SIGNATURE HIGH YIELD BOND FUND

Q1-2021 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I*
Signature High Yield Bond Fund, Series F	26.3%	5.8%	7.5%	N/A	6.3%
Benchmark: ICE BofAML U.S. High Yield Total Return Index (C$)	8.9%	5.6%	7.3%	9.1%	8.65

* Inception date of Signature High Yield Bond Fund, Series F: July 30, 2013

Source: CI Global Asset Management, as at March 31, 2021.

PERFORMANCE SUMMARY

- Over the first quarter of 2021, Signature High Yield Bond Fund, Series F (the Fund) returned 2.1% compared with the ICE BofAML US High Yield Total Return Index (in Canadian-dollar terms), which returned -0.5%.
- The Fund outperformed its benchmark primarily due to security selection and an overweight allocation to the energy sector. Mid-quarter, we initiated a hedge position using high-yield put options, which was a slight contributor to performance as spreads widened.

CONTRIBUTORS TO PERFORMANCE

Bonds issued by NGL Energy Partners L.P. contributed to the Fund's performance. The energy logistics business extended its liquidity runway, suspended equity distributions and pivoted to debt reduction during the period, which should strengthen its balance sheet. Convertible bonds issued by Cineplex Inc., 5.75% contributed to performance as investors had increased confidence about the pace of COVID-19 vaccinations and economic re-openings, and what it means for the company's earnings.

DETRACTORS FROM PERFORMANCE

A long-time and significant overweight holding in trust preferred shares issued by Commerzbank AG, 8.151% detracted from performance. This is a legacy tier 1 funding instrument that no longer providers balance sheet relief for the issuer. We have been anticipating a redemption, but the back-up in government bond yields effectively lowered the yet-to-be announced redemption price. Another long-time holding and overweight allocation, Ally Financial Inc. Series A, trust preferred shares were a slight detractor from performance on the possibility redemption may be occur earlier than expected.

PORTFOLIO ACTIVITY

We added a new second lien bond position in Cineplex Inc., 7.5% Jul. 26, 2026 to the Fund. Despite operating in a pandemic-affected industry, we believe Cineplex has the financial flexibility to weather this crisis and the inclination to reduce its debt when cash flows return to normal. We introduced a position bonds issued by Fairfax India Holdings Corp., 5.0% Feb. 26, 2028 to the Fund. These were issued at the holding company level of Fairfax's Indian insurance business and backed by substantial investments in long-lived infrastructure assets.

We eliminated the Fund's BB-rated bond position in Seven Generations Energy Ltd. as they were called as a result of its acquisition by ARC Resources Ltd. During the previous quarter, we added PetSmart Inc. bonds to the Fund after a failed refinancing caused the bonds to slide slightly. We took the view that with improving fundamentals amid increased pet ownership during the pandemic, these bonds represented a good, low-volatility investment until refinancing could be completed. These bonds were successfully refinanced during the period.

MARKET OVERVIEW

Government bond yields are likely to continue to climb higher as economies re-open, central banks globally maintain low interest rates, fiscal stimulus continues and inflation expectations rise. We believe that economic growth should return to trend levels in 2022 and cyclical inflationary pressures should moderate. This broadly favours credit risk over risk-free rates as we believe spreads have room to tighten. The Fund is also positioned with a short duration.

Source: CI Global Asset Management

For more information, please visit 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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