SIGNATURE
GLOBAL ASSET MANAGEMENT™

Signature Floating Rate Income Pool
Second Quarter 2019 Commentary

Performance Summary

- In the second quarter of 2019, Class F of Signature Floating Rate Income Pool (the "Fund") returned 1.4%.

- Performance was aided by a number of Fund exposures to the consumer, retail and telecommunication services sectors.

- Outside of a number of individual financial sector holding that performed well for idiosyncratic reasons, the Fund's portfolio of floating-rate hybrids in the financials sector continued to lag the rally in longer-duration credit during the second quarter of 2019, as many of these instruments exhibited higher sensitivity to the flattening in forward expectations for short-term interest rates.

Contributors to Performance

- The J.Crew Group, Inc. 1st lien term loan, from the well-known North American apparel retailer with equally well-known operational and management challenges, was a top contributor to Fund performance this quarter. A new management team took stewardship of the company at the start of this year and a renewed focus on cash flow and debt repayment is in place. The company's Madewell retail concept continues to perform well, and the company's efforts to improve the visibility of the value of this asset has been viewed favourably by the market.

- The floating-rate hybrids of Boston-based insurance company Liberty Mutual Group Inc. were called during the quarter, giving the Fund an attractive short-term gain.

- We recently helped restructure and delever the balance sheet of Williamsville, New York–based regional grocer Tops Markets, LLC and its 1st lien term loan benefited from these efforts during the quarter. While demographic and competitive challenges remain in focus, our efforts to remove liquidity constraints, and reduce the contingent liabilities constraining their operations, have been helpful for the company.

Detractors from Performance

- TC Energy Corp. (formerly TransCanada Corp.) floating-rate hybrids were a detractor to Fund performance over the quarter. The security's coupon – set on a quarterly basis at three-month LIBOR plus 2.21% – was negatively affected by the large downward move in three-month LIBOR from 2.60% to 2.32% over the three-month period.

- The 1st lien term loans of the New Jersey–based pharmaceutical company Alvogen, Inc. were impacted by the company's most recent operating results due to a decline in sales of its largest generic product, Oseltamivir, and delayed launches of key new products. Sales of Oseltamivir (its generic drug name is Tamiflu) were impacted by management's decision not to participate in this year's flu season as it looks to secure a government contract bid for this product.

- As mentioned above, the Fund's overweight position in the financials sector was also broadly a detractor this quarter.

Portfolio Activity

- As mentioned above, during the quarter we redeemed the Fund's holding in Liberty Mutual's floating-rate hybrids, which were callable on a rolling quarterly basis. We believe the company had swapped the floating coupons for what is now a higher fixed rate, which may have played a role in its decision to call the instrument.

- We also redeemed the Fund's holding of 1st lien term loans of Parq Holdings L.P., the hotel and casino company with a property in downtown Vancouver. During the quarter, the property was sold to a strategic buyer, with 1st lien lenders being redeemed at par.

- We added to the Fund 1st lien term loans of Ultimate Software Group, Inc., a provider of cloud-based human capital management and employee experience solutions, the purchase price of which was anchored with a 70% equity contribution from a large private equity consortium including The Blackstone Group Inc. and Canada Pension Plan Investment Board.

- We slightly increased the Fund's allocation to short-term investment-grade bonds during the recent bout of geopolitical uncertainty and trade tensions, to preserve liquidity and have funds available to take advantage of other primary or secondary market opportunities.

Outlook

- We have moved our outlook from neutral-to-cautious to neutral on leveraged loans and floating-rate assets based on the view that, if U.S. real gross domestic product remains in the 1.5–2.5% range after accounting for the potential negative effect of tariffs, there remains a very supportive environment for credit in general. This view, counterbalanced by the moderately negative technical position from a dovish-tilting U.S. Federal Reserve on floating-rate assets, leaves the Fund fairly balanced on the asset class, as we believe we could see rangebound total returns for loans in the second half of the year.

- Corporate earnings forecasts may adjust down, but decreasing interest rates also support company fundamentals by lowering funding costs, which may aid in prolonging the current bullish part of the market cycle.

- The structured credit demand from collateralized loan obligations (CLOs) orchestrated a soft landing from stricter risk-retention and due-diligence rules for Japanese buyers as insurance companies and some European banks have stepped in to fill the demand. As such, CLO vehicle creation is now on pace to match market expectations of approximately US$120 billion by year-end.

- It is important to reiterate that now with the CLO market representing about two-thirds of the senior loan market, this part of the market acts as a stabilizing element as CLOs are long-term capital commitment vehicles that, although required to operate within certain collateral tests, are effectively non-mark-to-market, and therefore can be a source of demand at times when loans reprice downwards during a risk-off period.

- As previously discussed, we continue to be cognizant of the covenant changes throughout large swaths of the loan universe, and we are focusing more attention on overall leverage and cash-flow metrics, largely steering clear of loan-only capital structures with meagre or no debt subordination and emphasizing loans that have interest rate floors embedded to help hedge some of the late-cycle interest rate risk.

Class F returns (in %) as at June 30, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (06/01/2017)
Signature Floating Rate Income Pool	4.4	2.7	N/A	N/A	N/A	2.9

Sources: Bloomberg L.P. and Signature Global Asset Management, as at June 30, 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.

This commentary is published by CI Investments Inc. The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. 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. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

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.

Published July 2019.

CI Investments® | Trusted Partner in Wealth™