

CI Canadian Equity Private Pool Second Quarter 2020 Commentary

Class F returns (in %) as at June 30, 2020	1 year	3 year	5 year	Since inception (2018-10-29)
CI Canadian Equity Private Pool Class F	0.2%	N/A	N/A	5.7%

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

Performance Summary

- In the second quarter of 2020, Class F of CI Canadian Equity Private Pool (the Fund) returned 19.5% compared with the S&P/TSX Composite Total Return Index, which returned 17.0%.

Contributors to Performance

- **WELL Health Technologies Corp.** owns and operates a portfolio of primary health care facilities. The company also provides digital electronic medical records (EMR) software services and telehealth services. As of March 24, 2020, it operated 20 medical clinics and provided digital EMR software and services to 1,446 medical clinics across Canada. WELL's shares experienced a significant rise as the market priced in the company's better revenue growth prospects.
- **Kinaxis Inc.** is a provider of cloud-based subscription software for supply chain operations internationally. It also provides professional services, such as implementation, configuration, technical and training services, as well as maintenance and support services to its software products. The increased pressure on supply chain logistics that resulted in countries shutting down has elevated the importance of Kinaxis' offerings. This has begun to be realized by the market.

Detractors from Performance

- **Bank of America Corp.**, through its subsidiaries, provides banking and financial products and services for individual consumers, small- and middle-market businesses, institutional investors, large corporations and governments worldwide. The low interest rate environment, as well as concerns over mortgage and loan repayments in the COVID-19 environment, has driven a decline in its share price. In the long term, the business remains sound and we are comfortable maintaining the position.
- **Manulife Financial Corp.**, together with its subsidiaries, provides financial advice, insurance, and wealth and asset management solutions for individuals, groups and institutions in Asia,

Canada, the United States and internationally. Concerns about insurance because of low interest rates pressured the stock's price. We are still confident in the underlying business and are comfortable maintaining the position.

Portfolio Activity

- We added a new position in **Boyd Group Services Inc.**, which operates non-franchised collision repair centers in North America. The company operates its locations under the Boyd Autobody & Glass and Assured Automotive brands in Canada, and Gerber Collision & Glass brand in the United States. Reduced business because of lower auto traffic drove its share price lower, creating an opportunity to enter the business at an attractive valuation.
- **Pembina Pipeline Corp.** provides transportation and midstream services for the energy industry in North America. It operates through three segments: pipelines, facilities, and marketing and new ventures. Declines in volume and commodity pricing have raised concerns over the company's ability to sustain new projects. As such, we have chosen to exit the position.

Market Outlook

- We expect the global economy to gradually recover from the near-standstill conditions experienced at the end of March and throughout April. This incremental improvement is positive, but likely to fluctuate given the number of variables at play, including the labour market, fiscal and monetary stimulus, and COVID-19 case counts. As such, volatility is likely to remain elevated.
- We continue to favour companies that should be able to endure any economic environment, as well as businesses with some short-term challenges but that are trading at prices well below intrinsic value.
- Despite progress on the Trans Mountain Pipeline, businesses dependent to the Canadian energy sector face structural pressures that continue to inhibit returns on capital and growth potential. We continue to hold an underweight position in the energy sector relative to the benchmark.
- The Fund consists of high-quality businesses that have demonstrated the ability to deliver sustainable and growing cash flows throughout economic cycles. We also have significant holdings in yield-oriented sectors that are valuable in a low interest rate environment.

Source: Morningstar Research Inc., Bloomberg Finance L.P. and Sentry Investment Management.

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CI PRIVATE POOLS™

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