

Q1-2019 Commentary

## CI Canadian Fixed Income Private Pool

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### CONTRIBUTORS TO PERFORMANCE

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- Infrastructure company **407 International Inc. (3.6% bond due June 2, 2047)** operates and maintains Highway 407 in Ontario, Canada. This long-term bond benefited from declining interest rates, which, in turn, contributed positively to the performance of CI Canadian Fixed Income Private Pool (the “Fund”).
- **Emera Inc.’s 6.75% bond** also contributed to performance. This hybrid bond issued by this large North American utility rebounded in price because of its attractive yield.

### DETRACTORS FROM PERFORMANCE

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- **U.S.-dollar** exposure detracted from the Fund’s performance as the Canadian dollar rebounded during the quarter.
- **Ford Credit Canada Co. (2.45% bond due May 7, 2020)** was another detractor from performance. This bond produced positive absolute returns, but its duration (interest rate sensitivity) was too short versus alternative bonds issued by similar entities.

### PORTFOLIO ACTIVITY

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- We added a new Fund position in technology company **Apple Inc. (2.513% bond due August 19, 2024)** after the company reported weak sales in China.
- A Fund position in Canadian energy company, **Athabasca Oil Corp. (9.875% bond due February 24, 2022)** was trimmed as commodity prices rose and the bond improved in value.

### MARKET OUTLOOK

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- We believe the Canadian economy will grow in 2019 a little below its trend, but that the risk of recession is low.
- We expect that if the Bank of Canada raises interest rates again in 2019 by 25 basis points, it will likely be late in the calendar year.
- The Fund will maintain an overweight exposure to credit and a modestly short duration (interest rate sensitivity), with a significant underweight exposure to the short end of the yield curve.

Sources: Sentry Investment Management and Bloomberg L.P. Data is as at March 31, 2019.

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