BoC and the Fed continue to grapple with their policy responses to inflation and economic growth data as it is received. However, as both central banks near their terminal rates, our view is that the market should find some stability. We expect the BoC and Fed to keep rates steady after they reach their terminal rates to see how the rapid increase in rates are effecting the economy. We would expect the economy to slow in 2023 and eventual cause interests to fall, specifically long dated bonds which outperform in a recessionary scenario, if the CBs have been successful in bring down inflation.

North American investment-grade corporate bond indexes experienced one of the worst years on record so far due to the CB tightening and slowing global growth outlook. As rates steady we do believe that risky assets, including corporate credit, may experience improvement in valuations over the short term. Second-quarter earnings were positive and corporate balance sheets remained in a better position than they were at the start of prior recessionary periods, we began to see acknowledgement of higher input costs and waning demand potentially weighing on margins going forward. As we await third-quarter earnings, we continue to position the Fund in companies that we believe are most resilient in the face of slowing growth. Additionally, the 20th Chinese National Congress of the Communist Party will start in mid-October, which could bring about a reduction in China's COVID-19 restrictions. This may help boost its sagging economy and global growth by increasing production and reducing further supply-chain bottlenecks and, ultimately, inflationary pressure on the price of goods. Looking farther into 2023, the outlook for corporate bonds will depend on whether the CBs have engineered a slow down or caused a recession.

## Independent Review Committee

Effective October 6, 2022, John Sheedy became a member of the Independent Review Committee (IRC) of CI Funds.

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## RELATED PARTY TRANSACTIONS

### **Manager, Portfolio Advisor, Trustee and Registrar**

CI Investments Inc. is the Manager, Portfolio Advisor, Trustee and Registrar of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration for management fees, provides 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 borrowing and interest costs, investor meeting costs (as permitted by Canadian securities regulation), the fees and expenses of the Independent Review Committee, the fees, costs and expenses associated with compliance with any new governmental and regulatory requirements imposed on or after February 16, 2018 and new governmental fees or with any changes to existing governmental and regulatory requirements imposed on or after February 16, 2018 (including increases to regulatory filing fees), any new types of costs, expenses or fees not incurred prior to February 16, 2018, including those arising from new government or regulatory requirements or related to those external services that were not commonly charged in the Canadian mutual fund industry as of February 16, 2018, and operating expenses that were or are outside the normal course of business of the Fund on or after February 16, 2018) in return for an administration fee.

Management fee and administration fee rates as at September 30, 2022, for the Series are shown below:

	<b>Annual management fee rate (%)</b>	<b>Annual administration fee rate (%)</b>
<b>Series I</b>	Paid directly by investor	Paid directly by investor

The Fund only offers Series I units, thus management and administration fees are negotiated directly with each investor and paid directly to the Manager as per Series I Account Agreement Fee. Please refer to Part A of the simplified prospectus for further details.

### **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 IRC reviews such transactions during scheduled meetings. During the period ended September 30, 2022, 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 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; and (c) do not exceed the limitations of the applicable legislation. Annually, the IRC reviews reports describing each instance that the Manager acted in reliance on the standing instructions noted above.

Except as otherwise noted above under Related Party Transactions section, the Fund was not a party to any related party transactions during the period ended September 30, 2022. If the Fund invested in related party transactions, it relied on the IRC's standing instructions regarding related party transactions during this reporting period.

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## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past six periods.

Net Assets per Unit (\$) <sup>(1)(2)(4)</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the period shown <sup>(2)</sup>	
	Net assets at the beginning of period <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2)(3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Series I</b>												
Commencement of operations November 14, 2016												
Sept. 30, 2022	9.31	0.14	-	(0.28)	(0.30)	(0.44)	-	-	-	-	-	8.87
Mar. 31, 2022	10.20	0.27	-	(0.23)	(0.44)	(0.40)	(0.28)	-	(0.21)	-	(0.49)	9.31
Mar. 31, 2021	10.34	0.31	-	0.36	(0.36)	0.31	(0.35)	-	(0.05)	-	(0.40)	10.20
Mar. 31, 2020	10.26	0.32	-	0.12	0.01	0.45	(0.35)	-	-	-	(0.35)	10.34
Mar. 31, 2019	9.98	0.32	-	(0.05)	0.83	1.10	(0.35)	-	-	-	(0.35)	10.26
Mar. 31, 2018	10.10	0.30	(0.01)	(0.06)	(0.05)	0.18	(0.30)	-	-	-	(0.30)	9.98

(1) This information is derived from the Fund's semi-annual and 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 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 over the fiscal period.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the period ended September 30, 2022 and the years ended March 31.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)</sup>

	Total net assets <sup>(5)</sup>	Number of units outstanding <sup>(5)</sup>	Management expense ratio before waivers or absorptions after taxes <sup>(2)</sup>	Management expense ratio before taxes <sup>(2)</sup>	Harmonized sales tax <sup>(2)</sup>	Management expense ratio after taxes <sup>(2)</sup>	Effective HST rate for the period <sup>(2)</sup>	Trading expense ratio <sup>(3)</sup>	Portfolio turnover rate <sup>(4)</sup>
	\$000's	000's	%	%	%	%	%	%	%
<b>Series I</b>									
Commencement of operations November 14, 2016									
Sept. 30, 2022	174,421	19,667	-	-	-	-	-	-	74.75
Mar. 31, 2022	183,737	19,733	-	-	-	-	-	-	129.74
Mar. 31, 2021	210,732	20,663	-	-	-	-	-	-	165.13
Mar. 31, 2020	249,565	24,127	-	-	-	-	-	-	26.08
Mar. 31, 2019	289,562	28,234	-	-	-	-	-	-	28.67
Mar. 31, 2018	21,358	2,140	0.07	n/a	n/a	0.07	n/a	-	38.25

(1) This information is derived from the Fund's semi-annual and 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, 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, 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. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. 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, 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.

(5) This information is provided for the period ended September 30, 2022 and the years ended March 31.

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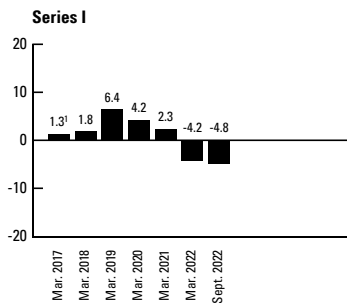
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## PAST PERFORMANCE

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 periods shown were reinvested in additional units of the Fund. 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 shows the Fund's semi-annual and annual performance for each of the periods shown and illustrates how the Fund's performance has changed from period to period. In percentage terms, the chart shows how much an investment made on the first day of each financial period would have grown or decreased by the last day of each financial period, except where noted.



<sup>1</sup> 2017 return is for the period from November 14, 2016 to March 31, 2017.

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## SUMMARY OF INVESTMENT PORTFOLIO as at September 30, 2022

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Canada .....	93.4	Canadian Government Bonds .....	30.5	Government of Canada 2%, June 01, 2032 .....	6.0
U.S.A. ....	4.2	Provincial Bonds .....	21.2	Government of Canada 2.5%, June 01, 2024 .....	5.3
Other Net Assets (Liabilities) .....	1.4	Financials .....	16.4	Government of Canada 1.5%, June 01, 2031 .....	2.8
Jersey Island .....	0.4	Municipal Bonds .....	6.1	Government of Canada 0.5%, September 01, 2025 .....	2.4
U.K. ....	0.3	Energy .....	5.3	Province of Ontario 2.15%, June 02, 2031 .....	2.0
Cash & Cash Equivalents .....	0.2	Utilities .....	3.6	Province of Ontario 2.25%, December 02, 2031 .....	2.0
Cayman Islands .....	0.1	Real Estate .....	3.6	Government of Canada 0.5%, December 01, 2030 .....	1.5
		Industrials .....	2.8	Government of Canada 7.40635%, December 01, 2026 .....	1.5
		Consumer Discretionary .....	2.8	Government of Canada 0.75%, February 01, 2024 .....	1.5
		Consumer Staples .....	2.0	Province of Ontario 3.75%, June 02, 2032 .....	1.4
		Communication Services .....	1.6	Government of Canada 4%, June 01, 2041 .....	1.4
		Other Net Assets (Liabilities) .....	1.4	Province of Alberta 3.1%, June 01, 2050 .....	1.4
		Asset-Backed Securities .....	1.1	Province of Ontario 2.4%, June 02, 2026 .....	1.3
		Foreign Government Bonds .....	0.6	Government of Canada 2%, December 01, 2051 .....	1.2
		Information Technology .....	0.4	Province of Ontario 4.65%, June 02, 2041 .....	1.2
		Health Care .....	0.2	Government of Canada 1.25%, June 01, 2030 .....	1.1
		Materials .....	0.2	Province of New Brunswick 3.05%, August 14, 2050 .....	1.0
		Cash & Cash Equivalents .....	0.2	Province of Manitoba 2.05%, September 05, 2052 .....	0.9
				Province of Ontario 2.55%, December 02, 2052 .....	0.9
				Province of Alberta 1.65%, June 01, 2031 .....	0.8
				Government of Canada 1.75%, December 01, 2053 .....	0.8
				Province of Ontario 2.05%, June 02, 2030 .....	0.8
				Province of Ontario 3.75%, December 02, 2053 .....	0.8
				City of Montreal 1.75%, September 01, 2030 .....	0.7
				City of Winnipeg 4.3%, November 15, 2051 .....	0.7
				<b>Total Net Assets (in \$000's)</b>	<b>\$174,421</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.