

# CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

## CI Marret Alternative Enhanced Yield Fund



APRIL 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.

### GLOBAL MACRO UPDATE

Risk markets performed strongly in April as treasury yields stabilized while economic data continued to improve. High vaccination rates, a gradual reopening of the economy, and an improved employment backdrop led to increased U.S. consumer confidence and upside surprises in economic activity. Federal Reserve (the Fed) Chair Jerome Powell reassured markets that despite the economic improvement the Fed will remain accommodative and look through any transitory factors pressuring inflation higher. This reassurance provided a tailwind across most risk assets. Large capitalization growth stocks led the charge with the S&P 500 Composite Index registering a gain of nearly 6% (YTD 11.8%). However, smaller, cyclical assets and emerging markets underperformed as profit taking in the global reflation trade ensued given growth headwinds due to additional lockdowns in some geographies affected by rising COVID-19 cases. U.S. government bonds remained range bound for much of the month and generated positive returns. A dovish Federal Reserve, along with rising global COVID-19 cases, encouraged buyers to step in after bonds recently became oversold. Credit also benefitted from strong demand across most sub asset classes leaving spreads in many sectors near YTD tights. Overall, spreads in both high grade and high yield were marginally tighter in the period. Higher quality investment grade bonds outperformed high yield this month but returns remain in negative territory for the year. In Canada, the fixed income markets provided an entirely different picture. Government bonds registered losses in April, after the Canadian government released an updated budget along with issuance intentions highlighting an increase in the average maturity of government debt, and, subsequently, the Bank of Canada announced tapering of their bond purchases in response to better Q1 economic activity despite the continued lockdowns in Ontario.

### 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	2.11%
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	63.2%
NET EXPOSURE	50.9%

Source: Marret Asset Management Inc.as of April 30, 2021.

## POSITIONING UPDATE

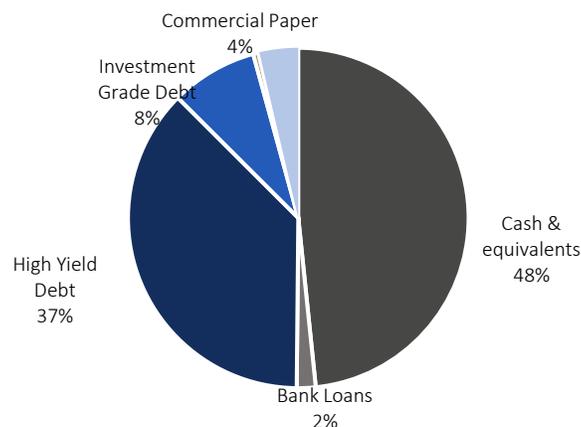
The Fund performed relatively well in April, generating positive returns exceeding its benchmark. The Fund benefited from its exposure to credit. More specifically, it benefitted from exposure to U.S. high yield, which remains among the few areas in fixed income with positive returns this year.

## OUTLOOK

Our belief in an improving economic backdrop based on a successful vaccination rollout alongside accommodative monetary and fiscal policies has continued to materialize. The economic trajectory, lower defaults rates, an abundance of liquidity, and upward ratings migration tailwinds all give us comfort in maintaining a core exposure to high yield, which has represented the majority of the Fund's holdings throughout the year. However, credit spreads have absorbed a meaningful portion of the recent back up in interest rates as investors have preferred holding fixed income duration in credit markets over governments. Tighter spreads provide less capacity to absorb future interest rate rises or any unexpected economic disappointments, and credit's outperformance almost fully prices in all foreseeable future economic improvement. Given spread levels leave less room to absorb both possible future interest rate and credit volatility, we have started to reduce our high yield credit exposure from its March peak purely on the basis of valuation, despite our expectation of ongoing economic strength. We expect our shift away from credit to be slow and modest. As always, we will remain tactical in adding exposure to both credit and interest rates as opportunities present themselves. Our current positioning gives us considerable flexibility to add value during market volatility, focusing on the best risk reward opportunities across fixed income, in what feels like an increasingly fully valued market.

Sources: Marret Asset Management, Bloomberg Finance L.P. as of April 30, 2021.

## ASSET CLASS BREAKDOWN



## FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE*
CANADA	28.2%
U.S.	68.6%
OTHER	3.2%

## TOP FIVE HOLDINGS

HOLDING	WEIGHT
TENET HEALTHCARE CORP. 4 5/8 07/15/24	2.4%
FORD CREDIT CANADA CO. 2.58 05/10/21	2.1%
DCP MIDSTREAM OPERATING LP 4 3/4 09/30/21	1.4%
U.S. TREASURY 1 1/8 02/15/31	1.2%
T-MOBILE USA INC	1.0%

\*Does not include cash holdings  
Source: Marret Asset Management Inc.,  
as of April 30, 2021.

For more information visit [liquidalts.ci.com](https://liquidalts.ci.com) or contact your CI sales representative

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## 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).

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Commissions, trailing commissions, management fees and expenses all may be associated with an investment in mutual funds and exchange-traded funds (ETFs). Please read the prospectus before investing. Important information about mutual funds and ETFs is contained in its respective prospectus. 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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Marret Asset Management Inc. is portfolio sub-advisor to certain funds offered and managed by CI Global Asset Management. Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Global Asset Management.

Performance data is not yet available because the Fund has not been distributing securities under a simplified prospectus for at least 12 consecutive months.

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