

Marret Asset Management: Weekly Update

CI Investment Grade Bond Fund and CI First Asset Investment Grade Bond ETF

For the week ended November 13th, 2020.

Following the U.S. presidential election, the market narrative quickly became “gridlock is good”. Equities rallied on the view that this would mean less regulatory headwinds, only modest corporate tax increases and better trade policy. Bond prices rallied on the expectation that future fiscal packages would be smaller and therefore, this meant less government bond issuance. That narrative has given way in the last week to “vaccine versus virus”. The hope of a vaccine, following the results of the Pfizer trials, which boosted equity prices, is against the reality of the sharp escalation of virus cases globally and increased social distancing/lockdown measures. This battle has brought outsized daily volatility to financial markets.

Since we last wrote two weeks ago, 10-year U.S. Treasury yields have traded in over a 20 basis points (bps) range. They closed the week at 0.90%, an increase of 2 bps over the fortnight. Ten-year government bond yields in Canada, Germany and the U.K. were 7, 8 and 8 bps higher respectively over the same period.

Equities and corporate credit spreads have recovered impressively from their pre-election jitters but have not broken through previous highs. Based on the Bloomberg Barclays Aggregate Corporate Average OAS Index, investment grade corporate credit spreads tightened 11, 12, 17 and 13 bps in the U.S., Canadian, European and the U.K. markets respectively. Credit has benefitted from the back-up in government bond yields (with strong buying of the long-end from overseas accounts) and declining new issue supply.

With government bond yields still low, credit spreads firm, and demand strong, there has been some opportunistic financing in the Canadian investment grade markets since the beginning of the month. Below is a summary of the new issues priced:

- Saputo Inc. \$350 million 1.415% 06/19/2026 +95.3 bps
- Canadian Natural Resources \$500 million 1.45% 11/16/2023 +119.3 bps
- Canadian Natural Resources \$300 million 2.50% 01/17/2028 +198.3 bps
- First National Financial \$200 million 2.961% 11/17/2025 +255 bps

The Funds participated in all of these new issues.

Portfolio Transactions

Duration range for the past two weeks ranged from 6.36 to 6.67 years (benchmark 6.95 years). We executed four trades in U.S. Treasury 30-year futures and cash which were all unwound at a profit.

In addition to the above-noted new issues that were added to the credit portfolio, we also purchased U.S.-dollar new issues for Bristol-Meyers (2030), Morgan Stanley (2031) and Waste Management (2027).

Portfolio Statistics

	CI Investment Grade Bond Fund		CI First Asset Investment Grade Bond ETF	
	October 30	November 13	October 30	November 13
Current Yield ¹	2.54%	2.56%	2.58%	2.55%
Duration	6.85 years	6.63 years	6.82 years	6.57 years

Market Statistics

	October 30	November 13
Government of Canada 10-year yield	0.66%	0.73%
U.S. Treasury 10-year yield	0.88%	0.90%

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

Standard Performance

Performance in %	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
CI Investment Grade Bond Fund Class F	5.0	4.0	4.3	N/A	4.5	12/24/2014
CI First Asset Investment Grade Bond ETF ²	6.0	5.5	4.4	4.5	3.7	10/23/2009
Benchmark ³	6.3	5.2	4.7	4.7	5.1	N/A

Source: RBC Investor Services as at October 30, 2020.

¹ Current Yield represents the gross yield on the Fund's underlying portfolio of securities. It is not the yield or distribution that investors will receive by virtue of an investment in the Fund.

² The Fund was originally launched as a TSX-listed closed-end fund on October 23, 2009, and converted into an exchange-traded fund on August 22, 2016. Performance shown is since inception of the closed-end fund. In connection with the conversion, and pursuant to unitholder approval, the annual management fee payable by the Fund to CI First Asset, as manager, was increased to 0.65% (from 0.50%) of the NAV per unit and certain changes were made to the investment objectives, strategies and restrictions applicable to the Fund. Material among these

changes is that the Fund is no longer able to utilize leverage in its portfolio. Had these changes been in effect prior to this date, the performance of the Fund could have been different.

³ Use of Benchmark: The FTSE Canada All Corporate Bond Index is comprised primarily of investment-grade corporate bonds issued domestically and denominated in Canadian dollars. This index is used as a benchmark to help you understand the Fund's performance relative to the general performance of high-grade Canadian corporate bonds.

DEFINITIONS

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).

IMPORTANT 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.

The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of FTSE Canada All Corporate Bond index to show how the fund performs compared to what the index represents. There are various important differences that may exist between the mutual fund and the stated (index) indices 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 index. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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 Global Asset Management and the portfolio manager believe to be reasonable assumptions, neither CI Global Asset Management 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.



Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Global Asset Management has taken reasonable steps to ensure their accuracy.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or construed as an endorsement or recommendation of any entity or security discussed. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. 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.

Unlike mutual funds, Guaranteed Investment Certificates (GICs) are guaranteed by the Canada Deposit Insurance Corporation (CDIC). Details of maximum coverage can be obtained at www.cdic.ca

CI Global Asset Management ("CI") is the portfolio manager to the CI Investment Grade Bond Fund and Marret Asset Management Inc. is the portfolio sub-adviser to the fund. CI is responsible for the investment advice provided by the portfolio sub-advisers.

The CI First Asset Exchange Traded Funds (ETFs) are managed by CI Global Asset Management, a subsidiary of CI Financial Corp., which is listed on the Toronto Stock Exchange under the symbol "CIX".

Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Global Asset Management.

CI Global Asset Management is a registered business name of CI Investments Inc.

©CI Investments Inc. 2020. All rights reserved.

Published November 19, 2020.