CI Investment Grade Bond Fund
Second-quarter 2019 Commentary

Market Overview

The economic data globally during the second quarter of 2019 was mixed, but, in general, economic indicators continued to be biased to a slowdown in global economic growth. Financial markets looked through the data and instead traded higher (stocks, bonds and credit) on confidence in further monetary policy accommodation from central banks globally. This expectation was reinforced by 1) comments from the People's Bank of China it could ease monetary policy further to offset slowing economic growth in China; 2) a pivot to a dovish (i.e., cautious) stance by the Bank of Korea; 3) a warning from the Bank of Japan of rising global risks, and thus its willingness to maintain flexibility in its approach to interest rates and asset purchases; 4) an acknowledgment from the U.S. Federal Reserve that there was a strengthened case for monetary policy accommodation due to weaker business spending, lower manufacturing production and a sustained shortfall in inflation in the U.S.; 5) commentary from the Bank of England that there were downside risks to the U.K. economy due to intensifying trade tensions and an increase in the possibility of a hard Brexit; 6) minutes from a Reserve Bank of Australia meeting that revealed it continues to have a strong easing bias following a recent interest-rate cut; and 7) a report by Bank of America Merrill Lynch suggesting that 14 of the 35 central banks it surveys will cut interest rates over the rest of this year ("The FED Sneezes, The World Catches a Cure, Ethan Harris," June 13, 2019).

Ten-year government bond yields declined by 40, 15, 26 and 17 basis points (bps), respectively, in the U.S., Canada, Germany and the U.K. in June 2019. Strength in equity markets, combined with a strong requirement for yield (given declining, negative or near-zero government bond yields) provided a firm tone for credit markets. The U.S. investment-grade corporate credit default index (a credit default swap index of CDS Index Co.) tightened 9 bps in June 2019. Similarly, the European credit default index (Markit iTraxx Europe Main Index) was 13 bps tighter over the same period. Based on the Bloomberg Barclays Aggregate Corporate Average OAS Indices, cash corporate credit spreads tightened 4, 13, 11 and 9 bps, respectively, across the U.S., Canadian, European and U.K. markets in June 2019.

Performance Summary

CI Investment Grade Bond Fund (the "Fund") derives its return from the movement in government bond yields and credit spreads. For the second quarter of 2019, the Fund's Class F returned 2.3% while its benchmark, the FTSE Canada All Corporate Bond Total Return Index, was up 2.7%.

The benchmark is a Canadian-dollar-denominated index whereas the Fund invests in U.S., Canadian, euro-zone and British currencies (hedged). Furthermore, while the benchmark is 100% corporate securities, the Fund has the option to manage exposure to government bonds, corporate securities and cash based on market conditions and valuations.

On average, over the quarter, the Fund's currency exposure was 55% to the Canadian dollar and 42% to U.S. dollar. Corporate bonds comprised 55% of the Fund's holdings, with government bonds, futures and cash representing the reminder of the Fund's exposure. The Fund's portfolio had an average duration of six years throughout the quarter.

The Fund's underperformance relative to the benchmark is largely explained by the following: 1) a duration of 6.0 years versus an average for the benchmark of 6.47 years during a period of declining government bond yields, and 2) substantially less exposure to corporate credit during a time of positive excess return (i.e., tightening credit spreads).

Outlook

Expectations that further broad-based monetary policy accommodation (both conventional and unconventional) by central banks will stabilize and spur economic growth have created a large gap between risk-asset prices and hard economic data. The data remains soft, and equity prices and credit spreads are trading near the highs and lows, respectively, of the year. Unless the economic data begins to recover quickly, risk-asset valuations are vulnerable to a correction. In our view, this backdrop justifies a continued underweight exposure to corporate credit. For us to adjust the Fund's defensive credit positioning, we would need to see the change in monetary policy by central banks impacting the real economy. In other words, we need to see evidence of economic growth stabilizing, particularly in Asia and Europe.

With economic growth remaining vulnerable to trade tensions, geopolitical events and a global debt overhang, we expect central banks to remain biased toward further easing. As a result, the Fund's portfolio duration, although actively managed, is likely, on average, to remain above that of the benchmark.

Class F returns (in %) as at June 30, 2019	Year-to-date	1 year	3 year	5 year	Since inception (12/24/2014)
CI Investment Grade Bond Fund	5.2	5.7	3.2	N/A	4.4

Sources: Bloomberg L.P. and Marret Asset Management Inc., as at June 30, 2019.

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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.

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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