Market Commentary
Fourth Quarter 2018

SIGNATURE GLOBAL ASSET MANAGEMENT™

Signature Dividend Fund

Global equity markets finished 2018 on a sour note with the market value of global equities, as measured by the Bloomberg World Exchange Market Capitalization, dipping below $70 trillion at December 31, 2018, which is 19% below its January 31, 2018 peak of $86 trillion. The MSCI ACWI Index declined 12.7% in the final quarter, while the more defensive MSCI ACWI High Dividend Yield Index declined 8.3%. The MSCI Canada Index returned -10.5%. The alarming market weakness has developed in the face of strong U.S. earnings and employment data, catching many investors including ourselves, by surprise. We acknowledge that a U.S. trade war with China would reduce global growth prospects. We agree that higher short-term interest rates in the U.S. do at the margin temper growth. We do not agree that earnings growth and employment growth will collapse from these headwinds. Our team remains very constructive on equity market opportunities given higher equity risk premiums.

The fund (Class F) returned -8.8% for the quarter. Active currency hedges hurt the fund's performance in the period as the U.S. dollar and euro advanced 5.6% and 4.4% against the loonie.

Equity performance was weak during the quarter, with communication services and health care stocks ending the quarter as the least-weak sectors while energy stocks were hit hardest. Our positioning in health care was in line with our blended benchmark*. The fund was materially underweight communication services (previously telecommunication services) as we saw numerous long-term competitive headwinds in the space; this was damaging to performance in the quarter as it continued to trade as a defensive sector.

Our largest sector overweight remained financials, which performed poorly. On top of that, our individual security selection performed poorly over this short review period. Manulife and Bank of Nova Scotia represent our largest financials sector overweights and these stocks returned -15.2% and -9.5%, respectively. The poor performance in the financials sector was driven primarily by increasingly negative sentiment, which could recover quickly as fundamentals generally remain quite healthy.

We generated some slightly superior stock selection in the consumer staples and information technology sectors; however, overall security selection disappointed.

Our strongest-performing stocks in the period were Agnico Eagle Mines (+25%), ICICI Bank (+21%) and Bank Rakyat Indonesia (+20%); however, these positions combined represented less than 0.75% of the fund, limiting their positive influence.

Market Commentary
Fourth Quarter 2018

Our worst-performing positions were in the energy sector, with a 53% loss in Encana, a 50% loss in Nabors Industries and 31.5% loss in EOG Resources. We exited Nabors in favour of a more resilient energy company. Shares of Encana fell after it announced the acquisition of Newfield – picking up the STACK/SCOOP play. This play has faced some geological challenges for other producers. We think the Encana sell-off, especially, is overdone as the company still has a premium set of assets and valuation is at the very low end of its historical range.

The oil price (WTI) was down 35% during the quarter. The price decline came as a result of OPEC ramping up production in anticipation of supply tightness caused by the Iran sanction. However, the U.S. surprised the market with waivers allowing eight countries to continue purchasing Iran oil for six months – resulting in an oversupplied crude market. Higher U.S. production, weaker global demand data and trade tension also negatively impacted the energy market. While integrated companies held up better, performance in the exploration and production (E&P) and service areas was weak. The U.S. E&P sector, as represented by the SPDR S&P Oil & Gas Exploration & Production ETF, was down 38% during the quarter. OPEC has been vocal that it will balance the market. We believe the December agreement to cut 1.2 million barrels/day of oil production will be enough to bring the market into balance in the next six months.

We continue to have a constructive outlook, as the broad fundamentals remain reasonably robust. Yes, the U.S. economy will slow as fiscal stimulus fades, but we still expect to see sufficient growth in the U.S. and global economy to avoid a U.S. recession in the medium term. Yes, there is the fear that an all-out trade war with China could be extremely damaging, but that is a fear, not a reality, and the probability of an extreme outcome is only low to moderate near term, not the near full recession probability currently being priced into markets. In recent quarterly commentaries we had communicated that "Equity market returns will be primarily dependent on earnings growth and dividend payments as there is only modest room for general multiple expansion." However, with the significant multiple compression the market has recently experienced we believe multiple recovery will add to returns from recent levels. Our view is that equity risk premiums are again attractive given the somewhat supportive global economic outlook, although potentially increasing trade friction is a risk that needs to be continually assessed. The U.S. economic outlook remains very appealing while the European region is making subtle progress. Valuations globally have become increasingly compelling. We believe that strengthening developed economies will support bumpy yet attractive returns from equities. We believe the robust underlying fundamentals should ultimately prevail and equity markets should do well in 2019.

Class F Returns (in %) as at December 31, 2018	Year-to-date	1 year	3 year	5 year	10 year
Signature Dividend Fund	-7.6	-7.6	4.1	4.7	8.9

Market Commentary
Fourth Quarter 2018

SIGNATURE
GLOBAL ASSET MANAGEMENT™

*The blended benchmark is a combination of the MSCI ACWI Global High Dividend Yield Total Return Index (40%), the BMO Capital Markets 50 Preferred Total Return Index (35%) and the S&P/TSX Composite Total Return Index (25%).

IMPORTANT INFORMATION

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees (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 are not guaranteed, their values change frequently and past performance may not be repeated.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy.

The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

Certain statements in this document are forward-looking. Forward-looking statements ("FLS") are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may," "will," "should," "could," "expect," "anticipate," "intend," "plan," "believe," or "estimate," or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

Published January 2019.