

Signature Global Equity Fund Second-Quarter 2020

Eric Bushell, CFA, Senior Vice-President and Chief Investment Officer

Class F returns (in %) as at June 30, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2000-08-08)
Signature Global Equity Fund	-4.5	1.1	5.3	5.9	10.2	2.3

Sources: Bloomberg Finance L.P., Morningstar Research Inc. and Signature Global Asset Management, as at June 30, 2020.

Performance Summary

- Signature Global Equity Fund Class F (the Fund) returned 13.6% during the quarter, underperforming its benchmark, the MSCI All Country World Total Return Index, which returned 14.3% over the same period.
- The Fund's performance lagged its benchmark as cash and gold allocations were not able to offset material equity weakness within the consumer discretionary and financials sectors.

Contributors to Performance

- Snap, Inc. Class A reported better-than-expected results in its latest earnings report despite noting a deceleration in March. User engagement accelerated compared to last year and the shift to performance-based advertising is showing signs of progress. Profitability is improving but the company is expected to continue to invest in the platform. Snap offers gaming and mapping platforms, and recently announced a deal to expand gaming by partnering with leading casual game vendor Zynga Inc. Niche and targeted advertising platforms are having an easier time attracting advertisers who want clean content that they can associate with their brand. Politically charged, COVID-19-related and inflammatory social media platforms are increasingly losing advertisers seeking to avoid controversy, which should benefit as advertising dollars shift to more benign yet targeted platforms, such as Snap.
- Microsoft Corp. helped gains during the quarter. Despite warning on weakness in near-term personal computer sales, Microsoft is seen as a relatively defensive investment in the context of the COVID-19 pandemic. The company has seen a huge surge in demand for its online

services, noting that they have seen nearly two years of cloud service adoption in two months. This bodes well for the company's positioning with clients, as engagement with their cloud service applications and online collaborative tools such, as Teams, have been rapidly accelerating. Microsoft has an excellent balance sheet and remains one of the few large-capitalization stocks that can continue to tap financial markets and engage in shareholder-friendly return of capital initiatives despite economic headwinds in general.

Detractors from Performance

- Our overweight cash position of 4.4% was the main detractor from performance in the quarter. We intended to use this cash to help companies recap; however the need for capital injections was alleviated by the U.S. Federal Reserve's speedy actions, after which the markets rallied significantly and holding excess cash dragged on performance.

Portfolio Activity

- Over the quarter, we maintained the Fund's defensive positioning and the majority our of equity holdings. We tactically sold out of First Quantum Minerals Ltd., as the move up in copper prices did not reflect our expectations for a slower return to more normalized demand and, thus, a more balanced market. The Fund participated in the initial purchase offerings (IPOs) of Kingsoft Cloud Holdings Ltd. (Chinese cloud infrastructure provider) and Net Ease Inc. (Chinese gaming and music streaming) in May. The Fund also participated in the secondary equity offering of Embassy Global REIT, a company we have been involved with since the Indian REIT's IPO in early 2019.

Outlook

- Financial conditions are volatile. Should the U.S. dollar fall and fuel the easy money backdrop further, a bubble will take shape. Long-term investors should harvest gains in that event because the market is extremely dependent on policy.
- We have a firm long-term view that interest rates will remain low and growth will remain scarce. The Fund is tilted towards secular growth and defensive income-generating sectors, and away from cyclicals. The supposed rotation to value and cyclicals in early June was not credible to us.



SIGNATURE
GLOBAL ASSET MANAGEMENT™



- The fiscal consequences of COVID-19 are devastating. Government borrowing needs to bridge the shock are testing the markets' capacity to absorb. The temptation to finance via central banks is problematic and must only be temporary. The likelihood of higher tax rates post COVID-19 recovery is now absolute.
- The U.S. election in 2020 is less than six months away and could prove to be a turning point for U.S. participation on the global stage.
- China's assertiveness in Hong Kong signifies a tack in direction toward a more domestic economic model. Capital markets and technology will play important roles in the next chapter of Chinese growth.

Sources: Bloomberg Finance L.P. and Signature Global Asset Management.

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 commentary is published by CI Investments Inc. The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. 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



**Trusted Partner
in Wealth™**



investment strategies. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

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.

The author and/or a member of their immediate family may hold specific holdings/securities discussed in this document. Any opinion or information provided are solely those of the author and does not constitute investment advice or an endorsement or recommendation of any entity or security discussed or provided by CI Investments Inc.

© 2020 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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 are registered trademarks of CI Investments Inc. Signature Global Asset Management, the Signature Global Asset Management logo and design and "Trusted Partner in Wealth™" are trademarks of CI Investments Inc.

© CI Investments Inc. 2020. All rights reserved.

Published July 15, 2020.