

The background of the top half of the page is a dark blue gradient with abstract, glowing data visualization elements. It includes a 3D bar chart with blue bars of varying heights, several curved lines in orange and blue, and a dotted line with small white dots. The overall effect is a sense of dynamic financial data and technology.

# CAPITAL INSIGHTS

## ASSET CLASS PERSPECTIVES

### -ASSET ALLOCATION

The Current Challenge for Income Investors  
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# THE CURRENT CHALLENGE FOR INCOME INVESTORS

## Geof Marshall, CFA

SVP, Head of Fixed Income & Lead - Private Markets

## Kevin McSweeney, MBA, CFA

SVP, Portfolio Manager & Lead – Canadian Equities

## Lee Goldman, MBA, CFA

SVP, Portfolio Manager – Equities

## Sara Loriot, CFA

VP, Institutional Portfolio Manager

The relationship between income and risk is shifting. For years, investors rightly turned to dividend-paying equities as a dependable source of income with the added benefit of capital appreciation. Today, however, dividend yields sit near all-time lows, even as equity market risk remains elevated. At the same time, central banks like the Bank of Canada (BoC) and the U.S. Federal Reserve Board (the “Fed”) are well into interest rate cutting cycles, and short-term bond yields (i.e. GICs, high interest savings accounts) have fallen significantly from the highs of 2022. As a result, it is prudent for investors to think more broadly about how they generate income, looking beyond traditional sources to build a more diversified and resilient approach, especially when government bond volatility is elevated and the expected negative correlation between equities and rates has been unreliable.

Dividend-paying stocks should continue to play an important role in diversified portfolios. However, it does raise the question: are today’s income strategies still delivering what investors need? We believe that in a market where valuations are stretched and income streams are compressed, expanding the toolkit becomes essential.

So, where can investors turn for more reliable and predictable income?

## WHY CI HIGH INCOME FUND MAKES SENSE IN THIS ENVIRONMENT

CI High Income Fund is designed for this kind of challenge. It is built to generate high, consistent income by investing in asset classes that offer predictable cash flows and lower correlation to traditional equities. These include high-yield credit, Real estate investment trusts (REITs), listed infrastructure, and a structural allocation to private markets. All of these are income-generating assets and backed by real cash flows, not just sentiment or valuation multiples.

Looking at the chart comparing S&P 500 dividend yields to 10-year U.S. Treasury yields, dividend yields sit near lowest levels in history, while Treasuries offer much more attractive income and standing at multi-year highs. This signals that relying on dividend stocks alone may no longer be the best way to meet income needs, especially for investors who value consistency and downside protection.

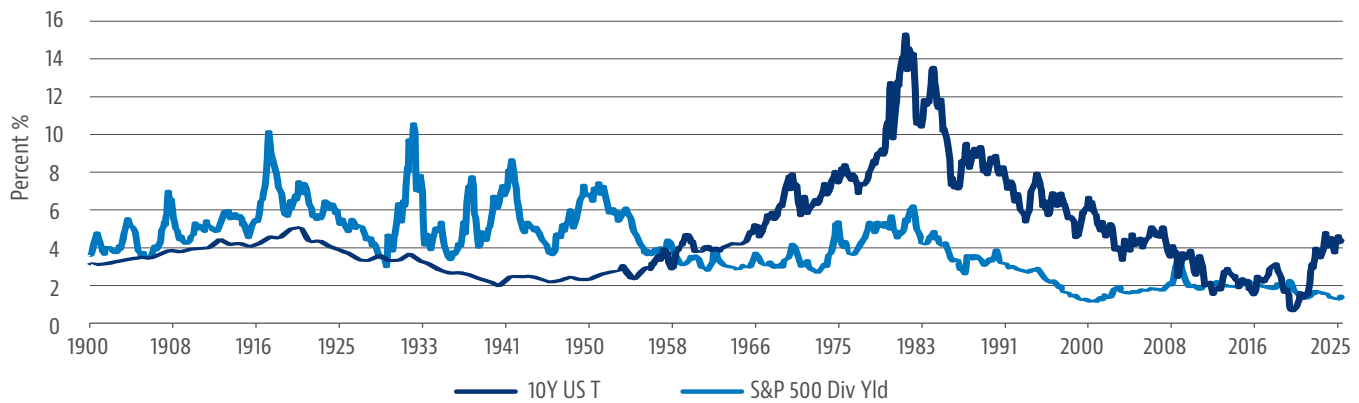
## FUND SUMMARY

### CI HIGH INCOME FUND KEY FACTS

Nav/Unit (Series F)	\$11.89
Management Fee (Series F)	0.75%
Yield to Maturity	7.04%
Inception Date (Series F)	December 18, 2001
Average Credit Rating	BB-
Effective Duration	3.15 years
Series F Fund Code	CIG 447 (C\$)
Series A Fund Code	CIG 686 (C\$)

Source: CI Global Asset Management, as of August 31, 2025.

## S&P 500 DIVIDED YIELD VS. 10 YEAR U.S. TREASURY YIELD



Source: Mulptl.com as of June 30, 2025.

CI High Income Fund is suitable for this environment as it does not chase growth or ride trends. Instead, it focuses on building income from the ground up. High-yield credit provides enhanced yield with shorter duration, which helps protect against rising rates. REITs and infrastructure add stability through contracted revenues and tangible assets. The Fund's exposure to private markets also adds a source of return that is less tied to public market volatility.

The diversified income approach is important because it reduces concentration risk. Instead of relying on a narrow set of sectors for dividends, investors can benefit from a broader mix of income streams, smoothing overall volatility.

In short, the current market environment tells income investors that they need to adapt. CI High Income Fund is one way to do that.

## POSITIONING, PERFORMANCE & OUTLOOK

While the U.S. administration continues to dominate headlines, mercantilism remains in full effect and the interplay between raising defence spending and receiving tariff relief is likely to persist. We still anticipate an economic "soft landing", although risks to long yields from fiscal policy and lingering tariff effects have grown. In the U.S., sentiment indicators showed weakness early in the quarter, but hard economic data holds firm and improving inflation trends give the Fed more room to act – assuming companies absorb rising input costs rather than passing them on to consumers.

In Canada, both soft and hard data weakened. The BoC cut interest rates to 2.50% and earlier cuts seem sufficient to avoid recession. Slightly improved mortgage renewal dynamics may help support consumer spending and bank balance sheets. Fiscal stimulus from provincial and federal governments could offset trade challenges but may also add inflationary pressure and weigh on longer-dated yields.

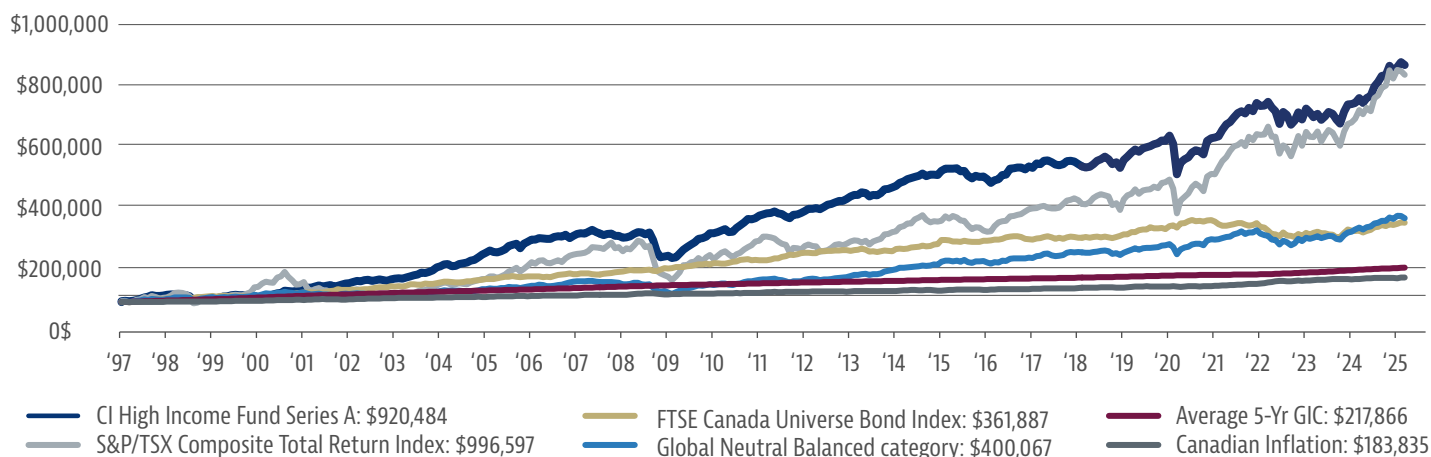
We remain tactical in both equity and fixed-income markets, as the U.S. administration appears to be using policy uncertainty as a negotiating tool. While we believe the overall direction of government bond yields is lower, the path forward will not be a straight line. This is an environment that should reward sound strategy and disciplined security selection over outright risk-taking – conditions that tend to favour our approach to active management.

CI High Income Fund is positioned with this reality in mind. Since April, the team steadily shifted the portfolio more defensively, raising high-yield credit exposure, primarily by trimming equities. Intra-equity calls included a reduction in Canadian bank exposure earlier in the year, reallocated toward REITs and infrastructure to rebalance income quality and interest rate sensitivity. The equity sleeve is tilted toward income-rich sectors – real estate, energy, and financials – with no exposure to technology stocks. This complemented a 3% allocation to private markets, enhancing diversification. From a regional standpoint, the Fund maintains a 35% allocation to Canada and 53% to the U.S. We have increased the hedge on the US dollar from 65% to 70% and are actively considering further increases in response to signs of a weakening U.S. dollar.

This tactical positioning has delivered strong results. The Fund in Series F, returned 10.6% over the past year and 9.3% annualized over five years as of August 31, 2025, placing it in the top quartile of its peer group. CI High Income Fund continues to offer a differentiated solution for investors seeking stable income in a world where dividend yields are compressed and traditional balanced funds may not deliver the desired downside protection.

## THE POWER OF LONG-TERM COMPOUNDING

### GROWTH OF \$100,000 INVESTED



Trailing performance (August 31, 2025)	YTD	1-Year	3-Year	5-Year	10-Year	15-Year	20-Year	Common inception*
CI High Income Fund (Series F)	5.80%	10.60%	8.80%	9.30%	6.40%	7.10%	6.50%	8.20%
Quartile Rank	3	2	4	1+	2	1	1	1++
Global Neutral Balanced category	5.70%	9.50%	10.00%	6.20%	5.50%	6.20%	5.00%	5.00%
+/- performance to category	0.10%	1.10%	-1.20%	3.10%	0.90%	0.90%	1.50%	3.20%
# of investments ranked in category	1,570	1,560	1,438	1,186	742	324	74	33

Source: Morningstar Research Inc., as of August 31, 2025. "+" denotes top decile performance. "++" denotes top percentile performance. Quartile ranks relative to the Global Neutral Balanced category. Growth of \$100k is from December 31, 1996, to August 31, 2025, based on Series A data. Unlike mutual funds, Guaranteed Investment Certificates (GICs) are guaranteed by the Canada Deposit Insurance Corporation (CDIC). Details of maximum coverage can be obtained at [www.cdic.ca](http://www.cdic.ca). \*Common inception date is December 19, 2001.

For more information, please visit [ci.com](https://www.ci.com).



## GLOSSARY OF TERMS

**Bond yield:** The interest earned on a fixed-income security.

**Correlation:** A statistical measure of how two securities move in relation to one another. Positive correlation indicates similar movements, up or down, while negative correlation indicates opposite movements (when one rises, the other falls).

**Credit rating/risk:** An assessment of the creditworthiness of a borrower in general terms or with respect to a particular debt or financial obligation. Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payment.

**Downside protection:** Measures a portfolio manager takes to minimize loss in the portfolio if markets fall.

**Duration:** A measure of the sensitivity of the price of a fixed income investment to a change in interest rates. Duration is expressed as number of years. The price of a bond with a longer duration would be expected to rise (fall) more than the price of a bond with lower duration when interest rates fall (rise).

**Fiscal policy:** Measures a government takes to influence the direction of the economy (e.g., tax rate increases or decreases, government spending increases or decreases).

**Hedging (currency):** A strategy some portfolio managers use when investing in foreign securities. The goal is to fully or partially negate the impact of exchange rate fluctuations on investment performance. An unhedged approach is often used when the portfolio manager believes exchange rate fluctuations will benefit investment performance or be neutral over time.

**Volatility:** Measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

**Yield to Maturity:** The total expected return from a bond when it is held until maturity – including all interest, coupon payments, and premium or discount adjustments.

## IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

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The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the mutual fund and the stated indices or investment fund, that may affect the performance of each. The objectives and strategies of the mutual fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices or investment fund. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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The Morningstar Risk-Adjusted Quartile Rankings are based on the risk-adjusted performance of a mutual fund relative to the mutual funds within the same peer group for the period ended as noted and are subject to change monthly. The top performing 25% of funds in each fund category are assigned a ranking of 1, the next 25% a 2, etc.

CI High Income Fund was rated against the following numbers of Global Neutral Balanced category funds over the following time periods: 1,438 funds in the last three years, 1,186 funds in the last five years, and 742 funds in the last ten years. Past performance is no guarantee of future results.

Morningstar Ratings reflect performance as of August 31, 2025 and are subject to change monthly. The ratings are calculated from a fund's 3, 5 and 10-year returns measured against 91-day Treasury bill and peer group returns. For each time period the top 10% of the funds in a category get five stars. The Overall Rating is a weighted combination of the 3, 5 and 10-year ratings. For greater detail see [www.morningstar.ca](https://www.morningstar.ca).

The "Growth of \$100,000 invested" chart shows the final value of a hypothetical \$100,000 investment in securities in the specified class of the fund as at the end of the investment period indicated and is not intended to reflect future values or returns on investment in such securities.

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