

CI Global Balanced Yield Private Pool Second-quarter 2019 Commentary

FUND HOLDINGS

- **Mastercard Inc.** is a technology company that provides transaction processing and other payment-related products and services in the United States and internationally. It facilitates the processing of payment transactions, including authorization, clearing and settlement, as well as delivers related products and services.
- **Facebook Inc.** is the world's largest social media platform, connecting over 1.5 billion daily users. The company provides various products to connect and share through mobile devices, personal computers and other surfaces worldwide.
- A bond issued by **Mattamy Group Corp. (6.5%, due Oct. 1, 2025)** was another holding of CI Global Balanced Yield Private Pool (the "Fund") during the quarter. Mattamy Group is the largest privately owned homebuilder in North America.
- **Alphabet Inc.** provides online advertising services in the United States, Europe, the Middle East, Africa, the Asia-Pacific, Canada and Latin America. It offers performance and brand advertising services, operating through its Google and Other Bets segments.
- **Cognizant Technology Solutions Corp.** is a professional services company that provides consulting, technology and outsourcing services worldwide.
- A perpetual floating-rate bond issue by aircraft leasing and financing agency **AerCap Holdings NV** was held by the Fund during the quarter. AerCap Holdings is the global leader in aircraft leasing, serving airlines in approximately 80 countries.

PORTFOLIO ACTIVITY

- We added a new position in U.S.-based **Fiserv Inc.** The company is a provider of financial services technology worldwide to banks, credit unions, leasing and finance companies, and retailers, among others.
- A holding in **U.S. Treasury inflation-protected securities (0.875%, due Jan. 15, 2029)** was added to the Fund.

- **Cinemark Holdings Inc.**, headquartered in Plano, Texas, engages in the motion picture exhibition business. It is also the largest movie theatre chain in Brazil. It was eliminated from the Fund during the quarter.
- A holding in **Community Health Systems Inc. (6.25%, due March 31, 2023)** was eliminated from the Fund. Community Health Systems is a U.S.-based leading operator of general acute-care hospitals.

MARKET OUTLOOK

- The global economy has slowed as tariffs have begun to impact business decisions.
- A modestly weaker U.S. dollar should provide some support, but we expect activity to stay muted until further clarity on a trade resolution between the U.S. and China is apparent.
- The Fund is positioned with a duration (i.e., sensitivity to interest rates) that is slightly below neutral, with a slight overweight exposure to credit.
- Canadian gross-domestic-product growth remains tepid. The level of unemployment remains low, and consumer confidence remains at elevated levels. However, we have noticed lower business confidence recently.
- We have begun focusing investment in sectors that are less tied to Canadian consumer spending.
- Progress on the LNG Canada export terminal project in B.C. and the Trans Mountain pipeline expansion project should increase activity levels and business optimism in Western Canada.
- We continue to see strong but slowing growth in the United States, particularly in comparison to the rest of the world. Unemployment remains low, and consumer confidence remains at elevated levels, but we have noticed lower business confidence more recently.
- The Fund remains fully invested but with a specific focus on certain sectors. Typically, these sectors are more U.S.-centric and less exposed to trade disputes or a reduction in business capital spending.
- Mortgage rates have declined fairly significantly. We believe this should benefit the U.S. housing market, which was a challenge to growth in 2018. The Fund's bank holdings should benefit from higher levels of loan growth, and we continue to look for other opportunities to invest in this space.

- Political risk remains elevated with the upcoming U.S. elections. We are monitoring potential outcomes and adjusting positioning as we see fit. The health care sector is an area in particular that could be impacted.

Sources: Morningstar Research Inc., Bloomberg L.P. and Sentry Investment Management, as at June 30, 2019.

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Published July 26, 2019.