CI Global Equity Alpha Private Pool
Second-quarter 2020 Commentary

Bill Kanko, CFA, President and Portfolio Manager
Melissa Casson, CFA, Director of Global Equities
Heather Peirce, Director of Global Equities

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 Equity Alpha Private Pool	-7.6	-1.9	N/A	N/A	5.5

Sources: Bloomberg Finance L.P., MSCI Inc., S&P Dow Jones Indices, Morningstar Research Inc., StatPro Group PLC and Black Creek Investment Management Inc., as at June 30, 2020.

Market Overview

- As we begin the second half of 2020, worldwide coronavirus cases have passed the 10 million mark and deaths have exceeded a half million. Virus hotspots include much of Latin America, India and Russia, and we are seeing a resurgence of new cases in the United States.

- Despite this situation, equity markets saw a strong recovery in the second quarter. Central bank stimulus, positive commentary on vaccine trials and investor hopes for a swift economic recovery led U.S. stocks (S&P 500 Index gained 20.5%) to their best quarterly gain since the fourth quarter of 1998. In U.S.-dollar terms, global stocks (as measured by the MSCI ACWI) rose 19.2%. We, like many observers, think there is a disconnect between market prices and the real economy, perhaps driven by continued easy monetary policies from the central banks.

- We can find some attractive opportunities in the United States but continue to prefer companies in developed and developing international markets. In a world of uncertainty, U.S. equities (as defined by the S&P 500 Index) are currently priced for perfection with a forward price to earnings (P/E) multiple of 24 times. Outside the United States, the MSCI World ex-USA and MSCI Emerging Markets indices have more reasonable forward P/E multiples of 17.1 times and 14.1 times, respectively.

Performance Summary

- CI Global Equity Alpha Private Pool Class F (the Fund) returned 13.7% during the quarter, underperforming its benchmark, the MSCI World Total Return Index, which returned 14.4% over the same period.

- Positive stock selection in the industrials and consumer staples sectors was more than offset by weak stock selection in information technology and consumer discretionary sectors.

Contributors to Performance

- During the quarter, top contributors were Wienerberger AG, Schneider Electric SE and Weir Group PLC.

- Wienerberger is a leading international supplier of building materials and infrastructure solutions, and is the leading manufacturer of bricks globally. The company's share price rallied along with other building materials stocks on expectations of increased infrastructure spending through government-funded fiscal stimulus programs.

- Weir Group is a global engineering and manufacturing company for oil and gas, mining, infrastructure, and other industrial end markets. The company's share price rose given continued resilience in global mining activity, improved oil prices and a gradual recovery in construction activity in North America and Europe. The company also announced that it had refinanced and extended the maturities of a revolving credit facility and term loan.

- Schneider Electric is a global leader in energy management and automation solutions. The company has exposure to attractive growth areas including data centres, industrial automation, industrial Internet-of-Things, and software and services.

Detractors from Performance

- During the quarter, Thule Group AB, Nutrien Ltd. and Asics Corp. were the main detractors.

- Thule Group is a global leader in outdoor and transportation products. Asics is a Japanese multinational corporation that produces activewear and footwear designed for a wide range of sports as well as fashion. These were small positions sold to increase holdings in Lonza Group, which has a higher future return potential.

- Nutrien is the world's largest provider of crop inputs, services and solutions. It is also the world's leading agricultural retailer selling fertilizers, crop chemicals and seed directly to farms. Increased planting activity in the United States was positive for crop inputs and services, but investors focused on near-term potash prices that have been dragged down by weak offshore demand. Fertilizer demand has been hit by a combination of factors including the drawn-out U.S.-China trade war and falling oil demand, which has dampened corn (biofuels) demand.

Portfolio Activity

- During the quarter, three new holdings were added to the Fund: BorgWarner Inc., Bureau Veritas SA and Nice Ltd. Conversely, Asics Corp., FTI Consulting Ltd. and Thule Group AB were eliminated.

- BorgWarner is a leading automotive industry components and parts supplier. It is well known for its powertrain products, including vehicle propulsion components and systems for internal combustion and electrified vehicles.

- Bureau Veritas is a world leader in testing, inspection and certification. The company's primary activities involve testing products or materials, inspecting sites/equipment, and certifying products and systems to maintain various global standards.

- Nice is an Israeli-based enterprise software company. It provides on-premise and cloud-based software applications that support call-centre interactions and employees. The company also sells anti-money-laundering, risk management and fraud prevention software.

- FTI Consulting was sold for valuation reasons given strong share price performance. Given that this portfolio is restricted to 25 holdings, Asics and Thule Group were sold to fund opportunities that offered greater future upside potential.

- For your position in Alibaba Group Holding Ltd., we sold the U.S.-traded ADR and purchased the local Hong Kong listing due to increased U.S.-China tensions, which have put U.S.-listed Chinese firms under increased scrutiny along with the risk of a forced delisting.

Outlook

- We are currently in a world of little-to-no economic growth and facing a new redistribution of incomes and wealth. Equity investing will not be easy, but you wouldn't know that from looking at the stock indices recently. Passive investing and a narrowing of the markets to relatively few "must have" stocks (generally U.S. large-cap tech companies) has made traditional value investing challenging. The S&P 500 Index is supposed to be a broad and diversified representation of mid-to-large U.S. companies. However, the top five holdings (Microsoft Corp., Apple Inc., Amazon.com Inc., Facebook Inc. and Alphabet Inc.) now account for nearly a quarter of the index's market capitalization.

- We see much froth in certain equities now and the risk of a bubble in equities generally has increased. Investor interest in unprofitable concept IPOs has risen once again, with companies such as Nikola Corp., the electric and hydrogen truck maker, quickly garnering a market capitalization of over US$20 billion before even selling a vehicle. We must continue to be aware of a changing world and find the best ideas we can. We are not traditional value investors who look for cheap stocks. We buy companies based on their underlying fundamentals, including their ability to grow future cash flows and earnings, but we are cognizant of value and valuation when buying and selling companies.

We wish all the best to you and your families and hope that you are healthy and safe. We thank you for your continued support and confidence.

Sources: Bloomberg Finance L.P., MSCI Inc. and Black Creek Investment Management Inc.

CI PRIVATE POOLS™

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

The opinions expressed in the communication are solely those of the author and are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed.

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.

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.

Published July 22, 2020.

CI Investments® | Trusted Partner in Wealth™