i-watch
INVESTMENT WATCH

by The Manufacturers Life Insurance Company

Alert

i-Watch Rating System:

- No concern(s)
- Moderate concern(s) requiring frequent and close monitoring
- Serious concern(s) that require a full review and may lead to removal from the fund platform

Date	May 26, 2025
Fund Manager	CI Global Asset Management
i-Watch Status	**Increased Scrutiny**

Product(s) Impacted:

Manulife CI Portfolio Series Funds (2231, 2232, 2233, 2234, 2235) (the Funds)

Summary

- In Q4 2024, CI Financial entered into an agreement with Mubadala Capital to be taken private as previously shared in an i-Watch Notice published in December 2024. Mubadala will purchase all of CI's outstanding shares for $32.00 per share and become a privately owned company.
- The deal received shareholder approval in February and is now pending regulatory approval. The deal is on track to close in Q2 2025. Global Manager Research (GMR) is downgrading the Funds to allow time to properly assess the ownership transition and monitor for any downstream impacts to the investment teams and CI's organization more broadly.
- The Funds i-Watch status has been downgraded to Increased Scrutiny.

Commentary

On November 25th, 2024, CI Financial (CI or 'the Firm') announced that it had entered an agreement with Mubadala Capital to take the Firm private via an all-cash offer. The price paid by Mubadala represents a 33% premium on CI's public share price before the deal was announced. The deal received shareholder approval in February and is now pending regulatory approval. The deal is expected to close in Q2 2025.

CI is the parent company of CI Global Asset Management (CI GAM) operating asset management and wealth management businesses across multiple geographies. Mubadala Capital is a global alternative asset manager overseeing $27 billion USD of assets under management. Mubadala Capital is an independent subsidiary of Mubadala Investment Company which is a sovereign wealth fund based out of Abu Dhabi, UAE.

Impact

GMR does not expect to see any immediate changes following the deal closing in the coming months. Kurt MacAlpine will continue to lead CI as CEO, and there are no organizational changes expected within CI GAM which will continue to be led by Marc-André Lewis. Mubadala has also publicly stated that they intend to keep the whole of CI's business together and want them to continue executing on their growth strategy while operating independently of their other portfolio businesses. CI will continue to be headquartered in Canada. For CI, the deal provides them with additional capital to continue their acquisition driven growth strategy (particularly in the U.S.) without the quarterly pressures that comes with being a public company.

There are two primary areas of concern to monitor going forward. The first is at the firm level and organizational structure. While everything said publicly by Mubadala has indicated status quo with CI remaining independent, it will be important to monitor the situation closely and ensure that there are no adverse changes to the firm's organization. GMR will be seeking regular updates from CI on the relationship with Mubadala as they enter this new phase to assess how things are going with the new owner.

The second is the stability of the investment team and senior leadership within CI GAM. A portion of the compensation paid to investment personnel is ownership in the firm in the form of shares of the public company. This structure is viewed positively because it aligns incentives between the individual and the overall success of CI. The ability to include ownership in compensation packages is now less clear given that CI will become a privately held entity following the deal closing. CI has said they are working on a way for some investment professionals to continue to participate in ownership, but the details have not been shared at this time. There is also the possibility that senior, long-tenured individuals may have experienced large personal financial gains from the deal. Given the sizable premium Mubadala paid on CI's public share price, it is not unreasonable to think this could have changed the retirement timeline for some senior members of the team depending on the size of an individual's personal ownership stake. If CI has a mechanism for allowing individuals to roll their equity into the new private entity as opposed to being paid cash for their shares this effect may be blunted, but details around this have not yet been shared. This aside, large changes can create turnover in any firm at all levels, so it will be important to see stability in the investment team in the coming months and years ahead.

Closing Remarks

Both sides feel positive and believe the deal sets CI up for success in the future. Regardless, downgrading the Funds is warranted in order to take a cautious approach to the ownership change given the variety of downstream effects that could occur. GMR will be monitoring the Funds closely to watch for any changes to the firm, and particularly the overall stability of the investment teams. The Funds i-Watch Status is now Increased Scrutiny.