CI LIQUID ALTERNATIVE INVESTMENT STRATEGIES

CI Lawrence Park Alternative Investment Grade Credit Fund

JANUARY 2021

CI Lawrence Park Alternative Investment Grade Credit Fund (the Fund) is an active credit-focused mandate designed to address the challenges of traditional fixed-income investing. Hedging the majority of interest rate risk and currency risk, the Fund aims to generate fixed-income alpha by capitalizing on inefficiencies and short-term dislocations in the investment-grade corporate credit markets. With an emphasis on capital preservation, the Fund seeks to provide consistent positive returns over the market cycle, with a low correlation to equity and fixed-income markets.

PERFORMANCE SUMMARY (as at January 31, 2021)

	1 MONTH	3 MONTHS	6 MONTHS	1 YEAR	2 YEAR	SINCE INCEPTION
CI LAWRENCE PARK ALTERNATIVE INVESTMENT GRADE CREDIT FUND SERIES F	0.65	3.48	6.36	4.83	5.30	4.89
FTSE CANADA ALL CORPORATE BOND INDEX	-0.54	1.87	0.74	5.34	7.21	7.94

Source: CI Global Asset Management & Morningstar Research Inc. as at January 29, 2021. Inception date: November 7, 2018. Effective January 15, 2021, CI Lawrence Park Alternative Investment Grade Credit ETF has merged with CI Lawrence Park Alternative Investment Grade Credit Fund and this change may impact performance. Had these changes been in effect prior to this date, the performance of the fund could have been different.

MONTHLY SUMMARY

The CI Lawrence Park Alternative Investment Grade Credit Fund (the Fund) performed well against a backdrop of nervous global equity markets and rising interest rates, which left most core assets finishing January in the red. The soft tone offered an excellent opportunity to demonstrate the virtues of diversification into alternatives and the benefits of active management. The Fund (Series F) posted a return of 0.65%, buoyed by Canadian credit selection, active and profitable trading, and positive contribution from our hedging program.

CREDIT

Spreads were mixed in January, with global indices generally finishing a basis point (bp) wider. As we highlighted in our December report, credit finished 2020 on a particularly strong note, and that carried through into the first couple of weeks of the new year. However, the accelerating pace of new COVID-19 cases in Europe and North America, combined with concerns over new variants emerging from the U.K. and South Africa saw risk assets pull back and spreads widen later in the month.

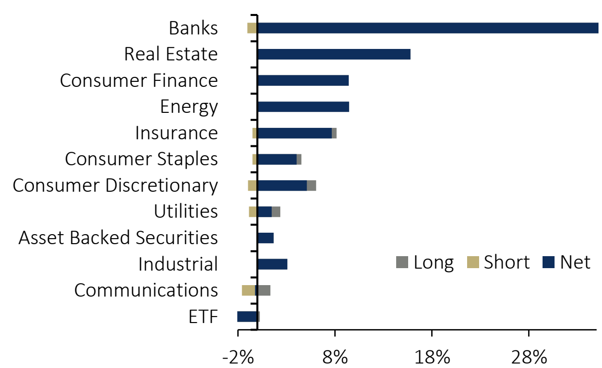
Despite the lockdown and vaccination issues here at home, Canadian credit was able to sustain a more positive tone. The domestic index finished approximately 6 basis points tighter but similar to global markets was off the mid-month tights. Energy names led the way, and we found ourselves taking profits on trades that performed particularly well in early January.

FUND SUMMARY

KEY FACTS

NAV/UNIT (SERIES F)	$10.53
STRATEGY AUM	$372 million
MANAGEMENT FEE (CLASS F)	0.80%
PERFORMANCE FEE	10% of any returns (net of MER) above the Hurdle Rate, subject to a high-water mark
HURDLE RATE	FTSE Canada All Corporate Bond Index
INTEREST RATE DURATION	0-3 years
LEVERAGE	1-3x
INVESTMENT-GRADE EXPOSURE	97%
CLASS F FUND CODE	CIG 4190 (C$) CIG 4194 (US$)
CLASS A FUND CODE	CIG 2190 (C$) CIG 2194 (US$)
ETF TICKER	TSX: CRED (C$ hedged) CRED.U (US$ hedged)

SECTOR BREAKDOWN



Source: Lawrence Park Asset Management. Data as at January 31, 2021.

The energy sector's strength was highlighted by an inaugural deal for Tourmaline Oil Corp. The 7-year bond priced at a spread of 148 bps and broke as much as 7 bp tighter in early trading. Overall new issue activity in Canada was light however, as domestic issuers were able to find cheaper funding overseas. Canadian issuance was down 18% from a year earlier, highlighting the relative cheapness of Canadian credit and leading investors to bid up secondary paper.

RATES

Yield curves steepened meaningfully in January as inflation expectations rose. The market digested the potential for a larger fiscal stimulus package after Democrats gained control of the Senate following runoff elections in Georgia. 10-year U.S. Treasury yields rose 15 bps, and the spread between 2 and 30-year treasuries finished at a 3½ year wide. As a result, most major bond indices, including investment-grade corporate bond indices finished the month at a loss. As we discussed in last month's commentary, we believe this trend can continue at least through the first half of the year, and we would be wary of adding rate duration in any meaningful way.

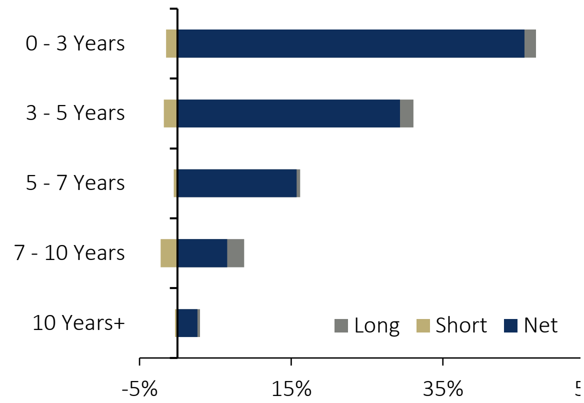
PORTFOLIO THEMES

Trades that we anticipated carrying through the first quarter we found ourselves taking profit on at attractive levels. One such trade was 30-year Suncor Energy, which had tightened 100 bps since November. After buying the bonds in the fourth quarter of 2020, we exited the position at a substantial profit mid-month, and our timing proved fortuitous as spreads subsequently widened. Similarly, we exited our position in 5-year Pembina Pipelines mid-month, and both names were significant contributors to our January returns.

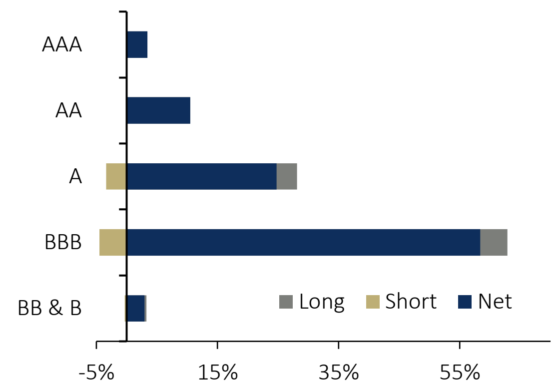
Our interest rate hedges performed well during the month given the move higher in global rates, and our credit hedging also contributed as spreads widened later in the month. We set most of our hedges in U.S. credit, which appeared technically tight relative to Canada, and our funds benefitted from Canada's relative outperformance.

Overall, we reduced exposure to some of the higher-beta sectors which had performed particularly well in recent weeks, such as REITs and energy, while adding to bank and financial holdings. These sectors are more defensive in nature and also stand to benefit from steeper yield curves. We also took profit in our 10-30 year holdings as credit curves flattened during the month, and recycled capital into intermediate bonds maturing between five and seven years.

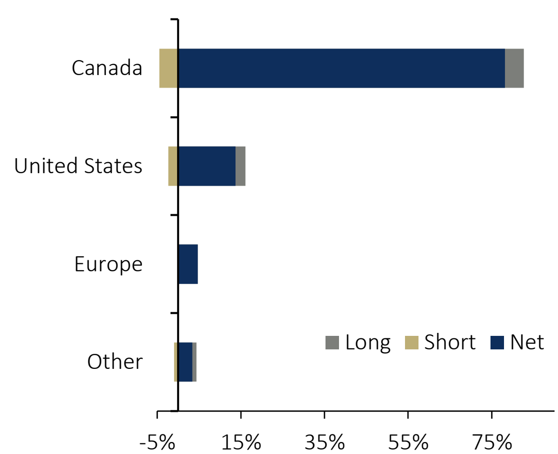
MATURITY BREAKDOWN



CREDIT QUALITY



GEOGRAPHIC BREAKDOWN



Sources: CI Global Asset Management and Lawrence Park Asset Management. Data as at January 31, 2021.

OUTLOOK

Despite the modestly softer tone to start the year, we remain constructive on credit. After a strong finish to 2020 for equities and high yield, we see evidence that investors are de-risking, as fund flow data suggests strong inflows to investment-grade corporate bonds. As rate curves rise, foreign investors are finding the all-in yields for U.S. dollar corporate bonds increasingly attractive. All this provides a degree of welcome support for credit spreads.

We believe fiscal and monetary stimulus will continue to provide a tailwind for spreads and view any significant pullback as a buying opportunity. While new issue activity in Canada has slowed, deals that do come generally perform well. U.S. new issues are more plentiful but can be mixed in performance; one has to be selective and nimble to be successful. With moderate amounts of volatility expected to continue, we anticipate plenty of opportunities to range-trade credit spreads and exploit changes in relative value between sectors, maturities and markets.

Source: Lawrence Park Asset Management, Bloomberg Finance L.P. as at January 31, 2021.

For more information, please visit ci.com.

DEFINITIONS

Duration: A derivative is a financial security with a value that is reliant upon, or derived from, an underlying asset or group of assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its price is determined by fluctuations in the underlying asset

Alpha: A measure of performance. Alpha, often considered the active return on an investment, gauges the performance of an investment against a market index or benchmark which is considered to represent the market's movement as a whole. The excess return of an investment relative to the return of a benchmark index is the investment's alpha

DISCLAIMERS

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.

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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The comparison presented is intended to illustrate the historical performance of CI Lawrence Park Alternative Investment Grade Credit Fund (the "Fund") as compared with the historical performance of a widely quoted market indices or a weighted blend of widely quoted market indices. There are various important differences that may exist between the Fund and the stated indices that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indexes 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 Global Asset Management is a registered business name of CI Investments Inc.

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