

# CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

## CI Marret Alternative Enhanced Yield Fund



**JANUARY 2021**

CI Marret Alternative Enhanced Yield Fund (the Fund) seeks to provide income with low volatility regardless of market conditions. The Fund invests primarily in fixed income across the credit spectrum including cash and cash equivalents. The Fund's active management team targets low correlation with both equity and traditional fixed income.

### GLOBAL MACRO UPDATE

Risk markets remained resilient for most of January, despite a significant increase in COVID-19 restrictions resulting from increasing cases, hospitalizations and deaths around the globe. A democratic sweep in the Georgia Senate runoff increased optimism for further fiscal support leading to a sharp selloff in U.S. Treasuries. Market participants continued to buy equity dips with complete confidence in a cyclical recovery later this year, driven by positive vaccine developments alongside supportive fiscal and monetary policy. Speculation across many individual stocks created moves not seen in decades. Stretched positioning and overcrowded trades were responsible for increased volatility as January drew to a close. U.S. equities ended the month mixed, with the S&P 500 down 1.1%, while the Russell 2000 climbed 5.0%. Credit was also mixed, as investment grade fell with treasuries, down 1.2% for the month, while high yield gained 0.4%. High yield spreads tightened and yields were roughly unchanged, despite January seeing a significant amount of supply.

### POSITIONING UPDATE

The Fund maintained a moderate, core exposure to mid and higher quality credit as central banks continue to foster a 'search for yield' environment. While credit exposure was relatively unchanged for most of the month, the Fund tactically traded fixed income across asset classes, sectors, and relative value opportunities. The Fund reduced exposure to mid-duration investment grade, added to high yield extension bonds, participated in numerous new issue opportunities offered by the significant high yield issuance, and actively traded government bonds, equities, and credit ETFs. Those tactical shifts allowed the Fund to generate a small gain in contrast to the steep losses suffered by most government and investment grade portfolios in January. Towards the end of the month, the Fund took advantage of volatility by increasing its high yield credit exposure more meaningfully across a variety of opportunities.

### FUND SUMMARY

#### KEY FACTS

NAV/UNIT (SERIES F)	\$10.29
MANAGEMENT FEE (SERIES F)	0.80%
PERFORMANCE FEE	10% of returns (net of MER) above the hurdle rate subject to a high-water mark
HURDLE RATE	Yield on FTSE Canada Short Term Government Bond Index +1%
CURRENT YIELD	2.22%
AVERAGE DURATION	1.61 years
LIQUIDITY	Daily
SERIES F FUND CODE	CIG 4195 (C\$) CIG 4196 (US\$)
SERIES A FUND CODE	CIG 2195 (C\$) CIG 2196 (US\$)
ETF TICKER	TSX: CMEY (C\$ hedged) CMEY.U (US\$ hedged)

### USE OF LEVERAGE

GROSS EXPOSURE	66.0%
NET EXPOSURE	56.2%

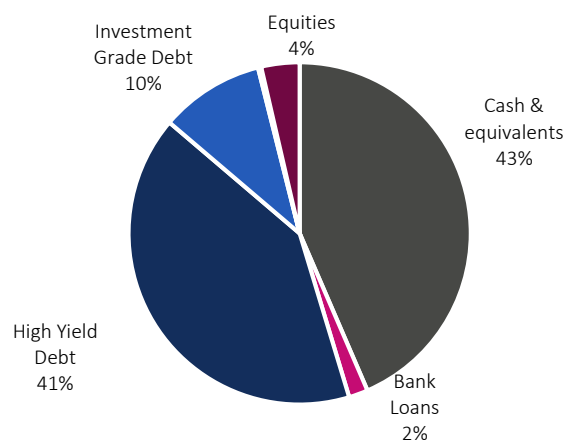
Source: Marret Asset Management Inc.as of January 31, 2021.

## OUTLOOK

Looking forward, we continue to be mindful of risks and are closely monitoring the path of government stimulus, the rise in interest rates, the speed of the vaccine rollout, and the evolving virus mutations. At the present time, we are comfortable maintaining our core exposure to credit which stands to benefit as the economy normalizes later this year.

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

## ASSET CLASS BREAKDOWN



## FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE*
CANADA	23.0%
U.S.	73.6%
OTHER	3.3%

## TOP FIVE HOLDINGS

HOLDING	WEIGHT
TENET HEALTHCARE CORP. 4 5/8 07/15/24	2.4%
FORD MOTOR CREDIT CO. LLC 04/05/21	2.3%
ISHARES IBOXX HIGH YIELD CORPORATE BOND ETF	1.9%
AMC NETWORKS INC. 4 3/4 12/15/22	1.8%
CANADIAN GOVERNMENT BOND 0 3/4 11/01/22	1.8%

\*Does not include cash holdings  
Source: Marret Asset Management Inc.,  
as of January 31, 2021.

For more information visit [liquidalts.ci.com](https://liquidalts.ci.com) or contact your CI sales representative



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## 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).

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Commissions, trailing commissions, management fees and expenses all may be associated with an investment in mutual funds and exchange-traded funds (ETFs). Please read the prospectus before investing. Important information about mutual funds and ETFs is contained in its respective prospectus. 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.

CI Liquid Alternative investment funds have the ability to invest in asset classes or use investment strategies that are not permitted for conventional mutual funds. The specific strategies that differentiate these investment funds from conventional fund structure include: increased use of derivatives for hedging and non-hedging purposes; increased ability to sell securities short; and the ability to borrow cash to use for investment purposes. While these strategies will be used in accordance with the investments funds' investment objectives and strategies, during certain market conditions they may accelerate the pace at which your investment decreases in value.

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Marret Asset Management Inc. is portfolio sub-advisor to certain funds offered and managed by CI Global Asset Management. Marret Asset Management Inc., is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Global Asset Management.

Performance data is not yet available because the Fund has not been distributing securities under a simplified prospectus for at least 12 consecutive months.

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