

CI Global Equity Momentum Private Pool Second Quarter 2019

Fund Holdings

- CI Global Equity Momentum Private Pool (the “Fund”) has exposure to U.S. equities through its holding in SPDR S&P 500 ETF Trust and to European equities through its holding in iShares MSCI Eurozone ETF.
- In addition, the Fund has exposure to U.K. equities through its holding in iShares MSCI United Kingdom ETF and to Japanese equities through its holding in iShares MSCI Japan ETF.

Outlook

- Most macroeconomic data suggest a continuing global economic slowdown as corporate investment/decisions and consumer purchases are delayed given the uncertainty around trade.
- In Europe, there are also country-specific issues that are affecting investments: Brexit has been pushed out with no certainty on timing or outcome, Italy continues to challenge the rigidity of European Union fiscal limits and Japan is rapidly approaching the October 2019 deadline for its consumption tax to be increased.
- During the second quarter of 2019, market participants shifted their expectations from a U.S. Federal Reserve (the “Fed”) on hold regarding interest rate hikes to possibly three rate cuts the remainder of the year.
- The Fed has not done much to combat these extremely dovish expectations, and thus risk assets continued to rally as U.S. Treasury yields collapsed and the U.S. dollar retreated.
- Over the next several months, our probability-weighted base case expects macroeconomic and earnings data to continue to disappoint, cyclical sectors will remain under pressure and drag equity markets lower, and market declines will be limited to the low double digits, all setting the stage for a rally into the 2020 U.S. presidential election.
- Since the 1980s, the Fed has not cut interest rates while corporate credit spreads remain relatively behaved, equity markets are close to highs and economic data is not deteriorating

dramatically. A pre-emptive rate cut would be unprecedented. So too would the decision not to cut rates, as it would be in flagrant disregard for market expectations, which have been firmly priced-in of late.

Sources: Bloomberg L.P. and Picton Mahoney Asset Management, as at June 30, 2019.

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