CI Global Asset Allocation Private Pool
Second-quarter 2020 Commentary

Class F returns (in %) as at June 30, 2020	Year-to-date	1 year	3 year	5 year	Since inception (2018-10-29)
CI Global Asset Allocation Private Pool	-0.4	4.1	N/A	N/A	5.8

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

Performance Summary

- CI Global Asset Allocation Private Pool Class F (the Fund) returned 9.0% during the quarter, outperforming its benchmark, which returned 8.3% over the same period. The benchmark is a combination of the MSCI All Country World Total Return Index (60%), the J.P. Morgan Global Government Bond Total Return Index (25%) and the ICE BofAML U.S. High Yield Total Return Index (15%).

- The Fund ended the quarter positive, as global markets rebounded after hitting lows in late March. Allocations to gold, investment-grade and high-yield bonds contributed to the Fund's performance, as investor confidence returned to credit markets. Our cash holdings, currency hedging, and equities within the consumer sector were the primary detractors from Fund performance. However, superior stock selection within the financials sector helped soften otherwise broad-based weakness. Synchrony Financial and ING Groep NV are examples of idiosyncratic, niche investments that performed well over the period as equity markets broadly rallied. Finally, performance was assisted by a significant underweight in government bonds.

Contributors to Performance

- 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 with the company 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.

- Gold bullion prices increased by 11.6% during the quarter. We remain positive on the medium-term outlook for gold prices. The combined monetary and fiscal stimulus to deal with the effects of COVID-19 are unprecedented. Current negative real yields reduce the opportunity cost of holding gold, while concerns about future government debt levels from the massive spending improve gold's attractiveness as a store of value relative to fiat currencies.

- PepsiCo came to credit markets on the back of uncertainty and immense liquidity pressures created by COVID-19. As a diversified consumer staples issuer, PepsiCo's core business will be resilient in a recessionary environment. Backstopped by strong investor demand and the U.S. Federal Reserve's (the Fed's) corporate bond-buying programs, the bond's value has significantly increased. With a maturity in 2060, this is an example of how we extend spread duration to generate the greatest potential return, as credit spreads tighten.

Detractors from Performance

- Our overweight cash position of 13.1% 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 Fed's speedy actions, after which the markets rallied 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, 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.

- 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.

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CI PRIVATE POOLS™

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