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CI Canadian Investment Fund Fourth-quarter 2019 Commentary

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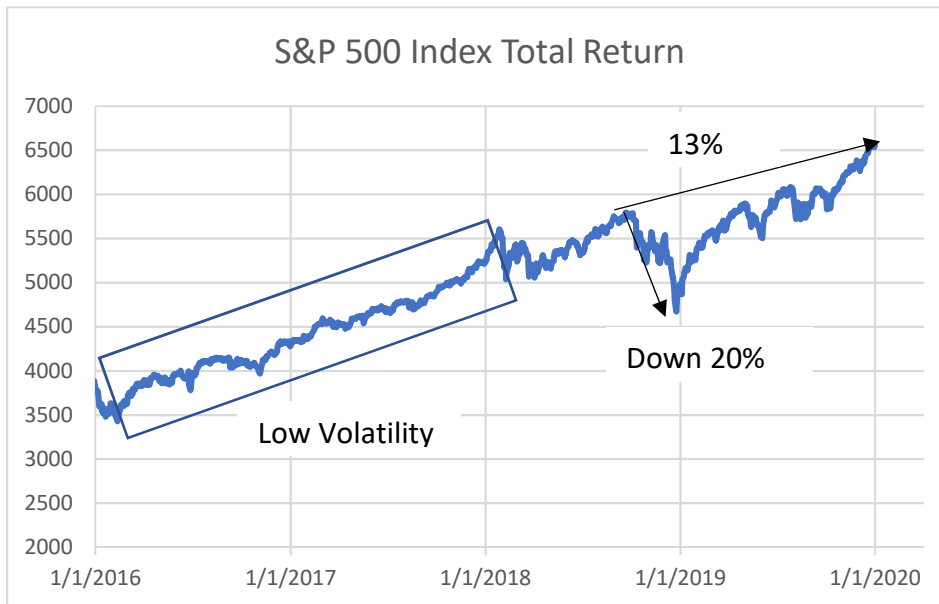
Class F returns (in %) as at December 31, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (11/17/2000)
CI Canadian Investment Fund	20.5	20.5	7.0	6.3	7.4	8.2

Sources: Bloomberg Finance L.P. and Harbour Advisors, as at December 31, 2019.

Harbour fund merged into CI Canadian Investment Fund effective November 22, 2019. Please refer to the Fund's simplified prospectus and fund facts on www.ci.com

Market Overview

Strong returns in the fourth quarter of 2019 closed out a strong year. On a total-return basis and in local currency, the S&P/TSX Composite Index was up 3.2% in the quarter and almost 23% for the year. The S&P 500 Index was up 9% in the quarter, helping post an almost 32% gain for the year. While these are impressive numbers, some context is required.



Source: Bloomberg Finance L.P.



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The S&P 500 Index moved up sharply in January 2018, capping what was a two-year period of unusually low volatility. As more typical levels of volatility returned, the market peaked again in September 2018 before dropping 20% to the yearly lows in late December. 2019 started near the 2018 low, which was very supportive of the strong calendar-year returns in 2019 as market indexes closed near all-time highs. The return from the peak of 2018 to the peak of 2019 was 13%.

The S&P/TSX Composite Index followed a similar profile, though not as dramatic. The S&P/TSX Composite Index peaked in January 2018 and again in July of that year before dropping roughly 15% to the December 2018 lows. As with the S&P 500 Index, 2019 started near the 2018 lows and ended near all-time highs. The return from the peak of 2018 to the peak of 2019 was 8.5%.

While the peak-to-peak returns of both market indexes are impressive, the point is the volatility within a year had been greater than the trend growth of the market. Thus, as we are starting 2020 near the peak of 2019, we should not expect to post the same impressive calendar-year returns that we experienced in 2019, even if the solid trend growth continues. On a single-year time-frame, the timing of the volatility is dominating the posted return.

Performance Summary

-) For the quarter ended December 31, 2019, Class F of CI Canadian Investment Fund (the "Fund") returned 5.2% while its benchmark, the S&P/TSX Composite Total Return Index, was up 3.2% over the same period.
-) As a reminder, we assumed management of the Fund on August 1, 2019. We have been making a number of changes, and the Fund has performed well since that date on an absolute basis and relative to the benchmark. For all of 2019, the Fund had returns that were roughly in line with the benchmark.

Contributors to Performance

-) In the quarter, the Fund's performance was led by a holding in Humana Inc., a U.S. health insurance company. The U.S. health insurers dropped significantly earlier in the year as political positioning among the Democratic Party candidates for president created headlines about government-sponsored single-payer health insurance for all. Our view is that it is extremely unlikely the U.S. will nationalize the health insurance market. Thus, we decided to



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build the Fund's position in the health care sector. Stocks of health insurers rebounded as Bernie Sanders took ill and Elizabeth Warren announced a plan that would include private health insurance.

-) Other top contributors to Fund performance during the quarter were Apple Inc. and Autodesk Inc. Autodesk is a provider of design software.
-) Brookfield Asset Management Inc. was the top Canadian contributor to the Fund's performance.

Detractors from Performance

-) No single position was particularly destructive to the Fund's returns, with The Toronto-Dominion Bank and Dollarama Inc. being the weakest contributors.

Portfolio Activity

-) During the quarter, we added Brookfield Infrastructure Partners L.P. as well as Fidelity National Information Services, Inc., a global payments processor. In addition, we increased the Fund's exposure to Booking Holdings Inc. and retailers Lowe's Cos., Inc. and Canadian Tire Corp., Ltd.
-) We sold a number of Fund positions, including Alimentation Couche-Tard Inc. as we believed the company's stock was fully valued and the company is attempting a complicated acquisition we would rather observe from the sidelines. We also sold Franco-Nevada Corp.; Enbridge Inc.; U.S. home builder Lennar Corp.; and O'Reilly Automotive, Inc., a provider of after-market auto parts, as we believe there are better opportunities in the market.
-) We made other additions to the Fund and trimmed some holdings during the quarter. All were consistent with our approach of moving to the highest-return opportunities. Overall, the Fund's portfolio has become both more concentrated and more invested than when we first assumed responsibility for it, though we've been careful to maintain diversification.

Outlook

-) Looking ahead to 2020, we are continuing with business as usual; that is, seeking quality companies that we believe can generate compelling risk-adjusted returns and building



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concentrated yet diversified portfolios. As we've stated in prior updates, we believe we remain in a slow-growth environment supported by a strong employment picture and accommodative central banks. Growth is constrained by high debt levels and an aging population. Given the recent strong run in North American stock markets, stocks are not cheap, broadly speaking; however, we do find pockets of opportunity and if interest rates are to stay near these historic low levels, it is reasonable to expect market multiples will remain elevated compared to historic levels. We are on watch for disruptive events, but currently, we believe a deep recession that is significantly value-destroying is unlikely as long as employment and consumer spending hold up while interest rates remain low. Higher inflation will be a critical red flag, as that could force interest rates higher and, given the elevated debt levels, higher debt servicing costs could dramatically impact consumer spending, particularly in Canada. Oil prices are also critical to monitor as a spike in the price of oil increases living expenses and pulls spending from other areas, as well as creates an inflation signal that central banks may believe they need to respond to. As always, we have a calibrated defensive portfolio that we can quickly move to, though we believe there is currently sufficient opportunity for the Fund to remain near fully invested and with a well-diversified portfolio.

-) We do expect volatility to continue, given the geopolitical environment. Recent positives are the U.K. electorate giving the Conservative Party a clear majority, which should lead to clarity on a Brexit deal. The U.S. and China appear close to a "Phase I" trade deal, which could generate an improved level of business confidence and short-term inventory replacement. The clear negative is the escalating tensions between the U.S. and Iran. We are also in a U.S. presidential election year, which is likely to create lots of headlines, posturing and tweets. Volatility does create opportunity, and we will remain diligent in weighing the factors that influence future returns to build robust portfolios while responding to the conditions as they unfold.

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Published January 31, 2020.