Signature Global Advisors

Summary of a webcast presentation by
Drummond Brodeur, Global Strategist
Scott Vali, Portfolio Manager
Signature Global Advisors
February 15, 2012

Drummond Brodeur – Update on Signature positioning

- At the beginning of 2011, we were generally fully invested. We stayed that way until the end of April when we reduced our equity positions and increased our cash levels.
- In June, we believed the European crisis had gotten out of hand. Capital markets were shutting down and we were seeing a replay of 2008. By mid-July, we had raised cash levels to 20%.
- In the first week of October, we started putting cash to work and we were fully invested for one and a half months, benefiting from the rally during that period. By the end of 2011, capital markets were still restricted and we had taken cash back up to 20%.
- At year-end, the European Central Bank announced a cash injection of €489 billion for European banks. It was a clear signal that the credit markets would stay open and we reduced cash to 10% – and that's where we are today.
- We have significantly increased our exposure to the markets, but we're still maintaining liquidity.

Global rebalancing

- Global rebalancing will continue in 2012. Structural adjustments take years – not months – to adjust. We believe the global shift will take five to seven years.
- It continues to be a two-speed world driven by underlying structural adjustments – deleveraging in the West and slower growth, and a global economy driven by emerging markets.
- For most of the year, Europe will be in recession and remain stagnant. The U.S. will continue to grow, but at a rate lower than pre-crisis levels of 3.5%-4%.
- The global economy has been in recovery since 2009. As long as there are no more exogenous shocks to curtail growth – such as sharply higher oil prices, or events like the Japanese tsunami – we should be able to move forward.
- The European debt crisis is the biggest risk to world growth.
- We are in the early stages of a manufacturing renaissance in the U.S., and some jobs have been repatriated. However, since it's an election year in the U.S., there will be nothing out of Washington – we will have to look to 2013, when the elections are over.
- In China, we see a "soft landing" though it will be slow for the first half of the year.

Policy-driven world

- It's a policy-driven world for investors. Monetary policy has been effective in reopening the markets.
- There's a saying – don't fight the Fed – don't underestimate the liquidity it can create. The Federal Reserve's "Operation Twist" will continue to suppress the long-term end of the yield curve. It will engage in a third round of quantitative easing if necessary.
- In Europe, there will be another cash infusion from the ECB at the end of February, and we expect looser policy in China and further quantitative easing in Japan.
- Central bank balance sheets have added $500 billion over the past three months.
- In Europe, the ECB bought time – banks and sovereigns can now roll over their debt, so the threat of a liquidity crisis is off the table, but they still need to fix the underlying challenges.

Euro imbalances

- The core of the problem is there are current account deficits in the periphery – Portugal, Greece and Spain – and surpluses in core countries like Germany. In a monetary union, they need to correct the imbalances.
- In the past 10 years, unit labour costs in the periphery have become uncompetitive, while Germany has become very competitive.
- This is due to structural rigidities. The cost of doing business in the periphery is expensive.

Valuations matter

- Equities are cheap and government bonds are expensive. In the market today, yields are less than 2% for long-term government bonds. Corporate bonds are yielding 5%, while the earnings yield is 8% for large-cap equities.
- Volatility won't disappear – it's a reality. Investors need to be flexible and adaptable.

Scott Vali – Update on natural gas

- Hydraulic fracturing has been a game changer in the natural gas industry, allowing the development of new reservoirs that previously had been uneconomical. But it's led to supply increases have outweighed demand over the past three years.
- There is a depression in prices – two years ago gas was $5 per million cubic feet, now it's less than $2 per mcf. This is mainly because of companies that focus on liquid-rich gas.
- Natural gas is made up of methane, ethane, butane and propane, which are priced relative to oil, and condensates, which are used in oilsands production and priced higher than oil. The industry has seen a shift to liquid-rich plays away from dry gas (methane).
- Fracking technology is now being used for oil and will have a major impact on energy pricing in the future.

2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | www.ci.com

CI Investments

Head Office / Toronto 416-364-1145 1-800-268-9374
Calgary 403-205-4396 1-800-776-9027
Montreal 514-875-0090 1-800-268-1602
Vancouver 604-681-3346 1-800-665-6994
Client Services English: 1-800-563-5181 French: 1-800-668-3528

Signature Global Advisors

- Signature Global Energy Corporate Class has 20% in natural gas – all with companies that have liquids opportunities.
- Signature Canadian Resource Fund is approximately 12%.
- In addition, we own service companies, such as National Oilwell Varco, a Houston-based company that provides equipment to the drillers and fracturing companies.
- We believe gas will remain depressed for the next few years, trading below $4.50 per mcf.
- Current prices may trend lower, but are likely close to a bottom.

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. This commentary 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.

Signature Global Advisors