

Market Commentary

Second Quarter 2020



CI Global Value Fund

John Hock, CFA, Chief Investment Officer

Class F returns (in %) as at June 30, 2020	Year-to-date	1 year	3 year	5 year	10 year	Since inception (2000-08-08)
CI Global Value Fund	-9.1	-0.9	2.4	4.8	9.6	4.1

Source: Altrinsic Global Advisors, LLC as of June 30, 2020.

Market Overview

- The MSCI World Index gained more than 14%, led by U.S. equities and richly valued technology stocks. Slowing rates of growth in COVID-19 cases and casualties, measures to reopen economies, and hopes for a “v-shaped” recovery contributed to the rebound. However, the primary performance driver was the announcement of extraordinary fiscal and monetary stimulus, amounting to 29% of global GDP. Although many stock and bond prices reached levels indicative of a rapid return to normalcy, the scope for disappointment increased, as the economy faces an aftershock of enormous debt burdens, subdued demand and rising geopolitical risk factors, including November’s U.S. elections.

Performance Summary

- Over the second quarter ended June 30, 2020, Class F of CI Global Value Fund (the Fund) returned 10.1%, compared with 14.4% (in Canadian-dollar terms) for its benchmark, the MSCI World Total Return Index.
- The Fund’s underweight exposure to information-technology companies-- notably the absence of the “FAANG-plus” stocks (Facebook, Apple, Amazon, Netflix, Google/Alphabet and Microsoft) – detracted from relative value. Our holdings in the financial and health-care sectors also were sources of negative attribution.

Contributors to Performance

- During the quarter, the Fund’s top contributing investments included Kinross Gold Corp. and Advance Auto Parts, Inc.



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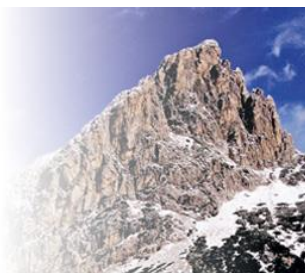
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- Shares of Kinross Gold, a global gold miner, appreciated alongside gold prices. The company also benefitted from the improved risk profile of its Mauritanian assets, following a settlement with that country's government.
- Advance Auto Parts delivered better-than-expected same-store sales, which affirmed the countercyclical nature of auto parts retail.

Detractors from Performance

- Our positions in Biogen Inc. and Tokio Marine Holdings, Inc. detracted from performance during the quarter.
- Biogen lost a patent battle over its multiple sclerosis drug, Tecfidera. This was a surprising outcome and will be appealed. It now becomes more important for Biogen to file and get approval for its Alzheimer's drug.
- Tokio Marine underperformed markedly during the market rally as investors became increasingly worried about business-interruption-insurance losses in its overseas segment. We believe these losses will be manageable and, at most, Tokio Marine will experience an earnings event rather than a capital event. At the same time, the overseas competitive environment is improving.

Portfolio Activity

- The Fund initiated three new positions in the second quarter. Among these was Aena SME SA, a leading global airport operator with an attractive portfolio of assets, including a monopoly of Spanish airports. While COVID-19 is major short-term headwind, Aena benefits from the long-term growth in air travel, as the global middle class continues to expand. The company offers a strong balance sheet, superior cash generation, a more desirable passenger mix and the most diverse airline exposure.
- We exited six positions during the quarter, including Emerson Electric Co., as the stock reached our estimate of intrinsic value.

Outlook

- Uncertain fundamentals, mounting debt, fall elections, and increasing geopolitical risk emanating from U.S.-China relations point to a potential increase in volatility. As the pandemic continues to handicap the economy to varying extents, we will continue to balance the consideration of margin of safety in our investments with opportunity during bouts of volatility.

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Source: Morningstar Direct; FactSet; Altrinsic Global Advisors, LLC.

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Published August 4, 2020.