

Market Commentary

Fourth Quarter 2017



Signature Dividend Fund

Market confidence in a strengthening global economy continues to support the global equity market. The value of global equities as measured in U.S. dollars increased 5.3% from \$77.2T to \$81.26T (Bloomberg World Exchange Market Capitalization) during the quarter and for the year increased by 22.5%. The U.S. equity market capitalization increased by 5.6% during the quarter, advancing 17.6% in 2017. The Canadian equity market was broadly positive in the quarter across all sectors outside of energy. The S&P/TSX Composite Index returned just above 4% in the quarter and 9% for the year. Global macroeconomic concerns over the past year have primarily focused on Brexit impact and there is less concern about peripheral Europe and emerging markets' perceived inability to handle rising U.S. interest rates. The pending tax cuts in the U.S. support a strong U.S. economic and market outlook while economic data from Europe continues to reassure. Emerging markets have been performing well despite a growing belief that the global rate structure is increasing. While market valuations are becoming increasingly demanding, global growth indicators are generally very encouraging.

Equities within the fund generally performed well in the quarter. Our stock selection worked well in most sectors and was especially rewarding in energy, materials, financials and information technology. In financials, we had a gain in our Wells Fargo warrants as the company will benefit from the declining U.S. tax rate and related knock on impacts. In information technology, Qualcomm advanced almost 25% on a buyout offer from Broadcom which we also owned. Our position in Encana outperformed within energy and Rio Tinto exposure outperformed in the materials sector. The largest single detractor during the quarter was Newell Brands, which declined 27%. Newell disappointed investors on its second quarter earnings with lower operating margins, and then hurricane Harvey added to the problems as the storm pushed resin input prices higher. We are of course disappointed in the stock performance but have faith that margins will improve and view the current valuation as attractive.

Our general view is that equity risk premiums are not unreasonable given the strongly supportive global economic outlook. Deflation risks are quickly giving way to reflation potential and significant sector rotation within the equity markets is warranted. Equity market returns will be primarily dependent on earnings growth as there is little room for multiple expansion. The U.S. economic outlook remains very appealing while the European region is finally making modest progress. We are especially encouraged by recent progress by Europe in dealing with undercapitalized banks in Spain and Italy. We believe that strengthening developed economies will support bumpy yet acceptable returns from equities relative to the rather limited investment alternatives. We have a cautious medium-term view on the Canadian economy and domestic equity markets.

Market Commentary

Fourth Quarter 2017



Class F Returns (in %) as at December 31, 2017	Year-to- date	1 year	3 year	5 year	10 year
Signature Dividend Fund	10.3	10.3	6.7	9.6	7.0

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. 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. 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. ©CI Investments and the CI Investments design and logo are registered trademarks of CI Investments Inc. ™ Signature Global Asset Management and ™ Signature Funds are trademarks of CI Investments Inc. Published January 2018.