

## CI Canadian Fixed Income Private Pool Third Quarter 2020 Commentary

Class F returns (in %) as at September 30, 2020	1 year	3 year	5 year	Since inception (2018-10-29)
CI Canadian Fixed Income Private Pool Class F	5.8%	N/A	N/A	7.9%

Source: Sentry Investment Management, as at September 30, 2020.

### Performance Summary

- In the third quarter of 2020, Class F of CI Canadian Fixed Income Private Pool (the Fund) returned 1.0% compared with the FTSE Canada Universe Bond Index, which returned 0.4%.

### Contributors to Performance

- Subordinate bond **IPL 6.625% November 19/2079** performed well after the Canadian mid-stream energy company announced a key asset sale with the proceeds geared toward debt reduction.
- A **subordinate perpetual floating rate note** issued by global credit card giant **American Express Co.** performed well as spreads narrowed as a result of the global economic recovery.

### Detractors from Performance

- Long duration bond **Province of Ontario 2.65% December 2/2050** detracted from performance as long-dated risk-free yields rose despite the narrowing of provincial spreads.
- Long maturity bond **Government of Canada 2.75% December 1/2048** fell in value as global economic data improved in the initial stages of reopening following the pandemic.

### Portfolio Activity

- We added short-term corporate bond **GE Capital Canada Funding Co. 4.6% January 26/2022** because it was very cheap on a swapped basis and provided added running yield.
- We took profits and decreased our position in **Greater Toronto Airports Authority 2.73% April 3/2029** as infrastructure projects such as airports regained some of their lost attractiveness as the lockdown ended.

## Market Outlook

- We expect continued, but uneven, economic growth as pockets of the economy are slowed by the re-emergence of COVID-19.
- We also expect to see renewed government support in response, which should lead to significant deficits and increased levels of financing.
- The Canadian dollar will likely remain in a relatively tight trading range relative to the U.S. dollar.
- The Canadian fixed income pool has been positioned with a moderate amount of cash, a slightly short duration and a modest overweight to credit. The pool has a bias toward a steeper yield curve through an underweight exposure to long bonds.

Source: Bloomberg Finance L.P. and Sentry Investment Management, as at September 30, 2020.

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