MARRET ASSET MANAGEMENT INC.

Marret Asset Management: Weekly Update
CI Investment Grade Bond Fund and CI First Asset Investment Grade Bond ETF

For the week ended October 30th, 2020.

Three central banks, the Bank of Japan (BOJ), Bank of Canada (BOC) and European Central Bank (ECB), told us the same thing this week; monetary policy is going to stay very accommodative for a long period of time and may need to be adjusted for further easing. In this regard, the BOC walked the walk, giving the strongest forward guidance ever and adjusting their quantitative easing (QE) program to buy further out in the curve. Here is what we wrote post-BOC:

"The key item in today's policy announcement is the change in the BOC's QE program. They are looking to gradually reduce the size from $5 billion to $4 billion per week. But they are shifting the purchases away from the short end to the long end of the curve, kind of an operation "twist" in U.S. Federal Reserve (Fed) parlance. I think the shift away from the front had to be done because the BOC's purchases in this area were starting to cause dislocations in how the front end of the curve was trading. So, the change is logical for this reason. However, the market was surprised at the shift into buying more, further levelling out the curve. The BOC claims this is important to keep consumer and commercial borrowing costs low."

The ECB, although making no moves at this week's meeting, suggested strongly that increased support is needed given how far away they are from their inflation target. We would suggest that the ECB's position is reinforced by the significant increase in COVID-19 cases in the eurozone and implementation of further partial lockdowns. The December ECB meeting is likely to bring increased QE via the Pandemic Emergency Purchase Programme (PEPP), and most likely a cut in the deposit rate, taking it further into negative territory.

The net result of this week's central bank discourse was outperformance of these government bond markets versus the U.S. These central banks are leaning "more easy," while U.S. Treasuries were under pressure from liquidation ahead of the federal election and concern about further fiscal spending. Ten-year government bond yields in the U.S., Canada, Germany and the U.K. were +4, +2, -6 and -2 basis points (bps) respectively.

Equity markets globally were on the defense this week on increasing social distancing measures in Europe and the U.K., and nervousness ahead of the U.S. election. Investment-grade corporate credit spreads outperformed the weakness in stocks but ended the week wider. Based on the Bloomberg Barclays Aggregate Corporate Average OAS Index, spreads were +2, +4, +5 and +4 bps in the U.S., Canada, Europe and the U.K., respectively.

CI GLOBAL ASSET MANAGEMENT

Ahead of Canadian bank year-end and volatility in equities, there was a lone new issue in the Canadian investment-grade corporate market this week. Details are as follows:

- Greater Toronto Airports Authority $500 million 1.54% 05/03/2028 +109.7 bps

The Funds did participate in this new issue.

Portfolio Transactions

We moved our duration lower during the week as yields moved higher and covered some of this back in on Friday. Duration range for the week was 6.59 to 6.82 years (benchmark 6.95 years).

The above-noted new issue trade was the only change in the credit positioning.

Portfolio Statistics

	CI Investment Grade Bond Fund		CI First Asset Investment Grade Bond ETF	
	October 23	October 30	October 23	October 30
Current Yield[1]	2.52%	2.54%	2.56%	2.58%
Duration	6.86 years	6.85 years	6.75 years	6.82 years

Market Statistics

	October 23	October 30
Government of Canada 10-year yield	0.64%	0.66%
U.S. Treasury 10-year yield	0.84%	0.88%

Sources: Marret Asset Management Inc., Bloomberg Finance L.P.

Standard Performance

Performance in %	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
CI Investment Grade Bond Fund Class F	5.4	4.5	4.6	N/A	4.6	12/24/2014
CI First Asset Investment Grade Bond ETF[2]	5.9	5.0	4.6	3.7	4.5	10/23/2009
Benchmark[3]	6.9	5.9	4.7	4.8	5.2	N/A

Source: RBC Investor Services as at September 30, 2020.

[1] Current Yield represents the gross yield on the Fund's underlying portfolio of securities. It is not the yield or distribution that investors will receive by virtue of an investment in the Fund.

[2] The Fund was originally launched as a TSX-listed closed-end fund on October 23, 2009, and converted into an exchange-traded fund on August 22, 2016. Performance shown is since inception of the closed-end fund. In connection with the conversion, and pursuant to unitholder approval, the annual management fee payable by the Fund to CI First Asset, as manager, was increased to 0.65% (from 0.50%) of the NAV per unit and certain changes were made to the investment objectives, strategies and restrictions applicable to the Fund. Material among these changes is that the Fund is no longer able to utilize leverage in its portfolio. Had these changes been in effect prior to this date, the performance of the Fund could have been different.

[3] Use of Benchmark: The FTSE Canada All Corporate Bond Index is comprised primarily of investment-grade corporate bonds issued domestically and denominated in Canadian dollars. This index is used as a benchmark to help you understand the Fund's performance relative to the general performance of high-grade Canadian corporate bonds.

DEFINITIONS

Duration: A measure of the sensitivity of the price of a fixed-income investment to a change in interest rates. Duration is expressed as number of years. The price of a bond with a longer duration would be expected to rise (fall) more than the price of a bond with lower duration when interest rates fall (rise).

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and exchange-traded fund (ETF) investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compound total returns net of fees and expenses payable by the fund (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 and ETFs are not guaranteed, their values change frequently and past performance may not be repeated. You will usually pay brokerage fees to your dealer if you purchase or sell units of an ETF on recognized Canadian exchanges. If the units are purchased or sold on these Canadian exchanges, investors may pay more than the current net asset value when buying units of the ETF and may receive less than the current net asset value when selling them.

The comparison presented is intended to illustrate the mutual fund's historical performance as compared with the historical performance of FTSE Canada All Corporate Bond index to show how the fund performs compared to what the index represents. There are various important differences that may exist between the mutual fund and the stated (index) indices that may affect the performance of each. The objectives and strategies of the mutual fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable index. Indices are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

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CI Investments Inc. ("CI") is the portfolio manager to the CI Investment Grade Bond Fund and Marret Asset Management Inc. is the portfolio sub-adviser to the fund. CI is responsible for the investment advice provided by the portfolio sub-advisers.

The CI First Asset Exchange Traded Funds (ETFs) are managed by CI Investments Inc., a subsidiary of CI Financial Corp., which is listed on the Toronto Stock Exchange under the symbol "CIX".

Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Investments Inc.

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