

CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Marret Alternative Absolute Return Bond Strategy | Monthly Update – September 2020



CI Marret Alternative Absolute Return Bond Fund (the Fund) seeks to provide positive absolute returns with low volatility over a market cycle, regardless of market conditions or general market direction. The Fund invests primarily in debt instruments across the credit spectrum including cash, government debt, investment-grade corporate debt, high-yield debt, credit derivatives and other income-producing securities throughout the world.

PERFORMANCE SUMMARY (as at September 30, 2020)

	YTD	1 Month	3 Months	6 Months	1 Year	Since Inception
CI Marret Alternative Absolute Return Bond Fund Class F	7.35	-0.15	0.61	2.56	5.81	6.77
FTSE Canada Universe Bond Index	8.00	0.32	0.44	6.34	7.07	9.20

Source: Morningstar Research Inc. Inception date: November 7, 2018.

GLOBAL MACRO UPDATE

Risk markets exhibited greater volatility in September as extended valuation coupled with growing uncertainty in Washington triggered a considerable drawdown in equities. This came despite a dovish U.S. Federal Reserve (Fed) solidifying very accommodative forward guidance in their mid-month statement. Shortly thereafter, risk markets began to focus on political gridlock with respect to additional fiscal support as well as the uncertainty of a contentious U.S. election. The delay of additional policy support combined with rising COVID-19 cases and restrictions increased fear that we may enter another soft patch for economic growth in the near term. Credit markets weakened alongside equities, as the Fed limited their credit purchases and new issuance supply remained robust, creating some market indigestion. High yield spreads widened 35 basis points (bps) over the course of September while yields rose to approximately 5.75%. High yield ETFs further contributed to the weakness in credit, as they registered significant outflows in the last few weeks of the month.

POSITIONING UPDATE

The Fund generated slightly negative returns due to widening of credit spreads during the month. The Fund has gradually been increasing credit risk and decreasing cash as credit spreads have widened in September.

FUND SUMMARY

KEY FACTS	
NAV/unit (Class F)	\$10.71
Management fee (Class F)	0.80%
Performance fee	10% of any returns (net of MER) above the hurdle rate, subject to a high-water mark
Hurdle rate	10-year Canadian government bond yield: +1.00%
Current yield	2.80%
Average duration	3.70 years
Liquidity	Daily
Class F Fund Code	CIG 4191 (C\$) CIG 4193 (US\$)
Class A Fund Code	CIG 2191 (C\$) CIG 2193 (US\$)
ETF Ticker	TSX: CMAR (C\$ hedged) CMAR.U (US\$ hedged)

USE OF LEVERAGE

Gross exposure	91.5%
Net exposure	83.0%

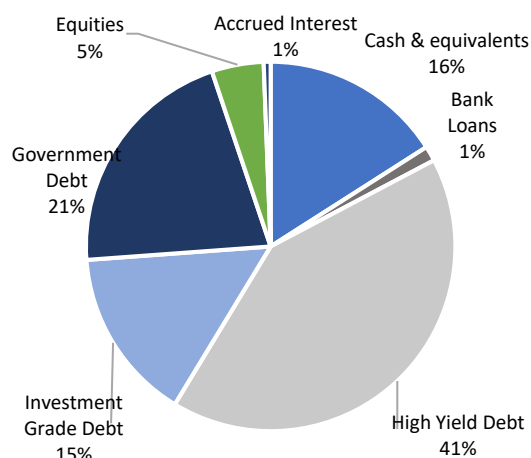
Source: Marret Asset Management Inc. Data is as at September 30, 2020.

OUTLOOK

Looking forward, it is noteworthy that market volatility has resurfaced despite strong monetary policy support. While the recent increase in COVID-19 related infections continues to weigh on sentiment, the more concerning driver of markets is the gridlock in Washington. There is growing worry that the economic recovery may stall without further fiscal stimulus, which would be problematic given extremely high debt levels across the global financial system. Election uncertainty will persist for many weeks to come and perhaps even after the election if results are too close, as U.S. President Donald Trump may be slow to cede power. The recent correction in credit has been modest but still provided an attractive opportunity to add exposure to higher quality securities of large companies with stable business profiles given indiscriminate selling by ETFs dealing with large redemptions. Nonetheless, we have not yet moved to a fully risked position as valuations in lower tier credit are not sufficiently attractive to adequately protect against a stalling economy. Furthermore, there are scenarios where the election outcome may create additional uncertainty for an extended period of time, effectively limiting the U.S. government's ability to provide adequate support to bridge the economy while awaiting a more permanent vaccine solution. This outcome would most likely result in further market dislocation and allow for better investment opportunities than are currently available. As a result, while we feel adding risk has been the right thing to do in the short term, we still believe it is prudent to maintain some optionality while navigating through the election process. We are prepared to add risk upon further clarity on the fiscal front or as valuations become increasingly compelling to better compensate our investors for the underlying risks in the economy at present time.

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

ASSET CLASS BREAKDOWN



FUND EXPOSURE

Issuer Country	Gross Exposure*
Canada	28.7%
United States	67.6%
Other	3.7%

TOP FIVE HOLDINGS

Holding	Weight
Canadian Treasury Bill 0 10/22/20	8.2%
CAN 1 ¼ 03/01/25	4.7%
iShares iBoxx High Yield Corporate Bond ETF	3.7%
CAN 1 ½ 09/01/24	2.4%
iShares iBoxx \$ Investment Grade Corporate Bond ETF	2.4%

Years to Maturity	Government Bonds	Corporate Bonds
0 to 3	10.0%	20.9%
3 to 5	9.5%	9.7%
5 to 10	0.1%	15.2%
10+	0.6%	6.5%

Source: Marret Asset Management Inc.,
as at September 30, 2020.
*Ex-cash

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

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