Market Commentary
Second Quarter 2020

CI Canadian Small/Mid Cap Fund

The portfolio of CI Canadian Small/Mid Cap Fund (the "Fund") is divided among three sub-advisors: Picton Mahoney Asset Management, Sentry Investment Management and QV Investors Inc. Sentry Investment Management was appointed portfolio manager of a portion of the Fund on June 15, 2020, replacing Manulife Investment Management. The comments below pertain to each sub-advisor's portion of the portfolio.

Class F returns (in %) as at June 30, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2005-06-29)
CI Canadian Small/Mid Cap Fund	-5.8	-0.6	2.1	3.3	7.5	5.5

Source: Picton Mahoney Asset Management, Sentry Investment Management and QV Investors Inc., as at June 30, 2020.

Performance Summary

- Over the quarter ended June 30, 2020, Class F of CI Canadian Small/Mid Cap Fund (the Fund) returned 25.9%, compared with a 16.7% return over the same period for its benchmark, the S&P/TSX Composite Total Return Index.

Picton Mahoney Asset Management

Contributors to and detractors from performance

- During the quarter, the Fund's top contributing investments were Kinaxis Inc. and Pan American Silver Corp. The largest relative detractors were our underweight holdings in Fortuna Silver Mines Inc. and Seabridge Gold Inc.

Portfolio Activity

- We added Dundee Precious Metals Inc. a global gold producer, to increase the portfolio's overall precious metals weight. In our view, the company has entered into a period of free-cash-flow harvest mode after the company successfully ramped up its Ada Tepe operation in Bulgaria at the end of last year. As Dundee continues to deliver on its operations, we expect the stock to re-rate from its current valuation of approximately 1x price to net asset value to the peer average of about 1.2x. COVID-19 has had very little impact on the company, as the Bulgarian government did not require a shutdown – another reason why we are comfortable holding onto this stock even when production disruption remains a prevalent risk in the mining sector.

- Bombardier Recreational Products Inc. (BRP) designs, manufactures and distributes recreational vehicles including snowmobiles, all-terrain vehicles, side-by-side vehicles and personal watercraft. The company has for years successfully introduced new product lines to consumers, as well as increasing its market share in existing lines. The stock sold off aggressively during March on fears that consumer spending would decline, which was the case in March and April. Since then, we have seen the outlook become more positive as consumers look to spend more time on outdoor activities, to which BRP's products cater. We have a positive outlook for the company.

- During the quarter, we exited our holding in Extendicare Inc.

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.

Sentry Investment Management

Contributors to performance

- Cargojet Inc. provides time-sensitive overnight air cargo and charter services to domestic destinations and internationally. As the significant reduction in leisure travel has constrained supply on air shipping, Cargojet has stepped in to fill the gap. As a result of this, as well as increased e-commerce activity, the business performed very well.

- Real Matters Inc. provides technology and network management solutions to the mortgage lending and insurance industries in Canada and the United States. Low interest rates have accelerated mortgage application and refinancing volumes, creating greater demand for the company's products.

Detractors from Performance

- Enerflex Ltd. supplies natural gas compression, oil and gas processing, refrigeration systems and electric power generation equipment to the oil and natural gas industry. A decline in demand for oil and natural gas has weighed on the company's share price and demand for its products has also declined. We believe this fall in demand is short term and are comfortable continuing to hold the position. We believe the company's equipment rental business provides adequate free cash flow to sustain the business through this period of temporarily slower demand. Furthermore, we believe that its current share price ascribes very little value for the company's engineered services business.

- Live Nation Entertainment Inc. operates as a live entertainment company through concerts, ticketing, and sponsorship and advertising segments. The cancellation of live events as a result of COVID-19 has hampered the business in the near term. In the long term, we are confident in the company as we believe live events will eventually return, and as the dominant player in this market, Live Nation is well positioned to rebound.

Portfolio Activity

- We added a position in Colliers International Group Inc., which provides commercial real estate services to corporate and institutional clients in the Americas, Europe, the Middle East, Africa and Asia Pacific. It offers sales brokerage services, which include purchases and sales, debt placement, equity capital raising, market value opinions, acquisition advisory and transaction management services. It also provides lease brokerage services comprising landlord and tenant representation services. Concerns about brokerage services during COVID-19 opened the opportunity to enter the position at an attractive valuation.

- A position in Brookfield Property Partners L.P. was eliminated. The company is one of the world's leading real estate companies, with approximately $88 billion in total assets. Brookfield's retail assets have been pressured by COVID-19 and we expect those assets to continue experience pressure as consumers shift their shopping online. We have exited the position in favour of increasing exposure to other areas of the 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.

- We continue to favour the United States, given the level of fiscal and monetary stimulus being employed as a percentage of gross domestic product, and we expect the economy to rebound relatively quickly in comparison to other developed nations, including Canada.

- 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.

QV Investors Inc.

Contributors to Performance

- Superior Plus Corp. shares benefitted from the announcement of a strategic partnership with Brookfield, whereby Brookfield would invest in Superior Plus to reduce debt and fund future growth opportunities.

- Parkland Corp. and AltaGas Ltd. were impacted by negative energy sentiment earlier in the year but have since benefited from their more diversified exposures.

Detractors from Performance

- Financial results for Alleghany Corp. were impacted by COVID-19-related charges in its insurance business, and by pandemic-related issues in its non-insurance businesses.

- While Winpak Ltd.'s end markets have generally been resilient, previously announced volume reductions and potential delays in the onboarding of new business impacted its share price. The company has a healthy balance sheet and should be able to navigate the current environment with its strong franchise intact.

Portfolio Activity

- We initiated a position in Gibson Energy Inc. during the quarter. The portfolio also was strengthened by significant additions to businesses offering attractive risk-reward metrics, based on discounted valuations, healthy underlying cash generation and lower-risk balance sheets. For example, additional capital was deployed into the consumer staples and discretionary sectors, where we feel healthy balance sheets and business innovation will provide resilience. Within financials, we added to our positions in companies with well established business models and clear franchise-improvement opportunities, and which are trading at below average valuations.

- The above investments were funded by the sale of several companies displaying lower quality franchises and/or post-pandemic prospects, including PrairieSky Royalty Ltd., Williams-Sonoma Inc., CI Financial Corp. and Cominar Real Estate Investment Trust (a retail-exposed REIT facing a slow and bumpy recovery).

Outlook

- While the recent lower-quality rally has challenged our relative returns, we have been pleased with the resiliency and operating performance of many of the companies in our portfolio. As businesses navigate this difficult period, the quality of management has been on display – from the prudent support of workers to conservative dividend policies aimed at maintaining financial flexibility.

- Our cash position remains low as we continue to take advantage of opportunities to purchase strong businesses at attractive prices. The market continues to provide select opportunities to improve the Fund's footing for an uncertain outlook, both by reducing risks and growing return potential. The focus on strong franchises offering significant value and strong balance sheets ultimately improves the overall Fund's risk/reward ratio.

Source: Bloomberg Finance L.P., Picton Mahoney Asset Management, Sentry Investment Management and QV Investors Inc.

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The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the mutual fund and the stated indices 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 indices or investment fund. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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Picton Mahoney Asset Management, QV Investors Inc. and Sentry Investment Management are portfolio sub-advisors to certain funds offered and managed by CI Investments Inc.

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