Market Commentary
Fourth Quarter 2019

CI Canadian Small/Mid Cap Fund

The portfolio of CI Canadian Small/Mid Cap Fund (the "Fund") is divided among three sub-advisors: Picton Mahoney Asset Management, Manulife Asset Management Ltd. and QV Investors Inc. The comments below pertain to each sub-advisor's portion of the portfolio.

Class F returns (in %) as at December 31, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (06/29/2005)
CI Canadian Small/Mid Cap Fund	20.4	20.4	3.9	5.5	8.1	6.1

Sources: Bloomberg Finance L.P., Picton Mahoney Asset Management, Manulife Asset Management Ltd. and QV Investors Inc., as at December 31, 2019.

Over the fourth quarter of 2019, Class F of CI Canadian Small/Mid Cap Fund (the "Fund") returned 4.8%, compared with its blended benchmark (50% S&P/TSX Completion Total Return Index and 50% S&P/TSX SmallCap Total Return Index), which returned 6.0% over the same period.

Picton Mahoney Asset Management

Global economic growth is expected to improve in 2020 as trade disputes fade and central banks' rate cuts begin to provide stimulus. While equity markets were positive in 2019, leadership was driven by defensive and low-beta companies. With an improving global economic growth picture, we expect more economic-sensitive sectors to benefit.

During the quarter, the Fund's top-contributing investments were Pan American Silver Corp. and Boyd Group Services Inc. The largest relative detractors were our absence from Aurinia Pharmaceuticals Inc. and Wesdome Gold Mines Ltd., which achieved strong performance in the quarter.

Pan American Silver has a large and diversified portfolio of operating silver mines in North and South America. We expect its operational momentum to continue during 2020 with year-over-year growth expected to be approximately 20% in silver and gold production, driven by a full year of contribution from the assets of Tahoe Mining Inc., acquired last February, as well as ramp-up of the Joaquin/COSE operations in Argentina. Higher production, coupled with the increase in silver/gold prices, should help Pan American Silver generate much higher free cash flow compared to 2019. Moreover, we like the inherent optionality choice that resides within the portfolio, such as the Escobal mine in Guatemala. In addition, we believe ongoing exploration success at the La Colorada mine in Mexico and in other operations will likely result in longer mine lives and have a positive impact on the company's share price.

Boyd Group Services Inc. operates hundreds of company-owned automobile collision repair shops in Canada and the United States. In 2019, Boyd accelerated its mergers and acquisitions strategy of acquiring additional locations following the merger of two large competitors. The company then focused on integration of these assets. This has led to an opportunity for Boyd to acquire more locations than expected. In addition, during the quarter it announced it would be converting to a corporation from an income trust. While this will create tax implications for some investors, it also broadens the potential institutional investor pool to include those who are unable to own trusts. Looking forward, Boyd remains an attractive investment due to its consistent operating execution and growth potential.

During the quarter, we introduced positions in Teranga Gold Corp. and Andlauer Healthcare Group Inc. and exited our investment in Continental Gold Inc. following its acquisition by Zijin Mining Group Co. Ltd.

Teranga is a gold producer with high-quality assets in Africa and strong free-cash-flow generation. During the quarter, Teranga acquired a 90% interest in the Massawa gold project from Barrick Gold Corp. This property is located near Teranga's existing Sabodala project and will provide significant cost synergies once it reaches production (targeted for the second half of 2020). Given the high growth potential resulting from this acquisition, we expect the market to continue to view Teranga positively and we expect this to lead to a further rating increase. The Teranga transaction was financed partially through our participation in a private equity placement.

We purchased Andlauer Healthcare through its initial public offering (IPO) during the quarter. The company offers pharmaceutical and health care companies a comprehensive suite of supply chain solutions that adhere to comprehensive industry regulations. Andlauer has built a large market share in this niche market in Canada, with strong growth and profit margins. We expect the company to continue to grow through both organic and acquisitive means and we will continue to hold the position.

Manulife Asset Management

In the fourth quarter, the main theme that dominated the equity landscape was the trade war between the U.S. and China, and expectations that a deal between the two countries would finally be reached. Early in the quarter, there were constructive talks to reach a new deal. However, as the quarter progressed, the talks stalled and the timeline for reaching a deal was extended to 2020. With additional tariffs set to be imposed on December 15, both countries were motivated to agree to terms and avoid escalating the trade war even further. On December 13, 2019, the U.S. announced that it had reached an agreement in principle with China on phase one of a new trade deal, and equity markets advanced in response. In addition to the positive news on the trade deal, equity markets benefited from the U.S. Federal Reserve

Board reducing interest rates at the end of October, inflation remaining contained and the global economy showing increased signs of stabilization.

Over the quarter, security selection contributed to the strategy's performance while sector allocation detracted from performance on a relative basis. From a sector standpoint, the top contributors to the strategy's performance were underweight allocations to energy and health care. An underweight allocation to the materials sector detracted from the strategy's performance. On an individual security level, the top contributor to the strategy's performance was an overweight position in a health care company, while the top detractor was a zero-weight position in an energy company.

Our overall outlook for Canadian equity markets is constructive as a result of improving global economic conditions. The U.S. trade deal with China is a significant development and it has caused us to become more positive on the outlook for equities in 2020. When global economic growth slowed in 2019, central banks eased monetary policy and added fiscal stimulus to combat the slowdown. These stimulus measures helped temper the slowdown, and there are nascent signs that the global economy is recovering. It will take time for global economic growth to reaccelerate, but conditions have markedly improved from a year ago.

Although the Bank of Canada (BoC) has become an outlier for not following suit with the easing policies of other central banks, the BoC may start reducing interest rates in 2020. The BoC has to balance future interest rate reductions with a heavily indebted Canadian consumer and an elevated real estate market, as lower interest rates could exacerbate both problems. From an equity perspective, the global trade wars and economic slowdown have caused investor sentiment to oscillate between aggressive and defensive positions for much of the year. At this point in the economic cycle, with global economic growth improving and earnings continuing to show signs of strength, we are positive on the outlook for Canadian equities in 2020.

At the end of the quarter, the portfolio held sector overweight positions in information technology, utilities and real estate, and sector underweight positions in materials (as a result of underweight exposure to gold stocks), energy and health care. In addition, the portfolio decreased its cash equivalents to 3.4%.

QV Investors

Easing U.S.-China trade concerns buoyed commodity prices in the latter part of the year, benefitting the resource-centric Canadian market.

Shares of iA Financial Corp. benefitted as the company reported healthy operating results and a further strengthening of its balance sheet positioning. ARC Resources Ltd. shares benefitted due to an improved commodity price outlook and valuation expansion.

Empire Company Ltd. reported soft quarterly results, causing shares to retrace some of the appreciation over the year. Despite the recent weakness, over the medium term the company continues to execute on investments which will improve the grocery franchise. Shares of ShawCor Ltd. reflected weaker than expected oil field service activity levels in 2019. While the company has diversified its cashflow stream recently, sentiment and results remain weighted to investment activity of its exploration and production customers.

During the quarter, we added Stantec Inc., a company that provides professional consulting, engineering and project management services in North America and around the world. Stantec Inc. has shown signs of growing diversification and has a strong record of capital allocation over time. We also added Toromont Industries Ltd., which operates Caterpillar dealerships in Eastern Canada and an industrial refrigeration business. Toromont's management team has generated consistently strong margins and returns on capital, while maintaining a very strong balance sheet. We exited Valmont Industries Inc. as the business was not executing to plan, partially due to weak end markets.

Rising valuation multiples for high-quality businesses have been a persistent challenge, a trend spurred on by low bond yields and easy access to credit. We remain disciplined in our capital deployment, choosing to be opportunistic and seeking to avoid weak businesses seemingly offering value late in the cycle.

Despite overall elevated valuations of businesses demonstrating growth or quality, we are pleased to selectively own Canadian and North American franchises with below-market valuation risk at sizable weights. We believe our long-term focus continues to differentiate our positioning in certain segments of the market.

A focus on sustainable income generation combined with thoughtful reinvestment provides support for growing dividends over time.

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