CI Global High Yield Credit Private Pool
Third-quarter 2020 Commentary

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 High Yield Credit Private Pool	-4.6	-3.4	N/A	N/A	2.4

Source: Signature Global Asset Management, as at September 30, 2020.

Performance Summary

- Over the quarter ended September 30, 2020, Class F of CI Global High Yield Credit Private Pool (the Fund) returned 5.6%, outperforming its benchmark, the ICE BofAML US High Yield Total Return Index, which was up 2.7% over the same period.

- Security selection across the board aided the Fund's performance for the quarter, with a slight drag coming from unrated private placements.

Contributors to Performance

- The 4.25% convertible bonds of cruise ship operator Royal Caribbean were a positive contributor to performance in the third quarter. While limited sailings have recommenced in Europe and the winter Caribbean season is uncertain, advance bookings for the 2021 season are strong.

Detractors from Performance

- Holding Global Aircraft Leasing Co., Ltd. 6.50% bonds due 2024 also detracted from performance. Global Aircraft Leasing has been adversely impacted by the COVID-19 global pandemic and the resulting dramatic reduction in air passenger traffic, raising concerns about the solvency of airline companies. Airlines are the main customers for Avolon Aerospace Leasing Ltd., an aircraft lessor for which Global Aircraft Leasing, with a 70% stake, is a holding company. While it is yet unclear how long-lived this crisis will be, over the longer term we believe air passenger traffic will recover and the underlying lease collateral (i.e., airplanes) will be integral.

- Laredo Petroleum, Inc. is an intermediate oil-weighted producer with a focus in the Permian Basin shale oil fields in southwestern U.S. Despite the company delivering strong second-quarter 2020 earnings, the market did not like the idea that it was going to resume activity against a volatile backdrop for oil prices. The company remains well hedged for the balance of 2020 and has layered on additional hedges for 2021, but as a higher-leveraged energy producer and with the drop in oil prices recently, holding the company's bonds detracted from the Fund's performance.

Portfolio Activity

- MultiPlan, Inc. operates in the health care benefits field as a provider of end-to-end health care cost management solutions. About 95% of the company's revenues are generated as a percentage of savings realized by their payor customers. On July 12, 2020, Multiplan and Churchill Capital Corp III (a special purpose acquisition company) announced they would merge resulting in MultiPlan becoming a publicly traded company. In connection with the proposed transaction as well as our high degree of confidence that it would close, the 8.5% payment-in-kind toggle notes due 2022 were added to the Fund's portfolio given the attractiveness of this short duration paper (annualized yield of more than 8% based on an October 2020 takeout) as these notes were earmarked to be taken out in connection with the closing of the proposed transaction.

- During the quarter, we added new secured and unsecured bonds of Royal Caribbean Group, one of the largest cruise ship operators globally, to the Fund's portfolio. The cruise industry remains challenged, with sailing protocols and procedures under review by the U.S. Centers for Disease Control and Prevention. Notwithstanding this challenging near-term outlook, we believe that over the medium to long term, sailing will resume at profitable levels, as evidenced by a strong forward booking calendar and reasonable pricing activity.

- Also during the quarter, we were called out of the Fund's position in Xplornet Communications Inc. 9.625% notes due June 2022 at a premium to par and redeemed out of the company's L+400-bp secured Term Loan B due September 2021 at par. The acquisition of Xplornet Communications, a Canadian rural facilities–based broadband provider, by U.S.-based Stonepeak Partners L.P. closed during the period, and we decided not to participate in new issuance given heightening competition in their markets and less attractive terms offered prospective lenders.

Outlook

- High yield bond returns are a function the carry plus price gains or losses. Those price movements are themselves a function of idiosyncratic cash flow growth, deleveraging, supply and demand and sentiment. The trajectory of credit improvement is uncertain and reliant, like many other aspects of the financial markets and real economy, on continued monetary and fiscal stimulus even as we find ourselves more optimistic on COVID-19 testing and vaccine development. While further spread tightening is our base case, the change in market structure with shorter-dated issuance now the norm, favours carry over price appreciation as the primary driver of returns. Investors should look at current yields (5.7% as of 9/30/20 for the ICE BAML US High Yield Index) then as a guidepost for future returns.

Sources: Bloomberg Finance L.P. and Signature Global Asset Management, as at September 30, 2020.

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The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes or another investment fund. There are various important differences that may exist between the mutual fund and the stated indexes or investment fund that may affect the performance of each. The objectives and strategies of the mutual fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes or investment fund. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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Published October 20, 2020.