CI PRIVATE POOLS™

CI Global Enhanced Government Bond Private Pool
Third-quarter 2020 Commentary

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Class F returns (in %) as at September 30, 2020	Year-to-date	1 year	3 year	5 year	Since inception (2018-10-29)
CI Global Enhanced Government Bond Private Pool	7.1	5.6	N/A	N/A	7.1

Source: Marret Asset Management, as at September 30, 2020.

Market Overview

- Risk markets exhibited greater volatility in September, as extended valuation coupled with growing uncertainty in Washington triggered a considerable drawdown in equities. This came despite a dovish U.S. Federal Reserve (Fed) solidifying very accommodative forward guidance in its mid-month statement. Shortly thereafter, risk markets focused on the political gridlock surrounding additional fiscal support and the uncertainty of a contentious U.S. election. The delay of additional policy support combined with rising COVID-19 cases and restrictions increased fear that we may enter another soft patch for economic growth in the near term.

- Amid this volatility and uncertainty, bond markets barely moved, confined to a very narrow trading range for weeks. Given already low yields due to aggressive central bank support, some insensitivity to worsening conditions is not surprising; however, the extent of the insensitivity was surprising. This dynamic further fed the narrative that government bonds will struggle to effectively hedge risk portfolios.

- While we agree shorter-dated government bonds have little usefulness, we'd suggest the inability of the long bond to rally during this risk-off episode is more related to the increased expectation of further fiscal support with a Democrat sweep and the corresponding increase in government bond supply.

Performance

- During the quarter, Class F of CI Global Enhanced Government Bond Private Pool (the Fund) returned 0.04%, outperforming the 0.6% return for its benchmark, the J.P. Morgan Global Government Bond Index.

Contributors to Performance

- During the quarter, increased exposure to long-duration U.S. Treasuries contributed to gains in July but lost some performance in August. As the 30-year U.S. Treasury yield rose in August, the Fund added to its position. It also increased its long-duration investment-grade credit holdings, focusing on higher-quality corporate debt, which remained weak given the backup in rates.

- The Fund also added some general credit exposure in September when credit markets weakened.

Outlook

- Risk market volatility has resurfaced despite strong monetary policy support. This volatility will likely persist while increases in COVID-19 cases and gridlock in Washington weigh on sentiment.

- Without further fiscal stimulus, the economic recovery could stall. Unfortunately, at the same time, the U.S. deficit is on an unsustainable path and there is growing concern regarding fiscal discipline if the Democrats sweep the election.

- Elevated uncertainty through the election period will likely produce tactical opportunities in either high-quality credit or government duration. Given the broad range of possible outcomes, we believe it prudent to maintain optionality while navigating through the election process.

Source: Bloomberg Finance L.P. and Marret Asset Management.

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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.

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