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CI Global Equity Momentum Private Pool
Second-quarter 2020 Commentary

David Picton, President and Portfolio Manager
Michael Kimmel, CFA, Portfolio Manager
Michael Kuan, CFA, Portfolio Manager

Class F returns (in %) as at June 30, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2018-10-29)
CI Global Equity Momentum Private Pool	3.6	8.1	-	-	-	9.0

Source: Picton Mahoney Asset Management, as at June 30, 2020.

Market Overview

- The second quarter began with April registering the worst month of economic contraction on record for many major economies, but ended on a positive note as the COVID-19 lockdowns finally bore fruit and allowed for a gradual reopening of the economy. As a result, equity markets found a footing, with some cyclical sectors such as home building fully erasing the losses from earlier in the year.

Performance Summary

- Over the second quarter ended June 30, 2020, Class F of the CI Global Equity Momentum Private Pool (the "Fund") returned 18.5%, compared with a 14.4% return for its benchmark, the MSCI World Total Return Index (C$).

- Our overweight exposure to the consumer discretionary sector and underweighting in consumer staples contributed to the portfolio's relative performance, while our overweight position in health care and underweighting in materials detracted.

- Among individual securities, top performers were PayPal Holdings Inc. and Lululemon Athletica Inc., while Apple Inc. and CORESTATE Capital Holding SA were the biggest detractors.

Contributors to Performance

- We are highly constructive on PayPal's growth drivers as e-commerce and mobile commerce growth continues to dwarf overall retail trends in a COVID-19 world. As demand continues to increase for digital banking and electronic payments among millennials and Gen-Z consumers, PayPal is uniquely positioned to continue to capture significant market share. Additionally, the company's very strong balance sheet and free-cash-flow generation continues to enable it to expand its network and acquire attractive ancillary products (such as PayPal Honey) to further increase customer engagement. During the quarter, PayPal saw a positive inflection in both net new accounts and user engagement, which we believe can continue to drive accelerated growth in total payment volume. We expect the stock's multiple and company earnings estimates to continue to grind higher.

- We were fortunate to time our entry into Lululemon near its lows. We had been attracted to this growth concept for some time, but had struggled with the stock's valuation. The sharp market correction in March allowed us to gain access to Lululemon's rare retail concept with strong brand loyalty, attractive gross margins and an advantaged omni-channel presence.

Detractors from Performance

- CORESTATE's business has been challenged by COVID-19. The company is an investment manager that focuses on developing, financing and managing real estate assets in Europe. Sales in the sector have slowed considerably over the past few months. This slowdown has raised some questions about its mezzanine business, which accounts for about 25% of revenue and generates high returns (11-13% after tax). Investors also are concerned about the company's commercial real estate exposure, in which cash flow has been hampered by some tenants holding back on rent payments. While the business is challenged short term, this risk is mitigated by the fact that CORESTATE is still predominately exposed to Germany, which has Europe's most attractive fundamentals. Demand from institutional investors remains high and there is no major debt refinancing until 2022.

- We added Mobile Mini to the portfolio late in the quarter as we were attracted to its pending merger with WillScot Corp. The combined entity has excellent synergy and is led by a very strong management team with a proven integration record. Mobile Mini suffered a late-quarter swoon as the timing of the merger's closing was moved up three months to July 1, causing the company to be dropped from a small-cap index. While this contributed to the weakness in its share price, we view this element as non-fundamental, given our optimistic outlook for the combined entity going forward.

Portfolio Activity

- Over the past few months, we have increased our cyclical exposure through selective new positions in the industrials and consumer discretionary sectors. Within industrials, we added holdings in companies that have solid balance sheets, competitive product line-ups and have shown strong relative performance in similar environments in the past. In consumer discretionary, we introduced positions in newer economy companies that have seen their business models accelerated by COVID-19 and are in a good position to retain much of this business – and should continue to grow at high rates after the crisis.

Outlook

- As the global economy slowly reopens, we continue to see leading indicators not only moving higher (from admittedly very depressed levels) but also broadening in scope. We understand there may be setbacks along the way, but have identified a number of opportunities for relative performance, based on themes and outcomes with respect to COVID-19 and its ongoing impact on economic activity. We believe this will benefit equity investors, particularly against the backdrop of a pro-cyclical impulse in the broader global economy. Where many investors tend to focus on large benchmark weights, we believe a willingness to dig deeper will provide ample opportunities to drive alpha from security selection.

Source: Morningstar Research Inc., Bloomberg Finance L.P. and Picton Mahoney Asset Management.

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