

CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Marret Alternative Enhanced Yield Strategy | Monthly Update – September 2020



CI Marret Alternative Enhanced Yield Fund (the Fund) seeks to provide income with low volatility over a market cycle regardless of market conditions or general market direction, by primarily investing in both debt instruments across the credit spectrum and cash/ cash equivalents. The Fund's active management seeks to provide income while targeting low correlation to equity and traditional income.

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 was flat on the month as its carry and gains from positive tactical positioning in 30-year U.S. government bonds were offset by price declines in its credit position due to widening spreads. As spreads widened, the Fund took the opportunity to gradually increase its credit exposure with a focus on higher quality securities of large companies with stable business profiles and safe, short-dated, high yield bonds with much better yields than cash.

FUND SUMMARY

KEY FACTS	
NAV/unit (Class F)	\$10.23
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	Yield on FTSE Canada Short Term Government Bond Index + 1%
Current yield	3.18%
Average duration	2.82 years
Liquidity	Daily
Class F Fund Code	CIG 4195 (C\$) CIG 4196 (US\$)
Class A Fund Code	CIG 2195 (C\$) CIG 4196 (US\$)
ETF Ticker	TSX: CMEY (C\$ hedged) CMEY.U (US\$ hedged)

USE OF LEVERAGE

Gross exposure	82.1%
Net exposure	75.5%

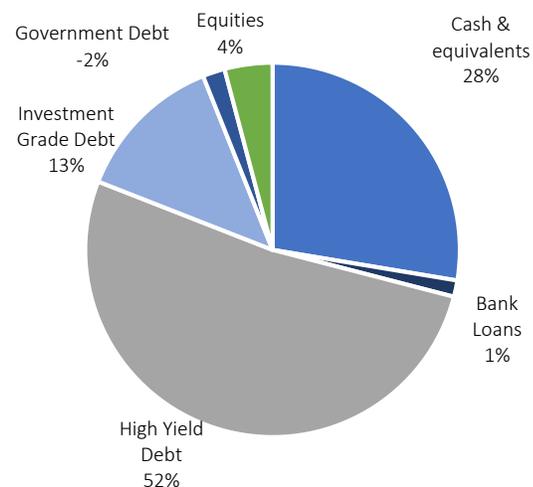
Source: Marret Asset Management Inc. Data is as at September 30, 2020.

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.

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

ASSET CLASS BREAKDOWN



FUND EXPOSURE

Issuer Country	Gross Exposure*
Canada	11.8%
United States	83.1%
Other	5.2%

TOP FIVE HOLDINGS

Holding	Weight
iShares iBoxx High Yield Corporate Bond ETF	5.4%
Markit CDX North America High Yield Index	3.9%
Quicken Loans LLC 5 ¾ 05/01/25	3.8%
Hologic Inc. 4 3/8 10/15/25	3.2%
Qualitytech LP 4 ¾ 11/15/25	3.2%

*Does not include cash holdings
Source: Marret Asset Management Inc.,
as at September 30, 2020.

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).

IMPORTANT DISCLAIMERS

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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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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