

# CI Munro Alternative Global Growth Fund

(formerly Munro Alternative Global Growth Fund)

Management Report of Fund Performance for the period ended June 30, 2019

This semi-annual management report of fund performance contains financial highlights but does not contain the complete semi-annual or annual financial statements of the investment fund. You can get a copy of the semi-annual or annual financial statements at your request, and at no cost, by calling 1-800-563-5181, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, Toronto, ON, M5C 3G7 or by visiting our website at [www.ci.com](http://www.ci.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## RESULTS OF OPERATIONS

The net asset value of the Fund increased by \$463.0 million to \$536.6 million from December 31, 2018 to June 30, 2019. The Fund had net sales of \$442.9 million for the period. The portfolio's performance increased assets by \$20.1 million.

The six months ending June 30, 2019, was positive for equity markets. Equities staged a sharp V-shaped recovery after being down significantly in Q4 2018 (on rising trade concerns and an overly hawkish U.S. Federal Reserve (Fed)). For the six-month period, the S&P 500 Index rose 18.5% and the Euro STOXX 50 Index was up 14.0%. Indices in China also staged a relief rally with the Heng Seng Index up 10.4% and Shanghai Composite Index up 19.4%.

The largest contributing stock positions over the six months were long positions in the Fund portfolio's largest holding, Amazon.com Inc. and U.S. technology company Microsoft Corp. Given the strong rebound in markets, the Fund's detractors were its short positions in Swiss manufacturer VAT Group AG and Swedish retailer Hennes & Mauritz AB (H&M). Regionally, U.S. and European holdings added to performance while Hong Kong / China holdings detracted.

Net exposure averaged 67% but was actively managed through the period with exposure as low as 20.9% in early January (after the Fund had moved to capital protection mode in the difficult fourth quarter of 2018), to a high of 91.5% in April as the Fed had completed its dovish pivot and U.S. President Donald Trump backed off on the China trade war rhetoric.

## RECENT DEVELOPMENTS

The reporting period ended with U.S. President Donald Trump and Chinese President Xi Jinping meeting at the G20 summit in Japan. While no concrete solution to the trade tension was established, it was agreed that no further tariffs would be imposed and the two leaders would continue to work toward a solution. The prolonging of the trade impasse is likely to extend the status quo of sub-par economic growth and record low interest rates for the medium term.

We are encouraged by the strong structural growth prospects of our core investments and look forward to the market resuming its focus on company fundamentals in the upcoming second-quarter results season. The Fund has faced challenges during this period of heightened volatility in equity markets as we felt compelled to actively protect the downside on numerous occasions. However, this has resulted in the Fund giving up a good part of the upside. Importantly, positive overall returns have been maintained throughout this period, despite significant market drawdowns.

Going forward, we look for strong stock fundamentals in our key investments to drive returns in the months and years ahead, regardless of the prevailing market noise. The key risk to this outlook is that sub-par growth ultimately turns into negative growth as policy missteps continue to escalate.

On July 25, 2019, the Manager announced that effective December 31, 2019, Ernst & Young LLP will replace PricewaterhouseCoopers LLP as the auditor to the Fund.

## RELATED PARTY TRANSACTIONS

### Manager, Trustee and Registrar

CI Investments Inc. is the Manager, Trustee and Registrar of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration for management fees, provides management services required in the day-to-day operations of the Fund. The Manager bears all of the operating expenses of the Fund (other than taxes, borrowing costs and new governmental fees) in return for a fixed administration fee.

Management fee and fixed administration fee rates as at June 30, 2019, for each of the classes are shown below:

	Annual management fee rate (%)	Annual fixed administration fee rate (%)
Class A	1.900	0.22
Class F	0.900	0.22
Class I	Paid directly by investor	-

The Manager received \$0.1 million in management fees for the period.

As of June 30, 2019, the Fund accrued \$1,008 in performance fees.

### Management Fees

Approximately 27% of total management fees were used to pay for sales and trailing commissions. The remaining 73% of management fees were used to pay for investment management and other general administration.

### Independent Review Committee

The Fund received standing instructions from the Fund's Independent Review Committee (IRC) with respect to the following related party transactions:

- trades in securities of CI Financial Corp.; and
- purchases or sales of securities of an issuer from or to another investment fund managed by the Manager.

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The applicable standing instructions require, amongst others, that related party transactions be conducted in accordance with the Manager's policies and procedures and applicable law and that the Manager advise the IRC of any material breach of such policies. The standing instructions also require that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting period.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the period ended June 30, 2019.

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## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past periods.

Net Assets per Unit (\$) <sup>(1)(2)(4)</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the period shown <sup>(2)</sup>	
	Net assets at the beginning of period <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2)(3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Class A</b>												
Commencement of operations October 30, 2018												
Jun. 30, 2019	9.63	(0.09)	(0.13)	(0.15)	0.44	0.07	-	-	-	-	-	10.10
Dec. 31, 2018	10.00	-	(0.04)	(0.10)	(0.24)	(0.38)	-	-	-	-	-	9.63
<b>Class F</b>												
Commencement of operations October 30, 2018												
Jun. 30, 2019	9.64	(0.09)	(0.08)	(0.16)	0.56	0.23	-	-	-	-	-	10.17
Dec. 31, 2018	10.00	-	(0.03)	(0.11)	(0.22)	(0.36)	-	-	-	-	-	9.64
<b>Class I</b>												
Commencement of operations October 30, 2018												
Jun. 30, 2019	9.66	(0.05)	(0.02)	(0.23)	0.81	0.51	-	-	-	-	-	10.25
Dec. 31, 2018	10.00	-	(0.01)	(0.05)	(0.30)	(0.36)	-	-	-	-	-	9.66

(1) This information is derived from the Fund's semi-annual and annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant class over the fiscal period.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the period ended June 30, 2019 and the year ended December 31.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)</sup>

	Total net assets <sup>(5)</sup> \$000's	Number of units outstanding <sup>(5)</sup> 000's	Management expense ratio before taxes <sup>(2)</sup> %	Harmonized sales tax <sup>(2)</sup> %	Management expense ratio after taxes <sup>(2)</sup> %	Effective HST rate for the period <sup>(2)</sup> %	Management expense ratio excluding performance fees before taxes <sup>(2)</sup> %	Trading expense ratio <sup>(3)</sup> %	Portfolio turnover rate <sup>(4)</sup> %
<b>Class A</b>									
Commencement of operations October 30, 2018									
Jun. 30, 2019	5,521	547	2.14	0.26	2.40	12.36	2.14	0.88	169.25
Dec. 31, 2018	445	46	2.12	0.28	2.40	13.00	2.12	0.23	107.40
<b>Class F</b>									
Commencement of operations October 30, 2018									
Jun. 30, 2019	33,663	3,311	1.14	0.07	1.21	6.03	1.14	0.88	169.25
Dec. 31, 2018	926	96	1.12	0.15	1.27	13.00	1.12	0.23	107.40
<b>Class I</b>									
Commencement of operations October 30, 2018									
Jun. 30, 2019	497,435	48,525	0.02	-	0.02	-	-	0.88	169.25
Dec. 31, 2018	72,197	7,477	-	-	-	-	-	0.23	107.40

(1) This information is derived from the Fund's semi-annual and annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the period, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the period, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the period, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the period.

(5) This information is provided for the period ended June 30, 2019 and the year ended December 31.

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## SUMMARY OF INVESTMENT PORTFOLIO as at June 30, 2019

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
<b>Long Positions</b>		<b>Long Positions</b>			
U.S.A.	58.7	Information Technology	39.8	Cash & Equivalents	15.8
Cash & Equivalents	15.8	Cash & Equivalents	15.8	Amazon.com Inc.	6.4
Netherlands	5.7	Consumer Discretionary	15.1	Microsoft Corp.	5.9
France	5.6	Industrials	9.6	Alphabet Inc., Class A	5.7
Spain	4.6	Health Care	8.7	Danaher Corp.	3.2
Cayman Islands	4.0	Communication Services	4.2	Airbus Group N.V.	3.1
Italy	2.8	Consumer Staples	4.0	Alibaba Group Holding Ltd., ADR	3.1
Canada	2.0	Financials	3.0	Adobe Systems Inc.	3.1
China	1.5	Energy	1.8	Pernod-Ricard S.A.	3.0
Switzerland	1.0	Materials	1.4	Facebook Inc.	3.0
Taiwan	1.0	Foreign Currency Forward Contracts	0.6	Salesforce.com Inc.	2.9
Poland	0.9	Canadian Government Bonds	0.2	Moncler SpA	2.8
Foreign Currency Forward Contracts	0.6	Options Contract(s)	0.1	Visa Inc., Class A	2.8
Options Contract(s)	0.1	Other Net Assets (Liabilities)	(0.6)	PayPal Holdings Inc.	2.7
Other Net Assets (Liabilities)	(0.6)	<b>Total Long Positions</b>	<b>103.7</b>	ServiceNow Inc.	2.7
<b>Total Long Positions</b>	<b>103.7</b>	<b>Short Positions</b>		Kering S.A.	2.6
<b>Short Positions</b>		Information Technology	(0.5)	Cisco Systems Inc.	2.6
Belgium	(0.5)	Consumer Discretionary	(0.5)	ASML Holding N.V.	2.5
Spain	(0.5)	Communication Services	(0.7)	Cellnex Telecom S.A.U.	2.5
France	(0.7)	Exchange-Traded Fund(s)	(2.0)	Boeing Co.	2.2
Exchange-Traded Fund(s)	(2.0)	<b>Total Short Positions</b>	<b>(3.7)</b>	Aena S.A.	2.2
<b>Total Short Positions</b>	<b>(3.7)</b>			Stryker Corp.	2.1
				United Rentals Inc.	2.0
				Abbott Laboratories Inc.	1.9
				Enbridge Inc.	1.8
				<b>Total Net Assets (in \$000's)</b>	<b>\$536,619</b>

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

## A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.