Q1-2019 Commentary

CI U.S. Equity Private Pool

Aubrey Hearn, CFA, Vice-President and Senior Portfolio Manager

CONTRIBUTORS TO PERFORMANCE

- **Brookfield Asset Management Inc.** is an asset manager focused on infrastructure, real estate, private equity and renewable power. The company’s leading position allowed it to benefit from institutional investors allocating an increasing amount of capital to alternative asset classes, which, in turn, contributed positively to the performance of CI U.S. Equity Private Pool (the “Fund”). We expect its management team to continue to capitalize on this trend.

- **Live Nation Entertainment Inc.** is a global provider of live entertainment, offering live music events, music venue operations, sponsorship and advertising sales, and ticketing services. The company continued to benefit from its leadership position in an industry backed by a trend toward increasing allocation of consumer dollars toward experiences.

DETRACTORS FROM PERFORMANCE

- Health services organization **Cigna Corp.** provides insurance and related products and services in the United States and internationally. Despite strong operational performance, the company’s shares detracted from the Fund’s performance as a result of negativity surrounding Democratic Party presidential candidates proposing a “Medicare for All” program.

- **International Game Technology PLC** operates and provides technology products and services across lotteries, electronic gaming machines, sports betting and interactive gaming markets worldwide. Its shares came under pressure because of weak fourth-quarter 2018 results and disappointing forecasts for 2019.

PORTFOLIO ACTIVITY

- **The Boeing Co.** produces aircraft for the commercial and military end markets, and it was added to the Fund after the company came under heavy scrutiny following technical issues with its 737-MAX plane that led to two crashes less than six months apart. We believe the market is over-discounting the long-term implications this scandal will have on the company’s earnings power. This has created an attractive margin of safety from current prices compared to our assessment of the company’s intrinsic value.

- **Wells Fargo & Co.**, a diversified financial services company operating primarily in the United States, was eliminated from the Fund. The company continued to operate under regulatory restrictions imposed by the U.S. Federal Reserve, which, among other things, restricts the company’s ability to grow. We had expected this regulatory burden to be removed sooner, but the company has struggled to address numerous compliance issues.

MARKET OUTLOOK
• We continue to see strong but slowing growth in the United States, particularly compared to the rest of the world. Unemployment remains low, and consumer confidence and business confidence remain at elevated levels.

• Results for the first quarter of 2019 will likely be impacted by harsh winter weather conditions, but we believe this is a temporary slowdown in growth. Based on company commentaries, we expect growth to resume in the second quarter, and we will closely monitor positioning of companies that are most impacted by weather during the upcoming earnings season.

• Mortgage rates have declined significantly. This should benefit the housing market after being a challenge to growth in 2018. We believe the Fund’s bank holdings will benefit from higher levels of loan growth and we continue to look for other opportunities to invest in this space.

• Political risk remains elevated with pre-U.S. presidential election campaigning in full swing. We continue to monitor potential outcomes and are adjusting the Fund’s positioning as we see fit. Health care is an area in particular that may be impacted.

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

IMPORTANT DISCLAIMERS

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 compounded 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 dividends/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 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.

The author and/or a member of their immediate family may hold specific holdings/securities discussed in this document. Any opinion or information provided are solely those of the author and does not constitute investment advice or an endorsement or recommendation of any entity or security discussed or provided by CI Investments Inc.

The opinions expressed in the communication are solely those of the author and are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed. 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.

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. Market conditions may change which may impact the information contained in this document.

Sentry, Sentry Investment Management™ and the Sentry Investment Management logo are trademarks of CI Investments Inc. Sentry Investment Management is a division of CI Investments Inc.

© CI Investments Inc. 2019. All rights reserved. “Trusted Partner in Wealth” is a trademark of CI Investments Inc.

Published April 22, 2019.