CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Lawrence Park Alternative Investment Grade Credit Fund

OCTOBER 2020

CI Lawrence Park Alternative Investment Grade Credit Fund (the Fund) is an active credit-focused mandate designed to address the challenges of traditional fixed income investing. Hedging the majority of interest rate risk and currency risk, the Fund aims to generate fixed income alpha by capitalizing on inefficiencies and short-term dislocations in the investment-grade corporate credit markets. With an emphasis on capital preservation, the Fund seeks to provide consistent positive returns over the market cycle, with a low correlation to equity and fixed income markets.

PERFORMANCE SUMMARY (as at October 30, 2020)

	YTD	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	SINCE INCEPTION
CI LAWRENCE PARK ALTERNATIVE INVESTMENT GRADE CREDIT FUND CLASS F	2.07%	0.49%	2.78%	9.63%	3.22%	3.72%
FTSE CANADA ALL CORPORATE BOND INDEX	6.17%	-0.61%	-1.11%	3.93%	6.26%	7.97%

Sources: CI Investments Inc. & Morningstar Research Inc., as at October 30, 2020. Inception date: November 7, 2018.

MONTHLY SUMMARY

Credit outperformed in a soft month for risk assets, including fixed income, that saw U.S. Treasury yields push to four-month highs on expectations of fiscal stimulus and Democrats gaining power in the U.S. election. While softness in the Energy sector and COVID-19 lockdowns in Europe acted as a headwind, strong inflows to investment-grade corporate bonds and successful relative-value trading allowed our Funds to generate positive returns. We anticipate improved trading conditions to close out the year as volatility ebbs post-election.

CREDIT

U.S. credit enjoyed a strong month and led the way in global spread tightening as it rebounded from a soft September. Higher rates attracted all-in yield buyers from Europe and Asia, while de-risking and asset rotation saw strong domestic inflows to investment-grade funds at the expense of equities and high-yield funds, which incurred outflows. Most of the spread tightening occurred in the first two weeks. As equity markets deteriorated later in the month, credit was able to hold steady. Corporate earnings releases for Q3 showed that most high-grade firms are maintaining good liquidity and have solid balance sheets, even as their earnings growth continues to be hampered by COVID-19.

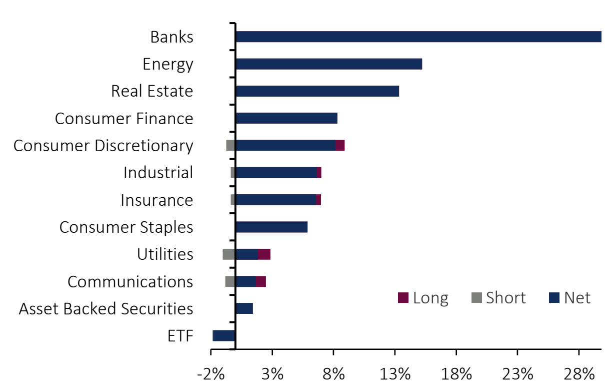
European spreads traded modestly tighter but softened later in the month as the G7 nations (Germany, France, Italy, UK) all announced partial or full lockdowns to combat rising COVID-19 infection numbers. With the end-of-year deadline looming, Brexit headlines wavered between optimism and

FUND SUMMARY

KEY FACTS

NAV/UNIT (CLASS F)	$10.35
STRATEGY AUM	$401 million
MANAGEMENT FEE (CLASS F)	0.80%
PERFORMANCE FEE	10% of any returns (net of MER) above the Hurdle Rate, subject to a high-water mark
HURDLE RATE	FTSE Canada All Corporate Bond Index
INTEREST RATE DURATION	0-3 years
LEVERAGE	1-3x
INVESTMENT-GRADE EXPOSURE	99%
CLASS F FUND CODE	CIG 4190 (C$) CIG 4194 (US$)
CLASS A FUND CODE	CIG 2190 (C$) CIG 2194 (US$)
ETF TICKER	TSX: CRED (C$ hedged) CRED.U (US$ hedged)

SECTOR BREAKDOWN



pessimism throughout the month. Ultimately we believe it is in the interests of both parties to negotiate a free-trade settlement; however, this will come down the wire, and populist resistance to letting Europe dictate trade terms makes the UK government's position particularly challenging to navigate.

Canadian credit finished modestly wider in October, weighed down primarily by the Energy sector. Crude prices dropped 10% during the month on fears of COVID-19 second-wave lockdowns, sending oil producers 14 basis points (bps) wider on average and spilling over into banks and other sectors perceived as having ancillary energy exposure. Banks continue to be active issuing hybrid capital notes (LRCNs), with RBC issuing its second deal of the year at a 4% coupon and Canadian Western Bank launching its inaugural LRCN at a 6% coupon. Both deals performed well in early trading.

RATES

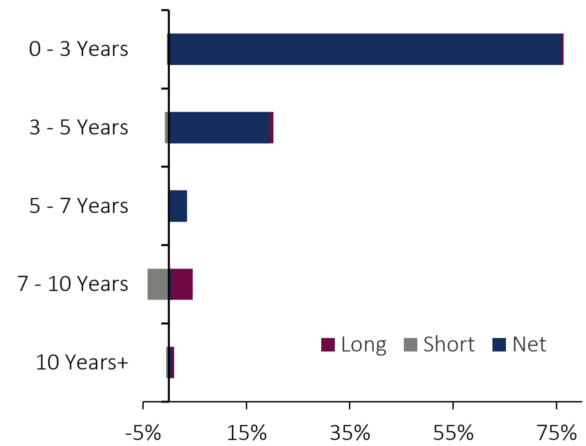
Government yields rose sharply in both the U.S. and Canada on expectations that a fiscal stimulus package would boost public sector borrowing. Although the package ultimately never came in October, the prevailing view was the Democrats were waiting until after the election, when they hoped to launch a larger stimulus package after gaining control of both the White House and Senate. This ensured rates traded higher right through to month-end and steepened the U.S. yield curve, with the spread between 2 and 30-year bonds finishing at a three-year high of 150 bps.

The price action in North America was in stark contrast to Europe, where monetary stimulus to combat the COVID-19 second wave was in sharp focus. Expectations that the European Central Bank would continue to expand quantitative easing drove German bund yields to a six-month low, and the Treasury-Bund 10-year spread wider by a full 30 bps, from 120 to 150 bps. Again this was a significant driver of U.S.-dollar credit outperformance, as yield-starved foreign investors were attracted to 1.50%–2.50% all-in yields on offer for U.S. investment-grade corporate bonds.

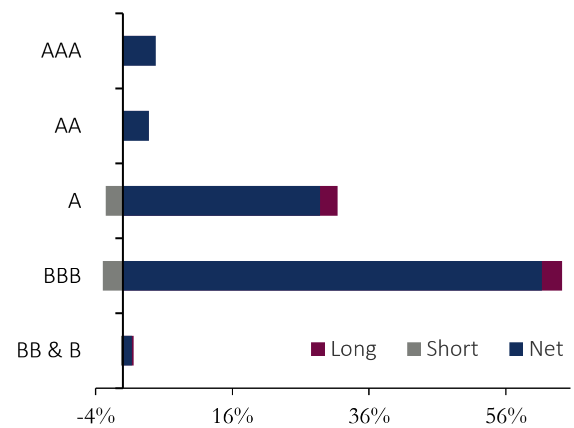
PORTFOLIO THEMES

The primary drivers of return in the portfolio came from our Canadian dollar short-dated assets and U.S. dollar longer-dated assets. Although the Canadian corporate benchmark finished the month lower, we significantly outperformed due to our overweight positioning in 3-year-and-under assets and interest rate hedges. As we saw a "flight to quality" trade play out through the month, credit curves steepened, and short-term assets remained well supported.

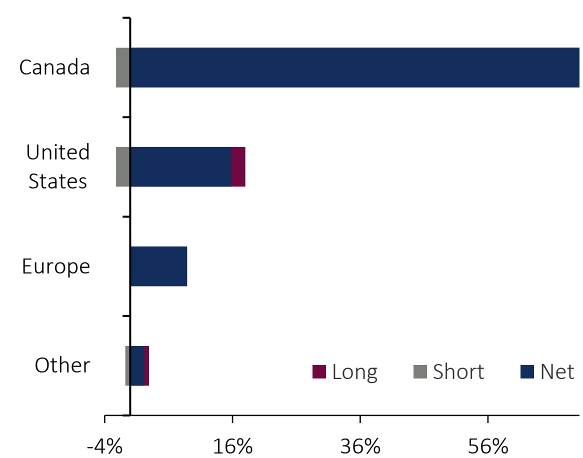
MATURITY BREAKDOWN



CREDIT QUALITY



GEOGRAPHIC BREAKDOWN



Sources: CI Investments Inc. and Lawrence Park Asset Management, as at October 30, 2020.

In the U.S., rotation into corporate investment-grade debt allowed spreads to tighten across the curve, and our active participation in 5 year-30 year debt via our momentum strategy generated strong contributions. Of particular note was our participation in new deals for Smithfield Foods and LyondellBasell, which finished the month 40 bps and 20 bps tighter, respectively, and generated healthy contributions to our performance.

As previously mentioned, our primary detractors during the month were in the Energy sector. Our exposure is mainly shorter-dated in nature and in pipeline names such as Inter and Pembina, which proved more resilient than E&P names. Late in the month, Cenovus Energy (BB+) announced it was acquiring Husky Energy (BBB-mid), causing our holding in Husky bonds to widen 25 bps. Ultimately we believe the combined entity will allow for a stronger balance sheet, and we expect to see the spread grind tighter over time.

OUTLOOK

We gradually added risk during the month, extending our credit duration by about 15% in anticipation that markets would rally post-election. The VIX volatility index finished October near 40, its highest level since June. We attribute this heightened volatility to fears around the U.S. election and expect that regardless of the outcome, there is room for risk assets to rally after November 3, when attention will inevitably turn back to fiscal and monetary stimulus programs.

Although we primarily added risk in Canada, where valuations continue to look more attractive, we shifted our mix of assets out the curve to longer-dated corporate bonds. Credit curves have steepened in recent weeks, and we think any risk rally will see a reversal causing intermediate and long-maturity bonds to outperform.

Overall we continue to believe relatively high (i.e., positive) yield curves in North America make credit look attractive, and that spreads have room to rally further as volatility dissipates. Our mix of assets and focus on short-duration Canadian bonds are naturally defensive. We continue to add option overlay positions to supplement income (selling upside volatility when it's rich) and hedge downside risk (accumulating put options when cheap). Meanwhile, our portfolio's natural carry continues to look attractive in an era when yield is becoming increasingly scarce in fixed income.

Sources: Lawrence Park Asset Management, Bloomberg Finance L.P., as at October 30, 2020.

For more information, please visit: liquidalts.ci.com or contact your CI sales representative directly.

GLOSSARY OF TERMS

Duration: A derivative is a financial security with a value that is reliant upon, or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its price is determined by fluctuations in the underlying asset.

Alpha: A measure of performance. Alpha, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark that is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha.

DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds and ETFs are not guaranteed, their values change frequently, and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell units of an ETF on recognized Canadian exchanges. If the units are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying units of the ETF and may receive less than the current net asset value when selling them.

CI Liquid Alternative investment funds have the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate these investment funds from conventional fund structure include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the investments funds' investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

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The comparison presented is intended to illustrate the historical performance of CI Lawrence Park Alternative Investment Grade Credit Fund (the "Fund") as compared with the historical performance of a widely quoted market indexes or a weighted blend of widely quoted market indexes. There are various important differences that may exist between the Fund and the stated indexes that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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CI is the portfolio manager of the Fund and Lawrence Park Asset Management is the portfolio sub-advisor to the Fund. CI is responsible for the investment advice provided by the portfolio sub-advisors.

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