

CI North American Small/Mid Cap Equity Private Pool Fourth-quarter 2019 Commentary

*David Picton, President and Portfolio Manager
Michael Kimmel, CFA, Portfolio Manager
Picton Mahoney Asset Management*

Class F returns (in %) as at December 31, 2019	Year- to-date	1 year	3 year	5 year	10 year	Since inception (10/29/2018)
CI North American Small/Mid Cap Equity Private Pool	16.8	16.8	N/A	N/A	N/A	8.6

Sources: Bloomberg Finance L.P. and Picton Mahoney Asset Management, as at December 31, 2019.

Performance Summary

-) Over the fourth quarter ended December 31, 2019, Class F of CI North American Small/Mid Cap Equity Pool (the Fund) returned 6.2%, compared with a 4.5% return for its benchmark, consisting of 70% S&P/TSX Small Cap Index and 30% Russell 2000 Total Return Index (C\$).
-) The Fund's underweight exposure to the energy and consumer staples sectors contributed to its relative performance. Our underweight position in the health care sector and overweighting in real estate detracted.

Contributors to performance

-) During the quarter, the Fund's top-contributing investments were Pan American Silver Corp. and Boyd Group Services Inc.
-) 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 a 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 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.

Detractors from performance

-) The largest relative detractors were our absence from Aurinia Pharmaceuticals Inc. and Wesdome Gold Mines Ltd., which achieved strong performance in the quarter.

Outlook

-) 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 economically sensitive sectors to benefit.

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