Market Commentary
Second Quarter 2016

Marret Asset Management

With a well-publicized U.S. Federal Reserve Board ("Fed") meeting and the U.K. vote on European Union membership in June, volatility was expected and markets didn't disappoint on this front. Despite the polls suggesting a small victory for the "Remain" side, once the ballots were counted, a solid victory for the "Leave" camp occurred. This caused a huge sell-off in the first two trading days, which surprisingly was fully reversed by month's end.

Perhaps the most important factor was that bond yields in all major countries fell immediately on the vote result and did not retrace once equity markets rebounded. This is a strong signal that investors are leaving low- to negative-yield countries to seek the safety and higher yields available in the United States. At some point it is likely that there will be some minor upward pressure on U.S. bond yields, but the downward trend is intact and powerful. We do not see the United States moving to negative yields as did Europe and Japan, but there remains ample room for U.S. bond yields to fall and create meaningful capital gains. Falling government bond yields in an environment of steady, if modest, economic growth can only be positive for equities and high yield. Valuations are clearly high, but it is a relative game, and there is massive excess capital looking for returns.

Oil finished June slightly down from the May close, the first month since January where it closed lower. We have long felt oil would struggle to rise above $50/barrel, and the Brexit vote has caused significant concern over global growth and therefore energy demand. We expect oil to pull back somewhat and range trade for two to three months until the economic impact of Brexit is clearer. We also continue to expect higher oil prices by year-end based on declining U.S. production data.

Overall, valuations are unattractive by historical standards, so we have taken a more conservative positioning. We have a slightly positive short-term outlook driven by lower bond yields and the search for return in a yield-starved world. These dynamics will not carry on forever but are likely to end quite badly, historically having often lasted longer than expected.

Marret Strategic Yield Fund
During the quarter ended June 30, the fund generated solid returns but underperformed its benchmark.

The high-yield portion of the fund generated a solid gain, but underperformed its benchmark because of the conservative positioning we wrote about in our annual commentary. Gains were concentrated in the energy sector, with Whiting Petroleum, Halcon Resources, and MEG Energy being the largest high-yield contributors to the fund's performance. The fund had no positions that

materially detracted from performance, which demonstrates the strength of the overall high-yield market during the quarter. The fund's underperformance was mostly due to our cash allocation, because we believe the risk/reward characteristics in the general high-yield market are not attractive enough to be fully invested.

For the quarter ended June 30, equities in the fund outperformed the benchmark. The primary reason for the outperformance was our overweight position in Canadian equities versus the benchmark, largely based on the relative undervaluation of Canadian shares versus their U.S. counterparts. We continue to favour Canadian stocks given improving prospects for earnings growth in the second half of 2016. The fund has benefited from its market-weighted position in energy, and from stock selection in materials. Another factor that contributed to outperformance was the improvement in performance of "value" stocks over "growth" stocks, a trend that we expect to continue given relatively high equity valuations in the United States. The largest individual contributors to performance were Tahoe Resources, Crescent Point, and Crown Castle. All three are attractively valued companies with strong management teams, good growth prospects, and sustainable dividends. Our equity portfolio positioning remains defensive with a bias toward conservatively managed, dividend-paying companies. We continue to see valuation risk in many growth companies, particularly in the U.S. market, and maintain a focus on conservatively managed companies with strong business niches, growing dividends, and attractive valuations.

Marret Short Duration High Yield Fund
During the quarter ended June 30, the fund generated a solid return but underperformed its benchmark. The fund has maintained a lower risk profile and lower weightings to energy, metals, and mining throughout the period causing the majority of the underperformance. We believe that the risk/reward characteristics of the market have only been adequate since the strong rebound from the February lows and have positioned the portfolio more conservatively. We continue to roll very short duration bonds to reduce cash drag while still providing high levels of optionality to redeploy capital during bouts of volatility when investment opportunities are more attractive. So far, those opportunities have been very brief, but given we still believe we are in the late stages of the credit cycle, we expect there will be more opportunities in the near to medium term.

The largest contributors to performance during the quarter were higher-risk or higher-beta positions such as HudBay Minerals, Valeant Pharmaceuticals, and Sprint. There were no significant detractors during the period.

Marret High Yield Bond Fund
During the quarter ended June 30, the fund generated strong returns, but underperformed its benchmark. The fund's underperformance is predominantly due to its more conservative positioning. We believe that high yield is in the latter stages of its default cycle. As such, the risk/reward characteristics of high yield have only been adequate, at best, since the bounce from

the February lows. We continue to maintain our barbell approach of total return opportunities and lower-risk bonds. We are currently rolling very short duration, high-quality securities to minimize the cash drag and provide optionality to deploy capital when volatility provides attractive opportunities. There have only been brief periods of volatility to provide such opportunities recently, but given our belief that we are in the latter stages of the default cycle, there should be more in the near to medium term.

The largest contributors during the quarter were our energy-related holdings, Whiting Petroleum, Halcon Resources, and EV Energy Partners. There were no significant detractors during the period.

This report may contain forward-looking statements about the fund, its future performance, strategies or prospects, and possible future fund action. These statements reflect the portfolio managers' current beliefs and are based on information currently available to them. Forward-looking statements are not guarantees of future performance. We caution you not to place undue reliance on these statements as a number of factors could cause actual events or results to differ materially from those expressed in any forward-looking statement, including economic, political and market changes and other developments. This commentary is published by CI Investments Inc. It is provided as a general source of information and should not be considered personal investment advice or an offer or solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this commentary is accurate at the time of publication. However, CI Investments Inc. cannot guarantee its accuracy or completeness and accepts no responsibility for any loss arising from any use of or reliance on the information contained herein. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. Published July 2016.