

Market Commentary

Second-Quarter 2019



CI International Value Fund

Market Overview

- Global stock markets have delivered robust gains thus far in 2019, outperforming all other asset classes. This strength was aided during the second quarter of 2019 by dovish (i.e., cautious) commentary from central banks globally, which outweighed weak economic data and concerns over tariff disputes.
- Key asset-class developments during the quarter included aggressive declines in bond yields, continued yield curve inversion in major markets, rallying equity markets led by U.S. stocks, growth continuing to outperform value, disparate performance among commodities and a reduced pricing of risk as indicated by narrowing credit default swap spreads in most countries.

Performance Summary

- Over the second quarter of 2019, Class F of CI International Value Fund (the “Fund”) returned 0.6% while its benchmark, the MSCI EAFE Total Return Index, was up 1.4% (in Canadian-dollar terms) over the same period.
- The Fund underperformed its benchmark due to stock-specific factors in the information technology, communication services and industrials sectors.

Contributors to Performance

- Nintendo Co., Ltd. is a pioneer of home video games. Nintendo performed well during the quarter despite a very conservative forecast for operating income for the next fiscal year. Nintendo is expected to release a new version of the Switch portable gaming system later in 2019, which should help to expand its installed base ahead of a strong game-release schedule, which includes Pokémon.
- Aon PLC is a leading global insurance broker and consultant. The company is showing accelerating growth due to continued market share gains and better service offerings, which helped the company’s shares rally sharply in the quarter.

Market Commentary

Second-Quarter 2019



Detractors from Performance

- Baidu, Inc., a leading internet search provider in China, underperformed on disappointing quarterly earnings and guided to slowing revenue growth due to structural and cyclical factors. Although the online market is growing, structurally, search is losing share of total online advertising. This is likely to continue. Cyclically, Baidu was affected by slowing macroeconomics, government restrictions and increased advertising inventory that pushed down prices. We see these issues as transitory, and we believe Baidu has multiple, potential sources of value creation.
- BT Group PLC is the only integrated U.K. fixed-mobile operator. BT Group reported better-than-expected year-end results, but its shares underperformed after the new CEO delivered earnings guidance that was below expectations. In addition, the company did not commit to maintaining the dividend if the conditions to invest in fibre-to-the-home are appropriate. Valuations for BT Group are among the lowest versus its peers. The market underappreciates the new CEO's ability to bring BT Group's cost efficiency up to peer levels and a regulatory environment that is showing tangible signs of improving.

Portfolio Activity

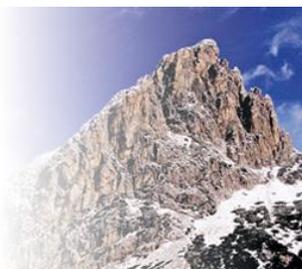
- We initiated three new positions in the Fund during the second quarter. Among these is THK Co., Ltd., the leading provider of linear motion controllers that are used in factory automation. The company's stock has been hit by a combination of slowing global manufacturing, concerns about the impact of trade wars and worry about capacity additions by the industry. We believe these concerns are largely cyclical, and the company's stock has fallen to a level that provides a compelling risk/reward profile.
- During the quarter, the we exited from five Fund positions. Among them is Hoya Corp., a global leader in optical glass manufacturing. Hoya was sold after exceeding our estimate of intrinsic value. Results in its life-care segment (eyeglass lenses) continue to be solid, while the information technology segment (for use in semiconductor research and development, and manufacturing) is benefiting from a lack of competition in glass substrates. At these levels, Hoya discounts continued robust growth and above-peak margins.

Outlook

- Despite the decline in stock markets during the fourth quarter of 2018, the subsequent market rally has led to significant complacency among investors and market observers. Valuations are elevated, particularly for popular growth stocks.

Market Commentary

Second-Quarter 2019



- Subdued capital expenditures suggest that corporations have been conservative in their outlooks and planning, but their appetite to borrow and increase leverage suggests confidence or complacency regarding macroeconomic indicators.

Class F returns (in %) as at June 30, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (12/18/2001)
CI International Value Fund	6.8	3.0	9.7	7.8	8.2	5.2

Sources: Bloomberg L.P.; Morningstar Direct; and Altrinsic Global Advisors, LLC, 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, including changes in security value and reinvestment of all dividends or 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.

The statements contained herein are based on material believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, they are not guaranteed to be accurate or complete. CI Investments Inc. and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.

The contents of this piece are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed.

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.

Altrinsic Global Advisors, LLC are portfolio sub-advisors to certain funds offered and managed by CI Investments Inc.

CI Investments and the CI Investments design are registered trademarks of CI Investments Inc.

Market Commentary

Second-Quarter 2019



© 2019 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Altrinsic Global Advisors, LLC are portfolio sub-advisors to certain funds offered and managed by CI Investments Inc. CI Investments Inc. is a wholly owned subsidiary of CI Financial Corp. CI Financial Corp. holds a minority interest in Altrinsic Global Advisors, LLC.

Published July 24, 2019.