MARRET ASSET MANAGEMENT: WEEKLY UPDATE

CI Investment Grade Bond Fund and CI First Asset Investment Grade Bond ETF

For the week ending on January 15th, 2021.

This week brought the first signs of how rising cases of COVID-19 globally (second wave) and increased social distancing measures, might result in headwinds for Q1 2021 economic growth. Weekly initial and continuing claims for unemployment and December retail sales in the U.S. were both weaker than consensus estimates. These added credence to last week's worse than expected employment numbers.

Adding to the data malaise was the U.S. Consumer Price Index (CPI) data, which remained muted. Core year-over-year CPI, printed at 1.6%, was well short of the U.S. Federal Reserve's (Fed) objective to let CPI run above 2%, before looking to adjust the Fed funds rate. There is no doubt we will see CPI run up in April and May of this year due to the base effect of last year's economic lockdowns. However, we remain skeptical that core inflation can persistently remain above 2% given the output gaps which will exist through 2023.

Financial markets however, spent most of the week focused on U.S. President-elect Joe Biden's fiscal stimulus rescue plan. U.S. Treasuries remained nervous about the potential increase in government bond supply, while risk assets looked forward to the potential boost to the economy. That changed somewhat on January 15, as doubt about both the timing and passage of the aggressive agenda arose. Stocks ended the week lower and credit spreads pared gains.

Based on the Bloomberg Barclays Aggregate Corporate Average OAS Index, investment grade corporate credit spreads in the U.S. and Canada were 1 and 2 basis points (bps) tighter respectively. In Europe and the U.K., credit spreads closed 3-4 bps wider, on significant new issue supply and concerns about the stability of the government in Italy and COVID-19 mobility restrictions in Germany.

After the typical slow start at the outset of the new year, the corporate new-issue market in Canada got a lift-off this week. A summary of the new issues in the investment grade corporate market are as follows:

- BMW Canada $300 million 0.63% 01/16/2023 +44.5 bps
- BMW Canada $200 million 0.99% 01/14/2025 +60 bps
- GM Financial Canada $500 million 1.75% 04/15/2026 +120.8 bps
- Pembina Pipeline $600 million 4.80% 01/25/2081 (subordinated, rated BB+)
- CIBC $1.25 billion 1.10% 01/19/2026 +67 bps

The Funds participated in the GM and Pembina new issues.

Ten-year government bond yields in the U.S., Canada and Germany declined 4, 1 and 2 basis points respectively over the week. In the U.K., they were unchanged.

Portfolio Transactions

Duration last week ranged from 6.22 to 6.54 years (benchmark 6.99 years). We increased our exposure to U.S. inflation-linked securities by adding more 10-year Treasury inflation protected securities (TIPS).

In the credit portfolio, we added the above-noted new issues. Additionally, in the Canadian secondary market, we increased our position in TransCanada Pipelines hybrids (2077). In the past few weeks, we have added Pembina, Inter Pipeline Ltd. and TransCanada hybrids to the portfolio to increase yield and credit beta and decrease interest rate sensitivity.

Portfolio Statistics

	CI Investment Grade Bond Fund		CI First Asset Investment Grade Bond ETF	
	January 8	January 15	January 8	January 15
Current Yield[1]	2.49%	2.51%	2.52%	2.51%
Duration	6.58 years	6.37 years	6.56 years	6.31 years

Market Statistics

	January 8	January 15
Government of Canada 10-year yield	0.81%	0.80%
U.S. Treasury 10-year yield	1.12%	1.08%

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 Series F	7.6	4.6	4.6	N/A	4.7	12/24/2014
CI First Asset Investment Grade Bond ETF[2]	8.2	5.0	4.8	4.0	4.5	10/23/2009
Benchmark[3]	8.7	5.9	5.0	5.0	5.2	N/A

Source: RBC Investor Services as at December 31, 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 ETF, 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.

GLOSSARY OF TERMS

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).

MARRET ASSET MANAGEMENT INC.

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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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