MARRET ASSET MANAGEMENT INC.

Marret Asset Management: Weekly Update
CI Investment Grade Bond Fund & CI First Asset Investment Grade Bond ETF

For the week ended October 2nd, 2020.

It is politics, not economic fundamentals or market technicals, that played the leading role in influencing the price action in government bonds and risk assets this week. The focus was mainly on the fiscal stimulus discussions in the U.S., but the presidential debate on September 29, and news on October 2 that U.S. President Donald Trump had contracted COVID-19, also contributed to the ebbs and flows of market volatility. Markets, surprisingly, took little notice of Brexit negotiations, which are not proceeding well.

Rallies in government bonds on several occasions during the week (on risk-off events and weak economic data) were capped by the fiscal stimulus talks which, if successful, will bring additional supply to already overburdened government bond markets globally. Ten-year government bond yields in the U.S., Canada and the U.K. rose 4, 3, and 6 basis points (bps) respectively. In Germany, they declined by 2 bps.

The economic data this week was mixed. China's recovery from the COVID-19 pandemic continues to show gradual improvement in the manufacturing and services sectors. However, consumer demand remains cautious. The data in the industrial economies is clearly demonstrating a slowing in momentum post the "bounce" from lockdowns. In North America, the data highlight of the week was the U.S. employment report. Here, there was something for everyone. On the plus side, the unemployment rate has continued to decline, dropping from 8.4% to 7.9%. There was also a positive revision to last month's better-than-expected non-farm employment number. However, the improvement in the unemployment rate was largely due to a decline in the labour force participation rate. Furthermore, the current month's non-farm employment figure was below expectations and was bolstered mainly by jobs in the leisure and hospitality sectors. These jobs could be vulnerable in the months ahead if there is a second wave of COVID-19 that leads to social distancing restrictions or regional lockdowns.

Investment grade (IG) corporate credit spreads in Canada ended the week a bit wider. This is due to a typical lag effect, as Canadian spreads outperformed the weakening trend last week. Additionally, it is due to 1) duration selling of longer-dated corporate bonds on concerns of a pullback in government bond yields, which disproportionately seems to impact the Canadian market and 2) the upcoming Canadian bank year end (October 31) which incents dealers to reduce bank balance sheets and provide less liquidity in the secondary market. Based on the Bloomberg Barclays Aggregate Corporate Average OAS Index, IG corporate credit spreads were tighter by 6, 4 and 4 bps in the U.S., European and the U.K. markets over the week. In Canada, they were 3 bps wider.

The following investment grade corporate new issues were priced in Canada this week:

- Sun Life Financial $750 million 2.06% 10/01/2035 +153.4 bps (callable 2030)
- Telus Corp $500 million 2.05% 10/07/2030 +153.5 bps
- Toronto Hydro $200 million 1.50% 10/15/2030 +94.7 bps
- Stantec Inc. $300 million 2.048% 10/08/2027 +165.1 bps

The Fund did not participate in any of these new issues.

Portfolio Transactions

Duration of the Funds ranged from 6.99 to 7.17 years (benchmark 7.05) during the period. In credit, we sold a small amount of the Aviva new issue we bought last week at a profit and to reduce our overall exposure to the desired level. We swapped OMERS 2027 for 2030 to consolidate a line, take out dollars and pick up yield.

Portfolio Statistics

	CI Investment Grade Bond Fund		CI First Asset Investment Grade Bond ETF	
	September 25	October 2	September 25	October 2
Current Yield[3]	2.46%	2.48%	2.54%	2.56%
Duration	7.12 years	7.18 years	7.05 years	6.99 years

Market Statistics

	September 25	October 2
Government of Canada 10-year yield	0.51%	0.54%
U.S. Treasury 10-year yield	0.66%	0.70%

Sources: Marret Asset Management Inc., Bloomberg Finance L.P

Standard Performance

Performance in %	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
CI Investment Grade Bond Fund Class F	4.2	4.2	4.5	N/A	4.7	12/24/2014
CI First Asset Investment Grade Bond ETF[1]	4.82	4.69	4.38	3.76	4.52	10/23/2009
Benchmark[2]	6.31	5.54	4.70	4.85	5.22	N/A

Source: RBC Investor Services as at August 31, 2020. Lawrence Park Strategic Income fund merged into CI Investment Grade Bond Fund effective November 22, 2019. Please refer to the Fund's simplified prospectus and fund facts on ci.com.

[1] The Fund was originally launched as a TSX-listed closed-end fund on October 23, 2009, and converted into an exchange-traded fund on August 22, 2016. Performance shown is since inception of the closed-end fund. In connection with the conversion, and pursuant to unitholder approval, the annual management fee payable by the Fund to CI First Asset, as manager, was increased to 0.65% (from 0.50%) of the NAV per unit and certain changes were made to the investment objectives, strategies and restrictions applicable to the Fund. Material among these changes is that the Fund is no longer able to utilize leverage in its portfolio. Had these changes been in effect prior to this date, the performance of the Fund could have been different.

[2] Use of Benchmark: The FTSE Canada All Corporate Bond Index is comprised primarily of investment-grade corporate bonds issued domestically and denominated in Canadian dollars. This index is used as a benchmark to help you understand the Fund's performance relative to the general performance of high-grade Canadian corporate bonds.

[3] Current Yield represents the gross yield on the Fund's underlying portfolio of securities. It is not the yield or distribution that investors will receive by virtue of an investment in the Fund.

DEFINITIONS

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).

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.

The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of FTSE Canada All Corporate Bond index to show how the fund performs compared to what the index represents. There are various important differences that may exist between the mutual fund and the stated (index) indices 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 index. 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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CI Investments Inc.("CI") is the portfolio manager to the CI Investment Grade Bond Fund and Marret Asset Management Inc. is the portfolio sub-adviser to the fund. CI is responsible for the investment advice provided by the portfolio sub-advisers.

The CI First Asset Exchange Traded Funds (ETFs) are managed by CI Investments Inc., a subsidiary of CI Financial Corp., which is listed on the Toronto Stock Exchange under the symbol "CIX".

Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Investments Inc.

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