

# CI Canadian Convertible Bond Fund

Management Report of Fund Performance for the period/year ended December 31, 2022

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.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.

## INVESTMENT OBJECTIVE AND STRATEGIES

The investment objectives of the CI Canadian Convertible Bond Fund (the Fund) are to provide unitholders with quarterly distributions and the opportunity for capital appreciation through investment predominantly in Canadian debentures that are convertible into equity of Canadian issuers, investments in convertible debentures of non- Canadian issuers, as well as fixed income instruments and equities.

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 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 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 \$3.8 million to \$34.9 million from December 31, 2021 to December 31, 2022. The Fund had net sales of \$0.3 million for the year. The portfolio's performance decreased assets by \$1.9 million. The Fund paid distributions totaling \$2.2 million. Series A securities returned -5.7% after fees and expenses for the one-year period ended December 31, 2022. Over the same time period, the Fund's benchmark returned -5.8%. The benchmark is a combination of the ICE BofA Canada High Yield Total Return Index - 50% and the S&P/TSX Composite Total Return Index - 50% (the Benchmark or the Index).

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

Inflation rose to its highest level in more than a generation during the year and has lasted longer than anticipated. This led central banks to embark on an aggressive interest rate hiking cycle and bond yields to climb dramatically in 2022. The Russian attack on Ukraine worsened global inflation pressures by causing the price of energy and food to rise even higher.

The U.S. federal funds rate target rose from 0.25% to 4.5% during the year through a series of seven increases. The Bank of Canada's interest rate followed a similar trajectory to end the year at 4.25%. Bond yields moved sharply higher, with 10-year U.S. Treasury yields moving from 1.5% to over 3.87%, while Government of Canada 10-year yields rose from 1.45% to 3.30%. Sharply higher interest rates led investors to anticipate a recession beginning in 2023.

The Fund outperformed its benchmark for the year. The Fund's short duration (sensitivity to interest rates) contributed to its performance in a rising interest rate environment. Improving credit metrics on a few of the Fund's holdings also contributed to performance. A holding in AG Growth International Inc. 5.0% Jun. 30, 2027 bonds contributed to the Fund's performance as the company reported solid third-quarter 2022 results and a favourable agricultural product outlook going into 2023. Convertible bond holdings of Chemtrade Logistics Inc. 8.5% Sep. 30, 2025 and 4.75% May 31, 2024 bonds also contributed to the Fund's performance as the company performed better based on higher prices for its main chemicals and a product mix that is considered fairly recession resistant.

While the Fund outperformed its benchmark, rising bond yields and sharply lower equity markets did impact its overall performance. Holdings in Colliers International Group Inc. 4.0% Jun. 1, 2025, Dye & Durham Ltd. 3.75% Mar. 1, 2026 and Premium Brands Holdings Corp. 4.2% Sep. 30, 2027 bonds detracted from the Fund's performance. Colliers International Group Inc. convertible bonds declined along with the underlying equity because of tougher fundamentals for real estate. Dye & Durham Ltd.'s stock price declined considerably after a management takeover was not completed and generally lower equity valuations. Premium Brands Holdings Corp. reported results that were in line with expectations, while its share price and convertible bond price were weak amid rising input costs.

Substantially higher bond yields resulting from prolonged elevated inflation has increased the volatility of fixed-income investments. Rapidly rising interest rates from central banks have increased the chance of a recession, which could cause some bond issuers to be at greater risk.

The Fund had small net redemptions during the year, so some securities were sold either partially or fully for liquidity purposes. Some positions were also sold as we became uncomfortable with the underlying credit, or the bonds were being called. A few new issues were added as they were viewed to be attractively priced and good credits at the time of purchase.

We added new Fund positions in NorthWest Healthcare Properties REIT 8.25% Aug. 31, 2027, Slate Office REIT 5.5% Dec. 31, 2026 and StorageVault Canada Inc. 5.5% Sep. 30, 2026 bonds during the year. Existing holdings of NFI Group Inc. 5.0% Jan. 15, 2027, Chorus Aviation Inc. 6.0% Jun. 30, 2026 and Premium Brands Holdings Corp. 4.2% Sep. 30, 2027 bonds were increased. Osisko Gold Royalties Ltd. 4.0% Dec. 31, 2022, Mullen Group Ltd. 5.75% Nov. 30, 2026 and Premium Brands Holdings Corp. 4.65% Apr. 30, 2025 bonds were eliminated from the Fund. An equity position in NorthWest Healthcare Properties REIT was trimmed, as were holdings in Chemtrade Logistics Inc. 4.75% May 31, 2024 and Slate Office REIT 5.25% Feb. 28, 2023 bonds.

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Management Report of Fund Performance for the period/year ended December 31, 2022

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## RECENT DEVELOPMENTS

The economic backdrop is quite uncertain as we enter 2023, with inflation likely still too high for central banks to stop interest rate increases in the near term. At the same time, the rapid pace and magnitude of interest rate hikes in 2022 will no doubt slow the economy and increase the risk of a recession.

Individual company credit will continue to play a crucial role in the performance of the Fund, as we seek to invest in companies with strong balance sheets 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.

### **Independent Review Committee**

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

## RELATED PARTY TRANSACTIONS

### **Manager, Portfolio Adviser and Trustee**

CI Investments Inc. is the Manager, Portfolio Adviser 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, 2022, 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 (%)
Series A	1.900	0.17
Series F	0.750	0.17

The Manager received \$0.5 million in management fees and \$0.1 million in administration fees for the year.

### **Management Fees**

Approximately 27% of total management fees were used to pay for sales and trailing commissions. The remaining 73% of management fees were used to pay for investment management and other general administration.

### **Related Fund Trading**

Related fund trading occurs when a Fund purchases or sells units/shares of another Fund managed by the Manager. During the period/year ended December 31, 2022, the Fund engaged in related fund trading or held position(s) in related fund(s) at the end of the period/year.

### **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/year ended December 31, 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/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>Series A</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations October 23, 2009												
Dec. 31, 2022	9.62	0.46	(0.21)	(0.15)	(0.64)	(0.54)	(0.35)	-	-	(0.25)	(0.60)	8.48
Dec. 31, 2021	9.31	0.46	(0.23)	0.35	0.36	0.94	(0.33)	(0.01)	-	(0.26)	(0.60)	9.62
Dec. 31, 2020	10.14	0.46	(0.22)	(0.23)	(0.33)	(0.32)	(0.22)	(0.02)	-	(0.36)	(0.60)	9.31
Dec. 31, 2019	9.33	0.50	(0.24)	(0.05)	1.24	1.45	(0.24)	(0.03)	-	(0.33)	(0.60)	10.14
Dec. 31, 2018	10.27	0.43	(0.25)	0.08	(0.57)	(0.31)	(0.15)	(0.03)	(0.01)	(0.41)	(0.60)	9.33
<b>Series F</b> <sup>(1)(2)(3)(4)</sup>												
Commencement of operations October 23, 2009												
Dec. 31, 2022	11.92	0.57	(0.12)	(0.19)	(0.79)	(0.53)	(0.35)	-	-	(0.25)	(0.60)	10.79
Dec. 31, 2021	11.26	0.57	(0.13)	0.44	0.38	1.26	(0.33)	(0.01)	-	(0.26)	(0.60)	11.92
Dec. 31, 2020	11.98	0.55	(0.13)	(0.26)	(0.34)	(0.18)	(0.40)	(0.03)	-	(0.17)	(0.60)	11.26
Dec. 31, 2019	10.79	0.58	(0.14)	(0.02)	1.40	1.82	(0.42)	(0.05)	-	(0.13)	(0.60)	11.98
Dec. 31, 2018	11.64	0.50	(0.14)	0.10	(0.72)	(0.26)	(0.30)	(0.07)	(0.01)	(0.22)	(0.60)	10.79

(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 %
<b>Series A</b> <sup>(1)(2)(3)(4)(5)</sup>								
Commencement of operations October 23, 2009								
Dec. 31, 2022	16,298	1,922	2.07	0.20	2.27	9.58	0.04	13.86
Dec. 31, 2021	20,756	2,157	2.08	0.21	2.29	9.73	0.06	47.47
Dec. 31, 2020	22,325	2,399	2.16	0.23	2.39	9.65	0.07	33.12
Dec. 31, 2019	28,234	2,784	n/a^	n/a^	2.39	n/a^	0.05	14.36
Dec. 31, 2018	33,862	3,631	n/a^	n/a^	2.46	n/a^	0.04	19.05
<b>Series F</b> <sup>(1)(2)(3)(4)(5)</sup>								
Commencement of operations October 23, 2009								
Dec. 31, 2022	18,592	1,723	0.92	0.10	1.02	10.74	0.04	13.86
Dec. 31, 2021	17,978	1,508	0.93	0.11	1.04	10.36	0.06	47.47
Dec. 31, 2020	16,050	1,426	1.01	0.13	1.14	10.21	0.07	33.12
Dec. 31, 2019	17,902	1,494	n/a^	n/a^	1.13	n/a^	0.05	14.36
Dec. 31, 2018	16,521	1,532	n/a^	n/a^	1.22	n/a^	0.04	19.05

(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.

^Historical information pertaining to HST is not available.

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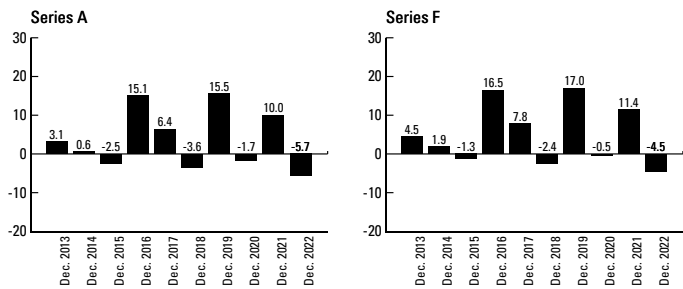
Management Report of Fund Performance for the period/year ended December 31, 2022

## 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 Composite Total Return Index); the ICE BofA Canada High Yield Total Return Index and the S&P/TSX Composite 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 (%)
<b>Series A</b>	(5.7)	0.6	2.6	3.5	n/a
Blended Index	(5.8)	5.0	5.5	6.3	n/a
ICE BofA Canada High Yield Total Return Index	(6.2)	2.1	3.7	4.7	n/a
S&P/TSX Composite Total Return Index	(5.8)	7.5	6.8	7.7	n/a
<b>Series F</b>	(4.5)	1.9	3.8	4.8	n/a
Blended Index	(5.8)	5.0	5.5	6.3	n/a
ICE BofA Canada High Yield Total Return Index	(6.2)	2.1	3.7	4.7	n/a
S&P/TSX Composite Total Return Index	(5.8)	7.5	6.8	7.7	n/a

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## SUMMARY OF INVESTMENT PORTFOLIO as at December 31, 2022

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Canada .....	87.9	Real Estate .....	24.9	Cash & Cash Equivalents .....	7.4
Cash & Cash Equivalents .....	7.4	Industrials .....	24.0	BSR REIT, 5%, September 30, 2025 .....	5.1
Exchange-Traded Fund(s) .....	3.9	Financials .....	10.2	AG Growth International Inc., 5%, June 30, 2027 .....	4.9
Other Net Assets (Liabilities) .....	0.5	Materials .....	8.8	NFI Group Inc., 5%, January 15, 2027 .....	4.1
Foreign Currency Forward Contract(s) .....	0.3	Cash & Cash Equivalents .....	7.4	American Hotel Income Properties REIT LP, 6%, December 31, 2026 .....	4.1
		Information Technology .....	5.5	CI Canadian Convertible Bond ETF (Common Units) .....	3.9
		Health Care .....	4.6	Premium Brands Holdings Corp., 4.2%, September 30, 2027 .....	3.6
		Exchange-Traded Fund(s) .....	3.9	Chorus Aviation Inc., 6%, June 30, 2026 .....	3.5
		Consumer Staples .....	3.6	Aecon Group Inc., 5%, December 31, 2023 .....	3.5
		Energy .....	3.3	Algoma Central Corp., 5.25%, June 30, 2024 .....	3.5
		Utilities .....	3.0	Quarterhill Inc., 6%, October 30, 2026 .....	3.2
		Other Net Assets (Liabilities) .....	0.5	StorageVault Canada Inc., 5.75%, January 31, 2026 .....	2.8
		Foreign Currency Forward Contract(s) .....	0.3	Chemtrade Logistics Income Fund, 8.5%, September 30, 2025 .....	2.7
				Colliers International Group Inc., 4%, June 01, 2025 .....	2.6
				Alaris Equity Partners Income, 5.5%, June 30, 2024 .....	2.5
				Exchange Income Corp., 5.25%, July 31, 2028 .....	2.4
				Firm Capital Mortgage Investment Corp., 5%, September 30, 2028 .....	2.4
				Dye & Durham Ltd., 3.75%, March 01, 2026 .....	2.3
				Argonaut Gold Inc., 4.63%, November 30, 2025 .....	2.3
				Well Health Technologies Corp., 5.5%, December 31, 2026 .....	2.3
				Dream Impact Trust, 5.75%, December 31, 2027 .....	2.3
				NorthWest Healthcare Properties REIT, 5.5%, December 31, 2023 .....	2.3
				Valeo Pharma Inc., Restricted, 12%, December 31, 2024 .....	2.2
				North American Construction Group Ltd., 5.5%, June 30, 2028 .....	2.2
				Timbercreek Financial Corp., 5.3%, June 30, 2024 .....	2.2
<b>Total Net Assets (in \$000's)</b>					<b>\$34,890</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.