Market Commentary
First Quarter 2020

CI Canadian Small/Mid Cap Fund

The portfolio of CI Canadian Small/Mid Cap Fund (the "Fund") is divided among three sub-advisors: Picton Mahoney Asset Management, Manulife Asset Management Ltd. and QV Investors Inc. The comments below pertain to each sub-advisor's portion of the portfolio.

Class F returns (in %) as at March 31, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2005-06-29)
CI Canadian Small/Mid Cap Fund	-25.2	-19.4	-6.0	-1.6	4.5	3.9

Source: Picton Mahoney Asset Management, Manulife Asset Management Ltd. and QV Investors Inc., as at March 31, 2020.

Over the first quarter of 2020, Class F of CI Canadian Small/Mid Cap Fund (the "Fund") returned -25.2%, compared with its blended benchmark (50% S&P/TSX Completion Total Return Index and 50% S&P/TSX Small Cap Total Return Index), which returned -34.0% over the same period.

Picton Mahoney Asset Management

- The top-performing holdings in the Fund were Kinaxis Inc. and Real Matters Inc. The largest individual detractors were Boyd Group Services Inc. and Parkland Fuel Corp.

- Kinaxis is a software company that provides planning and response management solutions. It offers an enterprise cloud solution for supply chain management, sales and operations planning, and other components for enterprise-grade customers. Kinaxis reported strong fourth-quarter results that displayed accelerating growth in its subscription revenues, resulting from the addition of new customers through 2019, including Unilever PLC, Honda Motor Co. Ltd. and Teva Pharmaceuticals Industries Ltd., among others. COVID-19 is disrupting supply chains worldwide and Kinaxis's software helps companies deal with these challenges. As a result, we expect Kinaxis to continue to win new customers in 2020 and we have a favourable view of the company.

- Real Matters provides property-appraisal, insurance-inspection, title-search and mortgage-closing services to lenders, mortgage insurers and originators in North America. Real Matters reported continued growth in both its appraisal and title-closing segments, as it continues to gain share from other appraisers. This growth boosted the bottom line, accelerating margins. The company remains

well positioned to benefit from low interest rates, which will drive strong activity in the mortgage-refinance market over the coming months and years.

- During the quarter, we introduced a position in Granite Real Estate Investment Trust and exited our investment in Badger Daylighting Ltd.

- Granite owns industrial real estate properties in North America and Europe. We like Granite for its conservative balance sheet, proven management team and strong tenant base. Granite's largest tenant is Magna International Inc.; 85% of rents come from investment-grade-rated tenants. The strength of the balance sheet allows for Granite to pursue accretive acquisition opportunities, which is ideal for situations in which some property owners may run into cash flow problems. Granite's management team also has a strong track record of success, having previously run Pure Industrial Real Estate Investment Trust.

- As we peer into the economic abyss that the global shutdown has created in an effort to contain the pandemic, the bottom is hard to see. However, early indications are beyond anything that we could have imagined, punctuated by unemployment claims and an all-time low in Canadian small business confidence.

- Nonetheless, near the end of the period, the S&P 500 Index had its best three-day run since 1933, buoyed by a huge U.S.-government stimulus plan. The 10.3% one-week gain was the biggest since 2009. This suggested improving confidence (among other market divergences that are also emerging) that the stimulus will help hold things together for a while, and that the eventual recovery will be equally swift. For example, the recovery can be seen in China's purchasing managers' index (PMI), which bounced back after hitting all-time lows. While this might prove a temporary uptick, given the hit to economies elsewhere around the world, it is encouraging as it shows light at the end of the tunnel.

QV Investors

- Our underweight allocation to the very challenged energy sector was beneficial over the period, as energy prices plummeted in response to rapidly shifting supply and demand dynamics. With less U.S.-dollar exposure than the benchmark, our currency position also detracted from relative returns as the greenback appreciated during this time of heightened uncertainty. In addition to cash, our positions in the financials, consumer staples and consumer discretionary sectors made positive contributions to performance.

- Winpak Ltd. was the largest individual contributor to the Fund's performance over the period. The company provides packaging in the food and beverage, pharmaceutical and industrial sectors. While

Winpak's customers are not immune to conditions in the overall economy, the essential nature of many of the end products and the company's strong balance sheet provide relative stability to the medium-term outlook.

- The largest individual detractors were AltaGas Ltd., Secure Energy Services Inc. and Parkland Fuel Corp. In this broad energy downturn, the market has not differentiated those businesses with varied economic exposures and more resilient cash flows.

- We added fashion retailer Aritzia Inc. during the quarter. After having to temporarily close its store network in response to COVID-19, its shares were trading at half their value only a few weeks prior to quarter end. Aritzia has a significant amount of cash on its balance sheet and is well positioned to navigate through these unprecedented times.

- We also added Transcontinental Inc., a leading North American producer of flexible packaging products and Canada's largest provider of printing services. With strong cash generation, the company is able to maintain a stable balance sheet while it transitions its business mix away from the declining print industry. These opportunities were funded in part by the sale of Ensign Energy Services Inc. and Cineplex Inc.

- The economic fallout from the COVID-19 pandemic has battered market sentiment and cast significant uncertainty on corporate earnings outlooks. The resulting swift and severe decline in equity markets has been broad, with very few places to hide. Declines in the volatile Canadian small-cap market have been even more pronounced.

- While there will be a few disappointments and surprises, we believe the Fund is comprised of diverse companies that can withstand a period of prolonged economic weakness. The Fund generates resilient cash flows at better prices (lower risk) than in recent years. Our capital allocation actions over the quarter were focused on further enhancing cash generation and value within the Fund. In discussions with these companies, it is clear that their focus is on balance-sheet strength and the safety of their employees.

Manulife Asset Management

- Over the quarter, sector allocation and security selection contributed to the Fund's performance. From a sector standpoint, top contributors to the Fund's performance were an underweight allocation to the energy sector and an overweight allocation to the utilities sector. An underweight allocation to the health care sector detracted from performance.

- On an individual security level, the top contributor to performance was an overweight allocation in an online health insurance marketplace provider, while the top detractor was a zero-weight allocation in a renewable energy company.

- As the COVID-19 global pandemic has not yet reached peak levels, any forecasts or outlook given should be regarded as hypothetical. Financial markets have not experienced anything like this in the post-war era and, as such, there are no historical references to aid our analysis. However, we will provide our insights into how this pandemic may impact the financial markets and possible outcomes.

- Our near-term outlook for the global economy and Canada is for a sharp downturn in economic activity, which will result in a recession. The obvious cause is the shutdown of business and consumer activity to slow the spread of COVID-19. Monetary and fiscal stimulus measures that have been announced are intended to mitigate the impact of the shutdown, but depending on how long it takes to "flatten the curve," more stimulus may be required in a few months' time. The timing of an economic rebound and market recovery also depends on governments' ability to contain the spread of COVID-19. Preliminary estimates for the impact to corporate earnings is a 25% decline in 2020 followed by a recovery in 2021.

- Longer term, measures to treat COVID-19 and potentially a vaccine may restore investor and consumer confidence to more robust levels. In the meantime, this pandemic has exposed a systemic risk to global health care and supply chains. Therefore, even after the current crisis abates, the possibility of recurrence becomes a risk factor that will be considered going forward.

- Our strategy is to focus on higher-quality companies that have the balance sheets to withstand the economic contraction and that may benefit when activity starts to recover. If the number of COVID-19 cases peaks around late April or early May, we would expect the markets to start rallying on expectation of a recovery starting in the third quarter of this year. The energy sector is an exception, as we do not expect oil prices to recover any time soon. Canadian energy companies do not have the balance sheets to withstand negative cash flow. Ultimately, the oil market will rebalance, but we believe many North American energy producers may be squeezed out before that happens.

Source: Bloomberg Finance L.P., Picton Mahoney Asset Management, Manulife Asset Management Ltd. and QV Investors Inc.

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