

CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES



CI Lawrence Park Alternative Investment Grade Credit Fund

MAY 2021

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 May 31, 2021)

	1 MONTH	3 MONTHS	6 MONTHS	YTD	1 YEAR	2 YEAR	SINCE INCEPTION
CI LAWRENCE PARK ALTERNATIVE INVESTMENT GRADE CREDIT FUND SERIES F	0.27	0.66	2.60	1.50	12.87	4.73	4.59
FTSE CANADA ALL CORPORATE BOND INDEX	0.49	-0.55	-2.31	-3.01	2.62	3.82	5.83

Source: CI Global Asset Management & Morningstar Research Inc. as at May 31, 2021. Inception date: November 7, 2018.

MONTHLY SUMMARY

Despite equity market volatility in May, investment grade credit spreads demonstrated inherent stability and finished the month moderately tighter. The CI Lawrence Park Alternative Investment Grade Credit Fund generated its fourteenth consecutive month of positive performance through portfolio income and active trading. Recent economic data suggests the U.S. reopening continues at a moderate pace which should allow fiscal and monetary stimulus to continue in an effort to recover jobs lost through the pandemic. Inflation remains a primary concern, as such the portfolio is positioned towards commodity-based and financial sectors in response.

CREDIT

U.S. credit spreads finished 4-5 basis points (bps) tighter on the month led by Energy and Financials. Flows into investment grade paper were robust, particularly out of the far east. Foreign buyers took comfort from stable interest rates and North American yields well in excess of Europe and Asia. In Europe, spreads generally underperformed as negative yielding debt continues to unwind.

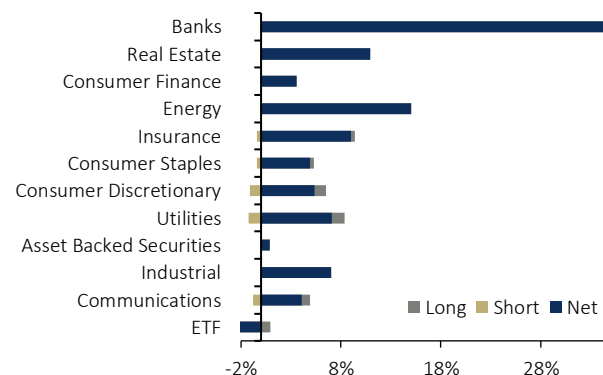
In Canada, the Energy and REIT sectors continue to outperform as they have for much of the year, tightening 7 bps and 5 bps respectively in what was otherwise a flat month for spreads. Although Canadian equity markets outperformed the U.S., there was some evidence of rally fatigue in credit with spreads holding near multi-year tights. Canadian banks reported strong second quarter earnings during the month and followed up with a round of debt issuance both at home and abroad.

FUND SUMMARY

KEY FACTS

NAV/UNIT (SERIES F)	\$10.52
STRATEGY AUM	\$457M
MANAGEMENT FEE (SERIES 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	96%
SERIES F FUND CODE	CIG 4190 (C\$) CIG 4194 (US\$)
SERIES A FUND CODE	CIG 2190 (C\$) CIG 2194 (US\$)
ETF TICKER	TSX: CRED (C\$ hedged) CRED.U (US\$ hedged)

SECTOR BREAKDOWN



Source: Lawrence Park Asset Management. Data as at May 31, 2021.

RATES

Interest rates remained range-bound in May, with 10-year U.S. Treasury yields holding near 1.60%. The U.S. jobs report for April came in at a disappointing 266k, which was well below expectations and suggests that much work remains to be done to recover the seven million jobs lost due to the COVID-19 shutdown. Meanwhile, the Consumer Price Index (CPI) rose to 4.2%, the highest level in almost 13 years. The U.S. Federal Reserve (the Fed) governors speaking in the wake of the CPI release went to great lengths to frame current inflation pressures as transitory, however the two numbers taken together demonstrate the tightrope that the Fed is walking as they maintain a zero-interest rate policy as a stimulative measure. For now, markets are willing to watch and wait, but if inflation fails to dissipate in the second half of the year it may require a policy re-think. Hefty price increases at the gas pump and in commodities such as construction materials are already being felt by consumers. If mainstream media picks up the narrative, central banks will begin to come under pressure to reign inflation back in.

PORTFOLIO THEMES

Although the portfolio remains well diversified with positive performance across a broad number of holdings, key contributors during the month included our long positions in commodity names such as Arc Resources and Russel Metals. Hybrid capital notes including our positions in LRCNs from RBC and Intact Financial both saw price appreciation. AT&T spreads tightened sharply after the company announced it would spin off its media division in order to reduce leverage.

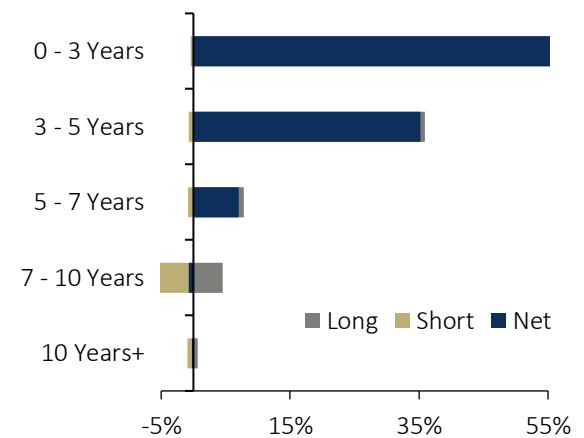
We maintained moderate levels of leverage and credit duration in the portfolio, while adding to our hedge positions in longer-term debt maturing between 10 and 30 years. Although these positions will place a moderate drag on performance in months where credit spreads tighten (as they did in May) we believe these positions are prudent with credit spreads so near to the recent tights and believe the downside to be limited. Our intention is to maintain plenty of liquidity in the portfolio, with the ability to add both credit duration and leverage should we see a meaningful backup in credit spreads. Our risk levels are currently well below our limits, and we aim to create value through our portfolio yield and active relative-value trading.

OUTLOOK

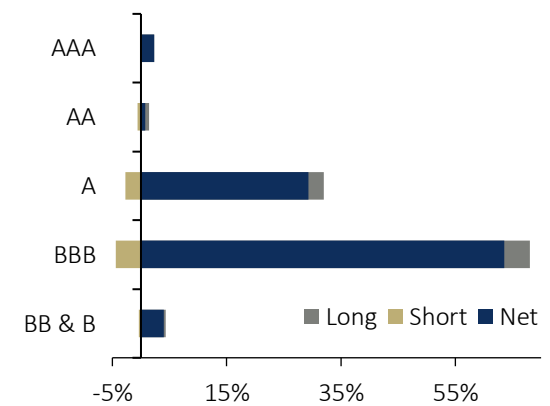
Our outlook for the balance of 2021 has not changed. The re-opening story should continue, and with May data suggesting jobs growth is struggling to pick up pace, we believe the Fed will continue to maintain a high degree of stimulus serving as a tailwind.

Nevertheless, valuations look stretched, and any rise in inflation could derail the rally. Investment grade credit remains a low-risk asset class and can serve as a useful middle ground between rates and equities. We will

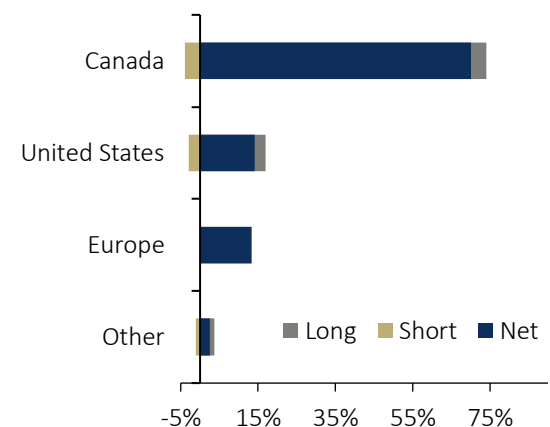
MATURITY BREAKDOWN



CREDIT QUALITY



GEOGRAPHIC BREAKDOWN



Sources: CI Global Asset Management and Lawrence Park Asset Management. Data as at May 31, 2021.

continue to actively manage the portfolio based on principles of relative value, aiming to generate consistent incremental return over and above the core portfolio yield.

Source: Lawrence Park Asset Management, Bloomberg Finance L.P. as at May 31, 2021.



LAWRENCE PARK
ASSET MANAGEMENT

For more information visit liquidalts.ci.com or contact your CI sales representative

DEFINITIONS

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 which 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

Liquidity: The degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price. Cash is considered to be the most liquid asset, while things like fine art or rare books would be relatively illiquid.

Volatility: Measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

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.

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 indices or a weighted blend of widely quoted market indices. There are various important differences that may exist between the Fund and the stated indices 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 indices. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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