

# CI GLOBAL VALUE FUND

## Q1-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I*
CI Global Value Fund, Series F	25.4%	5.8%	8.3%	9.4%	4.7%
Benchmark: MSCI World Total Return Index	36.7%	12.5%	13.3%	13.4%	5.3%

\* Inception date of CI Global Value Fund Series F: August 8, 2000.

Source: Altrinsic Global Advisors LLC a, as at March 31, 2021.

### PERFORMANCE SUMMARY

- Over the first quarter of 2021, CI Global Value Fund Series F (the Fund) returned 4.3% compared with the MSCI World Total Return Index (in Canadian-dollar terms), which returned 3.6%.
- The Fund outperformed its benchmark as a result of its exposure to the consumer discretionary, financials, communication services and real estate sectors. Equity returns were strong in the first quarter supported by positive economic and corporate earnings revisions that offset the negative impact of rising interest rates.

### CONTRIBUTORS TO PERFORMANCE

A position in The Hartford Financial Services Group Inc. contributed to the Fund's performance. Its shares increased sharply as the company produced strong earnings results. Hartford is now receiving takeover interest from several insurers, including Chubb Ltd. and Allianz AG. EOG Resources Inc., a shale oil-focused exploration and production company, was another contributor to the Fund's performance. The company was a direct beneficiary of the continued rise in oil prices during the quarter.

### DETRACTORS FROM PERFORMANCE

After a series of high-profile cyber-attacks and strong stock performance, there were high expectations for Check Point Software Technologies Ltd.'s quarterly results. The company, however, issued a conservative forecast. While disappointing in the near term, the underlying demand driver of increased security spending is intact and there is progress on its long-term transition to more recurring revenue. Heineken NV still generates over 40% of its sales from Europe, and within that, a larger portion is from bars and restaurants. Unlike the United States, Europe's off-trade has not made up for the lost sales. The stock should rebound on improving vaccination efforts.

### PORTFOLIO ACTIVITY

We added a new position in American Financial Group Inc. (AFG) to the Fund. The company is transforming from an insurance conglomerate to a commercial property and casualty insurer after the sale of its life business in 2021. AFG has exhibited strong and stable underwriting execution, and we see significant potential for return on equity expansion via disciplined underwriting, improving competitive dynamics, and a return of much of its excess capital post-sale. HDFC Bank Ltd. was eliminated from the Fund as it was trading at its intrinsic value and closer to peak valuations.

## **MARKET OVERVIEW**

As investors chase the “re-opening trade” and new economy disruptors, we see considerable and underappreciated opportunities among higher-quality or misunderstood businesses that are improving their underlying return profile and should lead to compounding long-term value creation. As economic conditions and underlying earnings approach a new normal, we believe that value-oriented stocks should accrue to more durable and sustainable business models as opposed to cyclical and leveraged.

Source: Altrinsic Global Advisors, LLC, FactSet Research Systems Inc.

**For more information, please visit [ci.com](https://www.ci.com).**

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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. There are various important differences that may exist between the Mutual Fund and the stated indexes 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. 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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