CI North American Dividend Fund
First-quarter 2020 Commentary

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Class F returns (in %) as at March 31, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2008-08-21)
CI North American Dividend Fund*	-18.5	-5.2	0.5	2.2	7.6	7.3

*Formerly Sentry Growth and Income Fund

Source: Harbour Advisors, as at March 31, 2020.

Market Overview

- The first quarter of 2020 started with concerns over escalating tensions between the United States and Iran, yet both the S&P/TSX Composite Total Return Index and the S&P 500 Total Return Index hit all-time highs in mid-February. Then, COVID-19 spread throughout the world.

- The globally orchestrated response to containing the virus has been to impose social distancing, effectively leading to a shutdown of the global economy. Consequently, we are in a deep recession and will witness dramatic drops in gross domestic product and spikes in unemployment.

- Central banks and governments have responded with enormous funding programs. The magnitude of the spending will dwarf what was required during the 2008 financial crisis. We are focusing on how and when we will emerge from this mandated shutdown, and what the long-term impact will be.

- We are deeply cautious about anchoring to any particular forecast, as there is no precedent for this situation. This uncertainty leads to tremendous stock market volatility. As a forward-looking entity, the stock market has reflected both the extraordinary impact the virus is having on economic activity and the prospect for a rapid recovery.

- The S&P 500 Total Return Index set a record for the steepest decline, dropping almost 34% between February 19 and March 23. The steep declines in the North American market were followed by rapid increases, including an 11% gain by the Dow Jones Industrial Average, the

largest positive move since 1933, as various government support plans were launched. It appeared the social distancing imposed in China was having the desired impact.

- The downdraft appeared to become indiscriminate as all sectors were impacted likely due, in part, to margins calls and the sale of index-tracking funds. On the rebound, pension plans likely contributed to the buying as they worked to bring their equity allocations back up to target.

Performance Summary

- For the quarter ended March 31, 2020, Class F of CI North American Dividend Fund (the "Fund") returned -18.5% while its blended benchmark (85% S&P/TSX Composite Total Return Index and 15% S&P 500 Total Return Index) was down 19.5% over the same period.

- During the quarter both the S&P/TSX Composite Total Return Index and the S&P 500 Total Return Index were down approximately 20% in local currency terms.

Contributors to Performance

- There was significant activity in the Fund during the quarter. A number of new names contributed to performance, including Rockwell Automation, Inc., Ametek, Inc., Stryker Corp. and Amazon.com, Inc. However, the main contribution came from long-time holding Microsoft Corp.

Detractors from Performance

- The stock market sell-off was dramatic, with no sectors spared. Our weakest names were in different sectors and included U.S. Foods Holding Corp., Brookfield Property Partners LP and JPMorgan Chase & Co.

Portfolio Activity

- We were exceptionally active during the quarter, particularly in the final few weeks. Late in 2019 and early 2020 we had tilted the portfolio to a more defensive stance by increasing our exposure to utilities and real estate. In late February, as news of the virus and the potential impact became evident, the message to our team was that we needed to eliminate names with high net debt and be prepared to be patient, prudent buyers as stock market gyrations

were likely. By March 18, we had made a number of moves buying into what we believe are rare opportunities to purchase high-quality companies at rarely seen valuations.

- We initiated a number of new positions, including retailer Amazon.com, Inc., communications company Walt Disney Co., health care names Abbott Laboratories and Stryker Corp., as well as industrial names Rockwell Automation, Inc. and Ametek, Inc.

- Eliminations included all energy positions (Suncor Energy Inc. and Pembina Pipeline Corp.), which was implemented as soon as news broke that Russia and Saudi Arabia were no longer cooperating in managing oil output. We reduced our defensive posture by selling real estate names Minto Apartment Real Estate Investment Trust, Tricon Capital Group Inc. and Brookfield Property Partners LP, as well as utility name Algonquin Power & Utilities Corp.

Outlook

- Looking at how to move forward, we believe it is important to understand where we are and how we got here. COVID-19 is a respiratory virus and appears to be highly contagious. It can have minimal symptomatic impact on the young and healthy while posing a significant health risk to those with weakened immune systems (often the elderly) or specific pre-existing conditions. Due to the highly contagious nature, infection spreads rapidly such that the numbers of those that require hospitalization can readily overwhelm care facilities and treatment options. We have all been asked to help manage our health care capacity by slowing the spread, requiring dramatic reduction of social interactions. Also, there is a lag of up to two weeks between infection and manifestation of illness thus, all actions need to be measured several weeks after initiation.

- To “turn the economy back on” we need to expand healthcare capacity and treatment options which, at this point, primarily involve breathing assistance through the use of a ventilator. Increased testing is critical, which would facilitate identifying those infected and testing those at risk to impose selective quarantines rather than blanket social distancing. Some anti-viral medications are being introduced and, ultimately, a successful vaccine would be required to eradicate this virus. Trial vaccines have already been introduced to limited human participants.

- As we increase our capacity for care and if social distancing is successful in slowing the spread, it’s conceivable a staged return to “normal” could begin over the coming weeks and months. This might include allowing some services to return, and grocery stores and pharmacies to operate without lines outside the store. This would be followed by people returning to their

jobs, the re-opening of restaurants and possibly schools, and eventually larger events will be allowed, as well as air travel and tourism.

- The feedback on infection rates with the associated lag will be critical in setting the overall timeline. All this assumes support programs prevent a run of bankruptcies that would lead to elevated and prolonged levels of unemployment.

- We will continue to monitor the data closely. We assume uncertainty and market volatility will remain high for the coming weeks, at least. Once employment is allowed to resume, the market will have likely rebounded significantly. Our stance is that we will seize on opportunities to generate long-run returns, while staying sensitive to the near-term impact on specific business models.

Source: Bloomberg Finance L.P. and Harbour Advisors.

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