CI Global Balanced Yield Private Pool
Fourth Quarter 2019 Commentary

Class F returns (in %) as at December 31, 2019	1 year	3 year	5 year	Since inception (10/29/18)
CI Global Balanced Yield Private Pool Class F	14.8	N/A	N/A	13.1

Sources: Morningstar Research Inc., Bloomberg Finance L.P. and Sentry Investment Management, as at December 31, 2019.

Performance Summary

- In the fourth quarter of 2019, Class F of CI Global Balanced Yield Private Pool (the "Fund") returned 3.6% compared with the 2.2% return for its blended benchmark (50% MSCI World Total Return Index and 50% ICE BofAML Global Broad Market Total Return Index).

Contributors to Performance

- **Cigna Corp.** is a health service organization that provides insurance and related products and services. The stock performed well as the risks associated with Elizabeth Warren becoming President of the United States and implementing "Medicare for All" policies declined as her polling numbers dropped.

- **JPMorgan Chase & Co.** operates as a financial services company that offers various consumer banking, investment banking, commercial banking and wealth management services. The stock performed well following strong loan demand, the opening of new branches and strength in the company's credit card business.

- **Industrial Alliance Insurance and Financial Services Inc.** is a life insurance and wealth management company in Canada and the United States. The company benefited from its management's focus on lowering the interest sensitivity of the business and a strategic build-out of the U.S. platform through targeted mergers and acquisitions.

- **UnitedHealth Group Inc.** is a private health insurer, top pharmacy benefit manager, service provider and health analytics business. The company benefited from its vertically integrated system, which has allowed it to be a cost leader in the industry. It has also found a way to succeed despite changes to the regulator environment.

- A holding in **Coventry Building Society 6.875% perpetual** also contributed to performance. This subordinated issue from the U.K.-based building society delivered strong performance as a result of operational excellence and reduced risks surrounding the United Kingdom's exit from the European Union.

Detractors from Performance

- **Expedia Group Inc.** is the world's largest online travel agency by bookings, lodging options, air fares, rental cars and destinations. The stock was impacted by slow growth in its Trivago business and unfavourable foreign exchange fluctuations. Moreover, a possible shift to pursuing higher-cost marketing methods could hurt the company's profitability.

- **The Boeing Co.** designs and manufactures commercial jetliners and military aircraft. The company benefits from its competitive position, shared with Airbus Group, that allows both companies to maintain attractive utilization rates and pricing power. While we remain positive on Boeing's long-term earnings power, we have concerns that the issues with the 737MAX program run deeper than believed when we underwrote the investment. Halting production of the 737MAX, even temporarily, is an indication of bigger problems at the company and its decision will impact free cash flow through 2021.

- A holding in **Gildan Activewear Inc.** detracted from performance. The company manufactures and sells a range of apparel products, including t-shirts, tops, bottoms and sportswear. Despite its recent initiatives, the company's share price has been negatively impacted by a discouraging macroeconomic environment.

- **Enerplus Corp.** was another detractor from performance. It engages in the exploration and development of crude oil and natural gas in the United States and Canada, and performed poorly because of production issues and an uncertain commodity market.

- A bond issued by Canadian-based convenience store operator, **Alimentation Couche-Tard Inc. 3.55% August 26/2027**, underperformed after the company bid for an Australian-based company in a rumoured all-debt financed deal.

Portfolio Activity

- A new position in **Manchester United PLC** was added during the period, which owns and operates a professional sports team in the United Kingdom. The company develops marketing and sponsorship relationships with international and regional companies to leverage its brand, in addition to selling sporting apparel and other team-related products.

- We purchased a new position in **Andlauer Healthcare Group Inc.**, a supply chain management company that provides transport solutions for the health care and cosmetics sector. The shares were recently offered in an initial public offering (IPO). The company is well positioned as the dominant player in Canada and has good potential should it be acquired by a large shipping company, such as United Parcel Service Inc.

- We increased exposure to a holding in **Intelsat Jackson Holdings SA 8.0% February 15/2024**, a first-lien bonds issued by this satellite operator. We increased the position based on a brief sell-off that was triggered by regulatory changes, as those changes are more significant for the equity price than the company's first-lien debt.

- A position in **Penske Automotive Group Inc.**, which owns and operates light vehicle franchises and is the second-largest U.S.-based dealer, was sold during the quarter. Its shares were impacted by pressure on the company's U.K. business, resulting from a weak demand environment and vehicle oversupply.

- We eliminated a position in **Mullen Group Ltd.**, which provides transportation and oilfield services in Canada and the United States. While its first-quarter results were in line with expectations, negative macro trends affecting oilfield services were highlighted by the company's management, indicating the sector would remain depressed.

- A position in **Mattamy Group Corp. 6.5% October 1/2025** was eliminated in order to take profits on this less liquid bond from a North American home builder. A relative value sale.

Market Outlook

- The global economy is being supported by a resilient U.S. economy. More export-orientated economies, such as Germany, China and Japan, are likely to improve as a result of the intermediate-term U.S.-China trade truce.

- Global Purchasing Managers Indexes appear to be stabilizing after a volatile end to 2019.

- The North American labour market continues to be tight and consumer confidence is high, with the exception of Western Canada, which is still beleaguered by a lack of access to global energy markets.

- Central banks globally are in an accommodative monetary stance. The U.S. Federal Reserve appears to be willing to let inflation run above target before tightening policy, while the Bank of Canada is maintaining current interest rates until economic data warrants a change.

- Geopolitical uncertainty caused by trade and foreign policy tensions remains rampant, and equity markets appear to be discounting a favourable outcome already.
- We do not believe that a global recession is imminent. However, recognizing that we are 11 years into the economic cycle, we are paying close attention to the balance sheets and capital allocation decisions of the management teams of our holdings.
- We remain biased toward businesses that benefit from growth trends that will allow them to grow at rates faster than the average North American company.
- Our preference continues to be to own businesses that possess a competitive advantage that will allow them to maintain pricing power. These businesses have the ability to pass through price increases in the event of a return to an inflationary environment.
- We endeavour to purchase these businesses at prices well below our conservative estimate of intrinsic business value in order to maximize our return while minimizing our risk of permanent loss of capital.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

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