

Signature Canadian Bond Fund Third-quarter 2020 Commentary

Class F returns (in %) as at September 30, 2020	Year- to-date	1 year	3 year	5 year	10 year	Since inception (2000-08-08)
Signature Canadian Bond Fund	8.6	7.5	5.6	3.6	3.8	4.6

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

Performance Summary

- Over the quarter ended September 30, 2020, Class F of Signature Canadian Bond Fund (the Fund) returned 1.0%, outperforming its benchmark, the FTSE Canada Universe Bond Total Return Index, which was up 0.4% over the same period.
- Returns for both the Fund and the benchmark were attributed to the tightening of corporate bonds and provincial government bond spreads relative to Canadian government bonds.

Contributors to Performance

- An overweight exposure to investment-grade corporate bonds during the quarter contributed positively to the Fund's performance. Positive global risk sentiment was sustained during the quarter as economic activity rebounded on the back of continued reopening of economies alongside strong fiscal stimulus. Meanwhile, ample liquidity provided by central banks encouraged investors to remain engaged in credit and risky assets.
- An overweight exposure to provincial and municipal government bonds during the quarter also contributed positively to the Fund's performance. Provincial and municipal government bond spreads tightened alongside investment-grade corporate bond spreads as investor global risk sentiment rebounded through the quarter.



Detractors from Performance

- Exposure to Canadian interest rates, net of a moderate overweight exposure to U.S. interest rates, detracted from the Fund's performance as Canadian and U.S. interest rates increased slightly during the quarter.
- An allocation to U.S.-dollar-denominated bonds, net of currency hedges, also detracted from the Fund's performance. Improving risk sentiment through the quarter helped the Canadian dollar outperform safe-haven currencies such as the U.S. dollar.

Portfolio Activity

- As positive global risk sentiment was maintained in the quarter, we moderately increased the Fund's overweight exposures to Canadian corporate bonds while reducing government credit.
- The Fund continues to be overweight in municipal government bonds relative to provincial government bonds, given legislative requirements that will force municipalities to be fiscally disciplined compared to their provincial counterparts.
- Within the Fund's holdings of provincial government bonds, we reduced active exposures to higher-yielding bonds of Western Canadian provinces after they had a strong performance during the quarter.

Outlook

- Global growth rebounded in the quarter as economies reopened and activity levels continued to normalize. Aggressive fiscal and monetary policy responses proved effective in preventing worse outcomes, but accommodative policies must remain in place.
- From a monetary policy perspective, this translates into policy interest rates near zero for the foreseeable future. Furthermore, the formal adoption by the U.S. Federal Reserve Board (the Fed) of a flexible average inflation targeting framework allows the Fed flexibility to keep its federal funds rate near zero even if inflation climbs "moderately above" 2% for some time.
- Easy monetary conditions alone will not be enough to sustain the economic recovery. More fiscal stimulus will be needed. Central banks, including the Fed and the Bank of Canada, stand



ready to finance structurally higher government deficits. In this context, low interest rates become a necessity to ease debt servicing costs and reduce debt sustainability concerns.

- Fiscal policy, however, is subject to political dynamics, with the U.S. elections being a prime example. The markets await an outcome to the next round of fiscal stimulus talks as its cue on whether to continue buying credit at the recent pace. A successful outcome should continue to push corporate bond spreads tighter, both in the U.S. and Canada.
- Given uncertainty surrounding the upcoming U.S. election and the uptick in COVID-19 cases worldwide, we don't expect the path to additional stimulus to be a smooth one. We remain optimistic, however, that some form of stimulus will eventually ensue and a viable vaccine or effective treatment for the COVID-19 disease will become available. We expect the combination of loose monetary and easy fiscal policy to support economies and markets as they continue to emerge from the COVID-19 pandemic through next year.

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

IMPORTANT DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns), including changes in security value and reinvestment of all dividends/distributions, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or an offer or a solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may



SIGNATURE
GLOBAL ASSET MANAGEMENT™



change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

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.

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.

Signature Global Asset Management is a division of CI Investments Inc. Certain funds associated with Signature Global Asset Management are sub-advised by CI Global Investments Inc., a firm registered with the U.S. Securities and Exchange Commission and an affiliate of CI Investments Inc.

CI Investments and the CI Investments design, Trusted Partner in Wealth, Signature Global Asset Management and the Signature Global Asset Management design are registered and unregistered trademarks of CI Investments Inc., its subsidiaries or affiliated entities. All other marks are the property of their respective owners.

© CI Investments Inc. 2020. All rights reserved.

Published October 20, 2020.