CI Digital Roadshow
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CI Multi-Asset™ Management

Getting More Active: The Evolution of Investing
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- An analysis of current financial and economic conditions indicates that we are late in the economic cycle. Equity valuations are above historical averages, credit spreads are at cyclical lows, survey-based measures and sentiment indicators are very positive, monetary policy is becoming less accommodative, and inflation expectations are rising. Over the last year, the yield curves in both the U.S. and Canada have flattened due to short-term rate hikes by the Federal Reserve and Bank of Canada respectively. Over the same period, the long end of the yield curve, which reflects the opinions of market participants, has been relatively unchanged. In our view, this implies that investors are not confident in the banks' ability to significantly raise rates over the long term and is consistent with a lower-for-longer economic growth consensus.

- The key drivers of economic growth over the past few decades are running out of steam. High government debt relative to GDP will limit government spending and all-time low interest rates inhibit central banks from implementing monetary stimulus. Labour force growth, a key input to GDP, is decreasing in developed countries due to an aging population, and there has been a populist shift away from globalization and towards protectionism and regulation. We need to adjust our return expectations downward to reflect the new investing reality.

- Moving forward, there will be more opportunity to add alpha through flexible asset allocation and beta management. We also expect that risk management, which is currently out of style, will be rewarded. When constructing portfolios, we consider all of the variables that affect the client's total return, including the asset mix, alpha, beta, currency, taxes, and fees. Each of these variables is actively managed to maximize investor return for each level of risk. We are constantly monitoring and assessing fundamentals, valuations, and correlations to determine the geographic, asset class and investment style allocations in our portfolios.

- We have access to multiple tools to manage risk, including but not limited to government bonds, the U.S. dollar, cash, gold, stock selection, options and futures. Government bonds provide a reliable offset to equity with positive carry. The U.S. dollar is an effective offset to equity risk in market downturns, and often carries a negative correlation to bonds. Cash is highly reliable and is integral to have on hand to capitalize on sell-offs. Gold acts as an inflation hedge and safe haven in risk-off investment environments. Options strategies can be used to reconfigure the risk and return profile of

a portfolio. Recently, we have been implementing put option spreads as a strategy to obtain portfolio insurance. With implied volatility in the options market near lows, we can obtain downside protection at a low implicit and explicit cost, effectively protecting investors on the downside without sacrificing upside potential.

- Our disciplined portfolio construction process is designed to provide predictable outcomes for investors. Our goal is to help investors to get to their destination with less excitement and a higher degree of certainty, reducing the chances of disappointment and permanent loss along the way.