Signature Corporate Bond Fund
Second Quarter 2019

Market Overview

- The global economy slowed and trade tensions remained front and centre during the second quarter of 2019. The U.S. Federal Reserve (the "Fed") has turned dovish (i.e., less interventional) and appears willing to cut interest rates should the economy continue to decelerate and/or inflation remains below its 2% target. Meantime, Mario Draghi, the outgoing European Central Bank (ECB) president, indicated that, if necessary, the ECB would provide additional support for the European Union economy through interest-rate cuts and/or quantitative-easing measures.

- Markets sold off in May 2019 as trade concerns rose and central banks had yet to signal rate cuts. However, once the likelihood of lower rates emerged, the markets rebounded. The value of global risk assets rose over the quarter. The S&P 500 Total Return Index rose 4.3%, while West Texas Intermediate crude oil fell 2.8% to close at US$58.47 a barrel.

Performance Summary

- Over the second quarter of 2019, Class F of Signature Corporate Bond Fund (the "Fund") returned 2.2%, while its benchmark, a 50/50 combination of the ICE BofAML U.S. High Yield Total Return Index and the FTSE Canada Universe + Maple All Corporate Bond Total Return Index, was up 1.4% over the same period.

- The ICE BofAML US High Yield Total Return Index (in Canadian dollars and fully hedged) returned 2.3% over the quarter due to the carry of bonds, as spreads widened by 5 basis points (bps) to above 420 bps. New-issue volume picked up during the period and was met by strong investor demand. Interestingly, bonds rated CCC – the riskiest component of index returns – continue to lag the rally in high-yield bonds, in contrast to previous risk-on periods, indicating a more skeptical attitude among investors toward the most challenging credit markets.

- The FTSE Canada Universe + Maple All Corporate Bond Total Return Index returned 2.7% over the quarter, beating the Government of Canada bond index by more than 118 bps, as spreads tightened 10 bps and the 10-year Government of Canada issue fell 15 bps. New-issue supply is running significantly below last year's level and thus, when combined with strong inflows to investment-grade funds, the demand for corporate bonds is forcing spreads to tighten. Investor demand is stemming from a reach for relatively higher-yielding assets as government bond rates have plunged in 2019. The credit curve continued to steepen over the quarter as the short-term credit index tightened 20 bps while the long end contracted only 15 bps, as investors remained cautious as they anticipate interest rates will fall.

Contributors to Performance

- The major contributor to the Fund's performance over the quarter was the security selection within high-yield and investment-grade sectors.

- A handful of catalyst-driven situations that benefited the Fund included 3M Co.'s purchase of Acelity LP Inc., Chevron Phillips Chemical Co. LLC's proposed purchase of NOVA Chemicals Corp. and the elevation of Teck Resources Ltd.'s credit rating to investment grade.

- Anheuser-Busch Finance Inc. (4.32% bonds due 2047) was the best-performing investment-grade issue due to its deleveraging strategy. The Belgium-based brewer announced it planned to spin off part of its Asian brewing operations and use some of the proceeds to further reduce debt.

Detractors from Performance

- Asset allocation detracted from performance as an underweight allocation to preferred shares during the quarter hurt the Fund, as returns were lower than both high-yield and investment-grade bonds. Additionally, the Fund's holdings of U.S.-dollar assets that were not hedged hurt performance as the Canadian dollar rose 1.9% against its U.S. counterpart.

- Rayonier A.M. Products Inc. (5.5% bonds due 2024) was the weakest-performing high-yield issue, as the U.S.-based specialty pulp producer announced disappointing results. However, we believe the company will get back on track over time.

- Canadian National Railway Co. (3.6% bonds due 2047) was the weakest-performing investment-grade issue amid the tightening of lower-quality long-bond spreads.

Portfolio Activity

- There was relatively little change in the Fund's asset allocation during the quarter. The Fund's allocation to high-yield bonds was decreased by two percentage points to 53% of Fund assets, as we believe this segment's strong year-to-date performance is unlikely to continue. The Fund's allocation to investment-grade bonds was unchanged, but the position in government bonds fell by one percentage point.

Outlook

- We are not as bullish on the credit markets, as was the case earlier in the year. Spreads are tighter and, in the long run, central banks that are cutting interest rates are generally doing so when they forecast a slowing to recessionary economy, which is not a good environment for credit over the longer term.

- The change by central banks globally to a cautious stance is a welcome development, and continued trade tensions warrants caution. However, we continue to like high-yield bonds insofar as they compare favourably to many other income-producing assets. And, thus far, corporate earnings continue to meet expectations. That being said, all-in yields have now fallen to 6% and interest-rate sensitivity has crept back into the high-yield market, with the average bond rated BB yielding 4.4%. Thus, uneventful coupon-clipping from these issues has become less assured. For now, the Fund continues to have an overweight exposure to high-yield bonds as we expect good returns from coupon-clipping, although we are beginning to reduce the Fund's position in these bonds.

- While we have a positive view of the investment-grade sector, we favour the high-yield market. Investment-grade issues are attractive for a number of technical reasons, but less so in terms of fundamental credit quality. Spreads are tighter than earlier in the year, so valuations are not as compelling. But, we believe investors will benefit as central banks are supportive and investors are seeking yield.

Class F returns (in %) as at June 30, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (07/15/2003)
Signature Corporate Bond Fund	7.2	5.9	5.7	4.6	6.8	5.6

Sources: Bloomberg L.P. and Signature Global Asset Management, as at June 30, 2019.

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.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

This commentary is published by CI Investments Inc. The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes or another investment fund. There are various important differences that may exist between the mutual fund and the stated indexes 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 indexes or investment fund. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

Published July 25, 2019.