CI Canadian Fixed Income Private Pool  
Third Quarter 2019 Commentary

FUND HOLDINGS

- **Province of Ontario 2.9% December 2/2046** bond benefited from declining interest rates and steady yield spreads relative to federal bonds.
- New York-based **JPMorgan Chase & Co.** is a multinational investment bank and financial services company. Ranked by total assets, it is the largest bank in the U.S. and the sixth-largest bank in the world.
- **Government of Canada 2.25% March 1/2024** bond performed poorly as a result of market fluctuations during the period.
- **Royal Bank of Canada** is a multinational financial services company, Canada’s largest bank in terms of market capitalization.

PORTFOLIO ACTIVITY

- We added a new perpetual bond position issued by **American Express Co. 5.20%**. The addition contributed to the pool’s running yield and is issued by a high-quality company. The bonds can be called by year end in 2019. American Express Co., which was founded in 1850, is a U.S.-based multinational financial services corporation best known for its credit card and traveller’s cheque businesses.
- **CVS Health Corp. 4.30% March 25/2028** bond was eliminated in order to take profits. CVS Health Corp. is an American health care company that owns retail pharmacy chain CVS Pharmacy, pharmacy benefits manager CVS Caremark Corp. and health insurance provider Aetna Inc.

MARKET OUTLOOK

- We expect to see continued economic challenges, led by the manufacturing and energy sectors.
- Consumer spending and job growth is likely to slow but should remain buoyant enough to minimize the risk of a recession.
The pool’s duration (sensitivity to interest rates) has been extended through the purchase of government bonds after the recent rise in bond yields. The pool holds an overweight credit exposure, but the quality of that exposure has been upgraded.

Sources: Bloomberg Finance L.P. and Sentry Investment Management, as at September 30, 2019.

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