

Market Commentary

Third Quarter 2018



Signature Select Canadian Fund

The S&P/TSX Composite Index was one of the weaker stock markets globally in Q3, on account of weakness in energy, as oil prices corrected, and materials. Even Canadian banks were weak, while industrials was one of the better performing sectors. Interestingly, the weakness in these two cyclical sectors does not suggest a global economic slowdown. In fact, economic data continues to confirm the continuation of a global synchronized recovery as European economies in particular continue to improve.

The strength of the Canadian dollar, following the Bank of Canada announcement that it is likely to raise interest rates, took most market participants by surprise and also contributed to the weakness of the Canadian market.

The fund (Class F) returned 0.3% in the quarter. Information technology was the largest contributor to fund performance. Leading performers included Shopify, the Canadian cloud-based commerce platform, and Alibaba, the largest Chinese e-commerce platform.

Materials also contributed marginally thanks to companies like Lundin Mining and Tahoe Resources.

Energy performance was weak, with companies like Encana detracting as they were caught in the oil price decline. Energy weakened through most of the quarter as oil inventories, which were declining, reversed as U.S. shale production rebounded. In the last week of the quarter, oil and energy in general rebounded.

We generally remain bullish on risky assets and equities in particular. During the quarter, exposure to technology was increased slightly.

The Canadian dollar may continue to rally against the U.S. dollar as markets anticipate a Bank of Canada rate increase in November because global investors remain negatively positioned against the loonie. Any further strength in the Canadian dollar is not, in our opinion, sustainable longer term.

Markets also appear to be transitioning from growth back to more value-oriented sectors. Technology has been a strong performer since the beginning of the year, while global financials and health care have stalled. Recent market moves suggest this may be reversing.

The outlook for equity markets continues to be positive on account of easy financial conditions, which remain intact despite higher short-term U.S. interest rates and statements from a number of

Market Commentary

Third Quarter 2018



central banks on the prospect of tightening monetary conditions via higher interest rates. This can be explained by the continued global synchronized recovery, which has accelerated in Europe in particular and continued in emerging markets. Central banks like the Bank of Canada, Bank of England, and European Central Bank are making the case for more normalized monetary policy (higher interest rates). In addition, the U.S. Federal Reserve has declared that it will begin reducing the size of its balance sheet. We will be closely monitoring the impact of these developments on financial conditions.

Class F Returns (in %) as at September 30, 2018	Year-to-date	1 year	3 year	5 year	10 year
Signature Select Canadian Fund	2.4	8.4	12.2	10.5	8.6

IMPORTANT INFORMATION

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 compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all 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.

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. Signature Global Asset Management is a division of CI Investments Inc.

Published October 2018.