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Market performance

Throughout the third quarter of 2019, risk appetite remained high as central banks delivered on their promise by cutting interest rates. The European Central Bank cut deposit rates to -0.5% and the U.S. Federal Reserve cut rates twice during the quarter, bringing the federal funds rate to a range of 1.75-2.00%. Investors seemed to have paid little attention to the risk of Brexit and global trade.

Fixed-income performance was above trend as investors pivoted from pricing in rate hikes to rate cuts. For example, the 10-year Government of Canada bond yield fell by over 100 basis points over the last year.

It is worthwhile to note that Canadian equities actually outperformed their U.S. and global counterparts during the last 12 months. Factors that contributed to outperformance included: the relative strength of the Canadian dollar as the Bank of Canada bucked the trend by not cutting interest rates; and very low expectations for Canadian companies a year ago, resulting in investors receiving a decent return and solid dividend, and not being disappointed even though earnings were not outstanding.

Benchmark returns in % at September 30, 2019	1 year	3 years	5 years	Since fund inception*
S&P/TSX Composite Index	7.0	7.4	5.3	7.8
S&P 500 Index (C\$)	6.7	13.7	14.6	16.7
MSCI World Index (C\$)	4.3	10.5	10.9	12.8
FTSE Canada Universe Bond Index	9.7	2.7	3.9	4.6

*Since fund inception relates to the inception of the CI ivari portfolios as at October 2009.

Source: Bloomberg Finance L.P., FTSE

Portfolio performance

Our portfolios delivered attractive returns as a result of strong market performance and our asset allocation decisions, despite the roller coaster ride markets went through during the last 12 months. In October of 2018, investors were expecting rate hikes, economies to slow, and Canada to disappoint, but the marijuana sector to boom. Sentiments changed quickly in early 2019 when central banks turned dovish following a large market correction in the fourth quarter of 2018. Investors began to price for rate cuts and economies globally were still slowing, but investors ignored this fact. Canada actually outperformed other markets, but not because of marijuana stocks. The value of marijuana stocks has been cut in half within the last year as prices were ahead of fundamentals and speculation eventually subsided with poor price momentum. It is fair to say that for a lot of Canadian investors, it was not that difficult to earn positive returns given the strength of the broader markets. However, the markets also exhibited unusual volatility that may have caused investors to change course. We received some criticism last year for our decision to hold government bonds and not

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allocate to marijuana stocks, but we adhered to our investment process and protected our investors' capital, keeping them out of trouble.

ivari CI Portfolios are available as Guaranteed Investment Portfolios within select ivari segregated funds contracts and as Managed Portfolio Index Interest Options within select ivari Universal Life Products. Segregated Fund Net Returns below are for the ivari Guaranteed Investment Funds product. Returns are after the MER has been deducted. The MER includes the management fee, the insurance cost for segregated fund guarantees, operating expenses and the applicable taxes of the fund. Policyholders do not pay for these expenses directly. The MER reduces the return of the investment. The Manager, at its discretion, may waive or absorb a portion of the operating expenses otherwise payable by a Fund class. These waivers may be terminated at any time by the Manager. MER and MER before waiver can be found in the ivari Segregated Fund Financial Statement under the section "Financial Highlights." For details please refer to the Information Folder and contract, and to www.ivari.ca for the returns on other products.

Segregated fund net total returns in % at September 30, 2019	1 year	3 years	5 years	Since Inception**
ivari CI Conservative GIP	5.1	2.0	3.0	4.5
ivari CI Canadian Balanced GIP	3.8	2.5	2.6	4.6
ivari CI Balanced GIP	2.7	2.8	3.4	5.0
ivari CI Growth GIP	1.4	3.5	3.7	5.7
ivari CI Maximum Growth GIP	-0.6	3.6	3.7	5.9

Any amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value. Past results should not be construed as indicative of future performance. Actual fund performance is expected to vary.

On September 21, 2012, the Transamerica TOP GIPs began investing in a new portfolio managed by CI Investments Inc. The Transamerica TOP GIPs are now referred to as ivari CI GIPs.

***Inception date: October 2009.*

Outlook and positioning

It is fair to expect global economies to continue to slow even if the U.S. and China eventually reach a trade deal and avoid further tariffs. What matters to investors in the next 12 to 18 months is central bank policy. It is widely expected that more rates cuts will come and money supply will rise. Even if consumption doesn't grow, it is possible for companies to grow earnings through share buybacks and lower interest expense. Demand for risky assets will also grow as money supply increases, a trend that we have seen in the last decade. We retain our position to strategically overweight stocks but adjust on a tactical basis for any dramatic shifts in policy or sentiment.

The risk of central banks changing their tone to become less dovish or outright hawkish is possible as we enter 2020. We believe economies must improve significantly for central banks to be comfortable in withdrawing the additional stimulus that has been in place since 2019. If that happens, stocks will do just fine but fixed income will likely have negative returns as capital losses from repricing yields tend to outsize the yield being generated. It is important to be nimble and realistic.

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The comparisons presented are intended to illustrate the segregated fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the segregated fund and the stated indices or investment fund, which may affect the performance of each. The objectives and strategies of the segregated fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices or investment fund. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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All indexes quoted in this document are reported on a total return basis, which assumes the reinvestment of all dividends and other cash distributions. Some indices (e.g.: MSCI EAFE Index) referenced in the included portfolio commentary may not be components of the portfolio benchmarks.

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