

CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Marret Alternative Enhanced Yield Strategy



OCTOBER 2020

CI Marret Alternative Enhanced Yield Fund (the Fund) seeks to provide income with low volatility over a market cycle regardless of market conditions or general market direction, by investing primarily in debt instruments across the credit spectrum and cash/cash equivalents. The Fund's active management provides income while targeting low correlation to both equity and traditional income.

GLOBAL MACRO UPDATE

In October, major equity and bond markets both struggled. Challenges for stocks centered on the absence of additional fiscal stimulus ahead of the U.S. election and a worsening COVID-19 outlook globally. In particular, Europe experienced rapidly rising COVID-19 cases, which compelled governments to reintroduce lockdown measures. Even before these restrictions, economic momentum in services was showing signs of slowing. However, manufacturing and Asian economic activity continued to be solid. Various central banks assessed the worsening outlook and provided more stimulus or guided that they would do so shortly. The Federal Reserve was the exception, as its next meeting is after the U.S. election. The uncertainty surrounding the U.S. election has been a large overhang for markets. Early in October, risk markets priced in a "Blue Wave" as the expected result. A Democratic sweep implied ample fiscal stimulus and heavy government bond supply, resulting in further selling pressure on Treasuries. Toward the end of the month, volatility returned as Trump recovered from COVID-19 and returned to the campaign trail. Risk markets sold off as Biden's polling lead narrowed and the prospect of additional near-term fiscal stimulus faded, yet bonds failed to rally. We continue to await final results, but the election was much closer than many had expected. As long as there is a clear winner, some form of fiscal support should come alongside central bank support to counteract the challenges of the COVID-19 second wave.

POSITIONING UPDATE

The Fund generated slight positive returns as credit gains in high yield and tactical positioning in U.S. 30-year government bonds more than offset the back-up in interest rates that affected long duration investment-grade bonds. The Fund took advantage of market volatility by reducing high-yield credit exposure during early October strength

FUND SUMMARY

KEY FACTS	
NAV/UNIT (CLASS F)	\$10.25
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	Yield on FTSE Canada Short Term Government Bond Index +1%
CURRENT YIELD	2.86%
AVERAGE DURATION	2.80 years
LIQUIDITY	Daily
CLASS F FUND CODE	CIG 4195 (C\$) CIG 4196 (US\$)
CLASS A FUND CODE	CIG 2195 (C\$) CIG 2196 (US\$)
ETF TICKER	TSX: CMEY (C\$ hedged) CMEY.U (US\$ hedged)

USE OF LEVERAGE

GROSS EXPOSURE	78.6%
NET EXPOSURE	70.2%

Source: Marret Asset Management Inc., as at October 30, 2020.

and adding back that exposure as credit weakened in the latter part of the month.

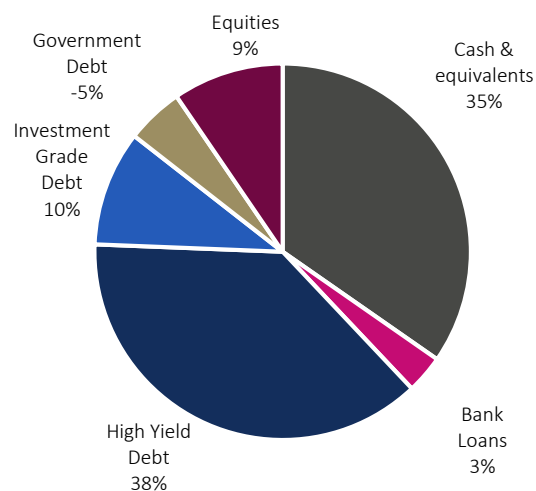
OUTLOOK

Looking forward, we will be closely watching the outcome of the U.S. election. It appears the risk that markets feared most – a close and potentially contested election – has materialized. Surprisingly, markets have not reacted as many expected. In particular, risk markets have rallied sharply along with a bid to bonds. The markets appear focused on the benefits of a divided government, compromise and more moderate policy. For example, the market appears to worry less about Biden’s proposed corporate tax increases, but still expect modest fiscal policy support. Nevertheless, given the backdrop of a global pandemic and portions of the economy that desperately need additional policy support, gridlock is likely less than ideal in the short term. The Federal Reserve now bears a larger burden to support the recovery through this uncertainty. Fading fiscal stimulus and an intensifying second wave with additional restrictions will undoubtedly slow the recovery further until a health care solution is within reach. The combination of election uncertainty, potential gridlock and slowing recovery suggest caution. However, we have not lost sight of the fact we are in the greatest monetary policy intervention in recent history. The excess money in the system in search of yield has never been greater. The balance of these competing views implies the most prudent strategy in the near term remains right in the middle. Maintain a moderate amount of risk, neither too defensive nor aggressive. This allows our investors to participate in the liquidity trade while maintaining our ability to opportunistically add value as market sentiment fluctuates.

We will continue to adhere to our core philosophy of providing investors with attractive returns on a risk-adjusted basis. We believe this can best be achieved by maintaining a core credit portfolio diversified across longer dated securities of higher quality companies with defensible businesses, short dated securities enhancing yield over cash, and secured debt of companies that we view to be attractive, while also taking advantage of tactical opportunities across a variety of securities as they present themselves.

Sources: Marret Asset Management, Bloomberg Finance L.P.

ASSET CLASS BREAKDOWN



FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE*
CANADA	17.0%
UNITED STATES	81.6%
OTHER	1.4%

TOP FIVE HOLDINGS

HOLDING	WEIGHT
ISHARES IBOXX HIGH YIELD CORPORATE BOND ETF	6.4%
MARKIT CDX NORTH AMERICA HIGH YIELD INDEX	4.0%
CCO HOLDINGS LLC 4 03/01/23	3.7%
OPEN TEXT CORP 5 7/8 06/01/26	3.2%
MARKIT CDX NORTH AMERICA HIGH YIELD INDEX	2.8%

*Does not include cash holdings
Source: Marret Asset Management Inc.,
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 measure of the sensitivity of the price of a fixed income investment to a change in interest rates. Duration is expressed as number of years. The price of a bond with a longer duration would be expected to rise (fall) more than the price of a bond with lower duration when interest rates fall (rise).

DISCLAIMERS

Commissions, trailing commissions, management fees and expenses all may be associated with an investment in mutual funds and exchange-traded funds (ETFs). Please read the prospectus before investing. Important information about mutual funds and ETFs is contained in its respective prospectus. 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.

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.

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Marret Asset Management Inc. is portfolio sub-advisor to certain funds offered and managed by CI Investments Inc. Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Investments Inc.

Performance data is not yet available because the Fund has not been distributing securities under a simplified prospectus for at least 12 consecutive months.

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