

CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Marret Alternative Enhanced Yield Fund



MAY 2021

CI Marret Alternative Enhanced Yield Fund (the Fund) seeks to provide income with low volatility regardless of market conditions. The Fund invests primarily in fixed income across the credit spectrum including cash and cash equivalents. The Fund's active management targets low correlation with both equity and traditional fixed income.

PERFORMANCE SUMMARY (as of May 31, 2021)

	1 MONTH	3 MONTHS	6 MONTHS	YTD	1 YEAR	SINCE INCEPTION
CI MARRET ALTERNATIVE ENHANCED YIELD FUND SERIES F	0.20	0.79	1.41	0.93	5.27	5.26
FTSE CANADA SHORT CORPORATE BOND INDEX	0.12	0.44	0.28	-0.11	3.80	4.07

Source: Morningstar Research Inc. Inception date: May 14, 2020.

GLOBAL MACRO UPDATE

Risk markets finished modestly higher in May despite significant volatility as investors grappled with swings in economic data versus expectations. Jobs data reported in early May showed employment gains well below forecasts, causing consternation over the strength of the economic recovery. Inflation data, on the other hand, surprised to the upside with CPI registering above 4% for the first time since 2008. This sparked a brief sell off in most assets on the belief that the U.S Federal Reserve would need to move closer towards a path of policy normalization. Both risk and rates stabilized shortly thereafter as central bank committee members reaffirmed their views of inflation being transitory, content with patiently remaining accommodative given the weaker than expected employment picture. Many economists and market participants, however, believed that positive reopening trends may have been masked by seasonal adjustments. Nonetheless, the continuation of the easy policy narrative allowed most risk assets to recover back towards their highs. As a result, fixed income generated positive returns for the month across all sub asset classes including government bonds, investment grade credit, and high yield credit.

POSITIONING UPDATE

The Fund generated positive returns in May with balanced contributions coming from investment grade, high yield, and government bonds. The Fund slightly outperformed its benchmark during the month and continues to meaningfully outperform its benchmark year to date. The outperformance is largely a result of its decision to overweight high yield corporate debt, given our view of an

FUND SUMMARY

KEY FACTS

NAV/UNIT (SERIES F)	\$10.26
MANAGEMENT FEE (SERIES F)	0.80%
PERFORMANCE FEE	10% of 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	2.31%
AVERAGE DURATION	1.65 years
LIQUIDITY	Daily
SERIES F FUND CODE	CIG 4195 (C\$) CIG 4196 (US\$)
SERIES A FUND CODE	CIG 2195 (C\$) CIG 2196 (US\$)
ETF TICKER	TSX: CMEY (C\$ hedged) CMEY.U (US\$ hedged)

USE OF LEVERAGE

GROSS EXPOSURE	72.5%
NET EXPOSURE	58.4%

Source: Marret Asset Management Inc. as of May 31, 2021.

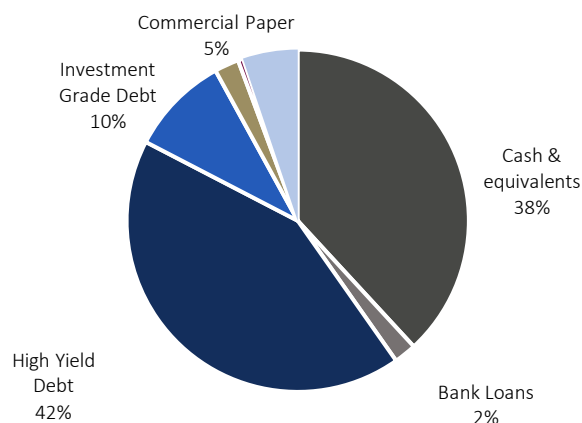
improving economic backdrop, combined with gains generated from tactical positioning in government bonds and ETFs.

OUTLOOK

While credit spreads remain relatively tight, we favour higher quality high yield credit over investment grade and governments for the time being given improving credit fundamentals, higher carry, and greater spread cushion to absorb any further increase in interest rates. We are closely watching inflation data to assess the risks of any further moves higher in rates, which may present a headwind to fixed income as a whole. In the interim, we have added some interest rate hedges in the 5 year part of the curve as we feel they provide attractive protection against a reacceleration in employment, which is likely in September when enhanced benefits roll off and in-class schooling re-opens. We are prepared to tactically reduce these hedges if interest rates rise materially and credit spreads further compress, while perhaps even rolling our longer dated credit duration into government duration at that time. Currently, we are comfortable maintaining our core exposure in high yield credit alongside more modest exposure to investment grade and have the flexibility to take advantage of opportunities as they arise.

Sources: Marret Asset Management, Bloomberg Finance L.P. as of May 31, 2021.

ASSET CLASS BREAKDOWN



FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE*
CANADA	30.5%
U.S.	66.7%
OTHER	2.9%

TOP FIVE HOLDINGS

HOLDING	WEIGHT
TENET HEALTHCARE CORP. 4 5/8 07/15/24	4.6%
FORD CREDIT CANADA CO. 2.7.66 06/22/22	1.5%
BAUSCH HEALTH COS INC. 5 1/2 11/01/25	1.2%
DCP MIDSTREAM OPERATING LP 4 3/4 09/30/21	1.2%
WESTERN MIDSTREAM OPERATING LP 2.3245% 01/13/23	1.0%

*Does not include cash holdings
Source: Marret Asset Management Inc.,
as of May 31, 2021.

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).

Correlation: A statistical measure of how two securities move in relation to one another. Positive correlation indicates similar movements, up or down, while negative correlation indicates opposite movements (when one rises, the other falls).

Leverage: An investment strategy of using borrowed money - specifically, the use of various financial instruments or borrowed capital - to increase the potential return of an investment.

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.

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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 mutual fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the mutual fund and the stated indices or investment fund, 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 indices or investment fund. Indices 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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