

# CI Canadian Small/Mid Cap Fund

Management Report of Fund Performance for the year ended March 31, 2018

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-563-5181, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, Toronto, ON, M5C 3G7 or by visiting our website at [www.ci.com](http://www.ci.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## INVESTMENT OBJECTIVE AND STRATEGIES

The objective of the CI Canadian Small/Mid Cap Fund (the "Fund") is to provide investors with long-term capital growth through investment in equity securities of small and medium size companies with above average growth potential. Under normal circumstances, the Fund will invest mainly in common stocks of small and medium size Canadian companies, which are listed for trading on a stock exchange. When considered appropriate, in light of economic and market conditions, the Fund may also invest in short-term debt securities, preferred shares and debt securities convertible into equity securities.

The strategy is focused on identifying companies with a positive change in the fundamentals. The portfolio advisor uses a proprietary screening process to identify small- and mid-market cap companies that exhibit some combination accelerating levels of quarterly earnings, positive estimate revisions over the past quarter, positive earnings surprises and strong relative share price strength.

The portfolio advisor may also use qualitative analysis, which involves assessing the quality of the company's management, culture, products and consumers, among other things.

The portfolio advisor may also choose to invest the Fund's assets in foreign securities. It is currently expected that investments in foreign securities will generally be no more than 49% of the Fund's assets.

The Fund may use derivatives, but only as permitted by securities regulations. In order to earn additional income, the Fund may enter into securities lending transactions, repurchase transactions and reverse repurchase transactions, to the extent permitted by securities regulations.

## RISK

There were no changes to the Fund over the period of this report that materially affected the overall level of risk associated with the Fund. The Fund is suitable for investors who want an investment with long-term capital growth potential, where the value of the investment may increase over time, are investing for the medium and/or long term, and can tolerate medium to high risk.

## RESULTS OF OPERATION

The net asset value of the Fund decreased by \$31.9 million to \$431.5 million from March 31, 2017 to March 31, 2018. The Fund had net redemptions of \$20.6 million during the year. The portfolio's performance increased assets by \$5.2 million. The Fund paid distributions totalling \$16.5 million. Class A units returned 0.1% after fees and expenses for the one-year period ended March 31, 2018. Over the same time period, the Fund's benchmark returned -3.2%. The benchmark is a combination of the S&P/TSX Completion Total Return Index – 50% and the S&P/TSX SmallCap Total Return Index - 50%.

The performance of the Fund's other classes is substantially similar to that of Class A units, except for differences in the structure of fees and expenses. For the returns of the Fund's other classes, please refer to the "Past performance" section.

## Picton Mahoney Asset Management

During the 12-month period ending March 29, 2018, the Fund outperformed its benchmark.

The index spent the majority of the period in negative return, recovering into a December / January peak, followed by notable volatility in the final two months. This more recent volatility has served as a wake-up call for the complacent investor.

Canadian small- and midcap equities underperformed their global peers (as represented by MSCI World Small Cap Index) in both local currency and Canadian-dollar terms. Bright spots in Canada for the period were the industrials, real estate and information technology sectors, with the remaining sectors suffering losses in the period.

Given structural challenges within the Canadian economy, it does not appear that Canada will reap the full benefits of late cycle dynamics like inflation. Importantly, higher interest rates present a distinct challenge to an economy with rising leverage at both the consumer and corporate level. This may prove an acute risk among smaller issuers.

Stock selection in materials and energy drove relative outperformance, in addition to an allocation effect in energy (underweight) and industrials (overweight).

Security selection in real estate, combined with allocation effects in the consumer staples and health care sectors (both overweight), were small relative drags on performance.

The largest individual contributors to performance were Take-Two Interactive Software Inc. and Cargojet Inc. SSR Mining Inc. and LXRandCo Inc. Class B were the largest single security detractors to relative performance.

Investments in Endeavour Mining Corp., Sun Communities Inc. and ServiceMaster were made during the reporting period. Endeavour Mining put forth a clearly communicated corporate growth strategy (800k oz annual production at <\$800/oz) executed by a disciplined management team with proven track records. Sun Communities owns, operates and develops manufactured housing and RV communities in the U.S., where the market is characterized by few, if any, new greenfield developments, stable occupancy with lengthy tenant tenure and as the lowest cost housing option, tends to be recession resistant with low capital expenditure requirements. ServiceMaster will spin off its home warranty business in Q3/18, unlocking significant value, leaving the remaining assets to stand as a pure-play / best-in-class business commanding a higher multiple.

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The Fund sold out of investments in Altus Group Ltd., Gibson Energy Inc., and Bonavista Energy Corp. in the period. Altus Group was sold following consecutive quarters displaying slowing growth in the high value technology division. The tax division also displayed higher than normal volatility which caused a quarterly earnings shortfall. Gibson was sold following weaker-than-expected results from the company's wholesale division. The company also implemented cost savings initiatives which may take some time to result in better quarterly results. Bonavista was sold due to its exposure to AECO gas prices which has continued to be under pressure with little sign of relief in the near term.

## **QV Investors Inc.**

2017 went down in stock market history as one of the smoothest annual rides investors have ever experienced. 2018 started off right where the previous year ended, with global stock markets making higher highs. Investor fervour for stocks tested the limits of online brokerages, as surging trading volumes, new account openings, and investor sentiment contributed to outages. The craze surrounding cannabis and cryptocurrency-related stocks confirms we are no longer in just an overvalued market – signs of a speculative stage are emerging.

Within Canada, trade disputes, limited energy transportation capacity and household indebtedness have all weighed on equity markets. Despite these headwinds, we believe our portfolio holdings will adapt over time to potential changes in cross-border trade policies and economic cycles.

The U.S. economy continues to operate near full capacity with employment and consumer confidence approaching 20-year highs. Corporate earnings are healthy and the positive impacts of the much-anticipated tax cut have been built into the valuations of U.S. businesses.

Weak performance in the energy and materials sectors accounted for most of the benchmark decline, while energy and utilities largely drove the decline in the Fund. The Fund outperformed on a relative basis, primarily due to strong returns from its consumer discretionary holdings. The Fund's more defensive exposures in energy and materials also contributed to relative outperformance.

The largest individual contributors to performance were Macy's Inc., Canadian Western Bank and Labrador Iron Ore Royalty Corp. The largest individual detractors from performance were Atco Ltd., AltaGas Ltd. and Secure Energy Services Inc.

The following investments were made during the period:

- Cominar REIT is the largest owner and manager of commercial real estate in Quebec. The investment enhances the yield of the portfolio and improves industry diversification.
- Williams-Sonoma Inc. has attractive growth, value, balance sheet and dividend metrics. The company has had a good track record of building shareholder value and is forward thinking in building its franchise.
- Macy's has been diversifying its revenues and improving its long-term positioning as extreme negative sentiment in the U.S. retail space has pressured the valuation to all-time lows. The shares offer attractive value as the company focuses on growing online sales, rightsizing its retail footprint and monetizing its real estate assets. Macy's enhances the portfolio's valuation metrics, compounding characteristics and dividend yield.

The following investments were sold during the period:

- Home Capital Group Inc. is a lending business with a large presence in the Canadian mortgage market. For years, the company maintained a resilient record of strong credit performance, stable funding access and attractive returns on equity. In late-April, Ontario's securities regulator released allegations that the company misled

investors about an internal mortgage investigation several years ago. Investor and depositor confidence quickly began to erode. The outflow of deposits that ensued was far worse than any stress test the company or portfolio manager had anticipated. Home Capital was forced to reach an agreement for emergency liquidity at exorbitant rates, wiping out a large portion of its earnings power.

- The valuation of heavy equipment dealer Finning International Inc. began to reflect a rebound in mining activity that exceeded our expectations.
- The positions in Jean Coutu Group Inc., Miller Industries Inc. and Telephone and Data Systems Inc. were sold to fund other opportunities with better risk/reward profiles.
- Staples Inc. was trading close to the buyout price from private equity firm Sycamore Partners.
- The Fund exited its position in Varian Medical Systems Inc. due to above-average valuation risk.

## **Manulife Asset Management**

By the end of the first quarter of 2017, the "Trump Reflation Trade" started losing momentum as investors became concerned about the government's ability to enact policy reform. Ongoing geopolitical tensions between the U.S. and North Korea led to increased volatility in equity markets and declining commodity prices between April and September 2017. From September 2017 to the end of December 2017, commodity prices rallied, particularly oil and base metals. Oil prices exceeded US\$60 per barrel for the first time in several years as the market started moving toward a balance between supply and demand. Base metals prices rallied on increased demand from China.

Despite strong Canadian economic growth, the Canadian equity market was one of the worst-performing developed markets in 2017. Toward the end of calendar year 2017, the U.S. government passed legislation to reduce corporate tax rates, which sent equity markets higher. In the first quarter of 2018, equity markets corrected due to investor concerns over stock valuations, inflationary pressures and the potential for higher interest rates.

Security selection in the materials, health care and consumer discretionary sectors contributed the most to the strategy's performance over the period. The strategy's overweight position in the information technology sector also contributed, as did its underweight position in the materials sector. The strategy's top individual contributors included overweight positions in Aurora Cannabis Inc., Kirkland Lake Gold Inc. and Parex Resources Inc. Aurora Cannabis was up 346% over the period as the legalization of recreational marijuana approached and the provinces announced plans concerning how the product will be dispensed. Kirkland Lake Gold was up 60% and continued to outperform its gold peers due to its ability to generate cash. Parex Resources was up 7% and the stock significantly outperformed due to stronger-than-expected production growth and healthy reserve growth.

The strategy's underweight position in the real estate sector detracted from its performance, as did its overweight position in the consumer staples sector. Security selection within the industrials sector also detracted. The strategy's top individual detractors included overweight positions in Celestica Inc. and AGT Food and Ingredients Inc., and a lack of exposure to Great Canadian Gaming Corp. Celestica's stock was down 31% and the company reported weaker-than-expected results and lowered guidance on margins. AGT Foods was down 45%. Great Canadian Gaming was up 42% as the stock rose in August after the Ontario Lottery and Gaming Corporation selected the company to operate gaming facilities in the Greater Toronto Area.

Over the period, there were several notable changes to the strategy. We added a position in Cargojet Inc., an air cargo transportation service company, mainly in Canada. Volume at the

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company is expected to grow as the trend towards online shopping continues to accelerate. We increased the strategy's position in Hudbay Minerals Inc. as commodities were rebounding, and the company's earnings were likely to continue rising in the current recovery.

We trimmed the strategy's position in energy company ZCL Composites Inc., as its November financial report showed that it missed its earnings estimates. In addition, the company's president and chief executive officer announced his intention to retire in early 2018. We sold the strategy's position in AGT Foods due to its earnings miss and a change in Indian policy regarding imported lentils from Canada. The company's outlook is uncertain for the next several quarters.

## RECENT DEVELOPMENTS

As noted above, recent volatility supports our view that we are entering the late cycle / topping phase of the market. As such, we maintain a keen focus on security selection around our commitment to growth / positive change. Conversely, we actively avoid / underweight sectors / themes that are exhibiting negative change, especially when coupled with nascent signs of financial stress.

Just as consumer leverage in Canada is a well-understood governor on consumption-led growth, we see a parallel within Canadian publicly-traded companies, whereby increasing financial leverage (debt largely taken on to fund share buybacks and increased dividends in many cases) could be the factor that makes Canada a far less compelling "relative value" trade within a broader global equity portfolio. This could pose an acute risk for smaller issuers that tend to bear liquidity risk as growth decelerates to eventual recession.

As such, selectivity and active sector allocation continue to benefit risk-adjusted returns.

## QV Investors Inc.

Canada's equity returns continue to lag other global markets, and value stocks are still underperforming their growth counterparts. Trade disputes, slowing home sales, and stranded Canadian oil have weighed on the perception of Canadian corporate competitiveness and growth. Despite these headwinds, we believe our portfolio holdings will adapt over time to potential changes in cross-border trade policies and economic cycles.

The strategy continues to have less balance sheet and valuation risk than the benchmark, while providing healthy profitability. Almost 90% of the companies pay a dividend, providing a yield of 3.2%. We expect continued dividend growth over time as the businesses grow.

Over the past year, lower quality companies that generate minimal revenues and earnings have outperformed. In this environment, we remain focused on businesses that are able to operate profitably throughout the cycle. We remain patient, managing risk by controlling the price we pay for quality assets. We will take advantage of opportunities that arise due to heightened volatility or broader market weakness.

## Manulife Asset Management

In 2017, Canadian economic data exceeded expectations as gross domestic product growth rebounded, business confidence improved and job growth numbers accelerated. As a result of the economic strength and other factors, Bank of Canada Governor Stephen Poloz shifted tones on interest rate policy. The bank raised interest rates twice in 2017 and again in the first quarter of 2018.

Despite the positive economic momentum, the Canadian equity market was one of the worst-performing markets in 2017. Weakness in Canadian equities was primarily due to the decline in commodity prices in the first half of the calendar year and the benchmark's heavy weighting in the energy and materials sectors. On a global basis, purchasing managers' index numbers remain high, supporting the view that the synchronized global economic recovery will continue in 2018.

We believe that the combination of high levels of negative sentiment on commodities from 2017 and the potential for continued strength in the global economy create the backdrop for a reversion trade into Canadian equities. We do not believe the Canadian equity market will continue to underperform other equity markets, and if investor sentiment toward Canadian equities improves, the reversion trade could lead to a significant rally.

Effective April 3, 2018, Karen Fisher became a member of the CI Board of Governors ("BOG") and the Independent Review Committee ("IRC") of the Fund. Meanwhile, Christopher Hopper resigned from the role as a member of the BOG and IRC.

## RELATED PARTY TRANSACTIONS

### Manager, Portfolio Advisor, Trustee and Registrar

CI Investments Inc. is the Manager, Portfolio Advisor, Trustee and Registrar of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration for management fees, provides management services required in the day-to-day operations of the Fund. The Manager bears all of the operating expenses of the Fund (other than taxes, borrowing costs and new governmental fees) in return for a fixed administration fee.

Management fee and fixed administration fee rates as at March 31, 2018, for each of the classes are shown below:

	Annual management fee rate (%)	Annual fixed administration fee rate (%)
Class A	2.000	0.20
Class A1	1.925	0.20
Class A2	1.900	0.19
Class A3	1.850	0.15
Class E	1.950	0.15
Class EF	0.950	0.15
Class F	1.000	0.20
Class F1	0.925	0.20
Class F2	0.900	0.19
Class F3	0.850	0.15
Class I	Paid directly by investor	-
Class O	Paid directly by investor	0.15
Class P	Paid directly by investor	0.20

The Manager received \$5.1 million in management fees and \$0.5 million in fixed administration fees for the year.

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## **Management Fees**

Approximately 26% of total management fees were used to pay for sales and trailing commissions. The remaining 74% of management fees were used for investment management and other general administration.

## **Independent Review Committee**

The Fund received standing instructions from the Fund's Independent Review Committee with respect to the following related party transactions:

- a) trades in securities of CI Financial Corp.;
- b) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager;
- c) purchases or sales of other investment funds managed by the Manager or their affiliates; and
- d) mergers involving the Fund and another fund managed by the Manager that is subject to National Instrument 81-102 - *Investment Funds*.

The applicable standing instructions require that related party transactions be conducted in accordance with the Manager's policies and procedures and that the Manager advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting year.

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## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, as applicable.

Net Assets per Unit (\$) <sup>(1)(2)(4)*</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown <sup>(3)</sup>	
	Net assets at the beginning of year <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2)(3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Class A</b>												
Commencement of operations December 31, 1994												
Mar. 31, 2018	28.58	0.50	(0.68)	1.22	(1.00)	0.04	-	(0.02)	(0.73)	-	(0.75)	27.86
Mar. 31, 2017	24.93	0.45	(0.66)	2.58	1.95	4.32	-	-	(0.48)	-	(0.48)	28.58
Mar. 31, 2016	26.81	0.46	(0.61)	0.07	(1.75)	(1.83)	-	-	-	-	-	24.93
Mar. 31, 2015	29.66	0.46	(0.69)	3.35	(2.43)	0.69	-	-	(3.42)	-	(3.42)	26.81
Mar. 31, 2014	26.25	0.47	(0.67)	4.48	1.40	5.68	-	-	(2.31)	-	(2.31)	29.66
<b>Class A1</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.18	(0.21)	0.50	(0.57)	(0.10)	-	(0.01)	(0.26)	-	(0.27)	9.75
<b>Class A2</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.19	(0.21)	0.48	(0.60)	(0.14)	-	(0.01)	(0.27)	-	(0.28)	9.76
<b>Class A3</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.18	(0.20)	0.46	(0.53)	(0.09)	-	(0.01)	(0.28)	-	(0.29)	9.75
<b>Class E</b>												
Commencement of operations July 29, 2015												
Mar. 31, 2018	10.89	0.21	(0.25)	0.61	(0.43)	0.14	-	(0.01)	(0.29)	-	(0.30)	10.62
Mar. 31, 2017	9.50	0.19	(0.24)	0.97	0.57	1.49	-	-	(0.19)	-	(0.19)	10.89
Mar. 31, 2016	10.00	0.14	(0.14)	(0.22)	1.21	0.99	-	-	-	-	-	9.50
<b>Class EF</b>												
Commencement of operations July 29, 2015												
Mar. 31, 2018	10.96	0.20	(0.13)	0.43	(0.18)	0.32	-	(0.01)	(0.41)	-	(0.42)	10.68
Mar. 31, 2017	9.57	0.19	(0.13)	0.98	0.63	1.67	-	-	(0.32)	-	(0.32)	10.96
Mar. 31, 2016	10.00	0.13	(0.08)	(0.11)	(0.11)	(0.17)	-	-	-	-	-	9.57

\*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

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## FINANCIAL HIGHLIGHTS (cont'd)

Net Assets per Unit (\$) <sup>(1)(2)(4) *</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown <sup>(2)</sup>	
	Net assets at the beginning of year <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2,3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Class F</b>												
Commencement of operations June 20, 2005												
Mar. 31, 2018	13.76	0.24	(0.18)	0.60	(0.46)	0.20	-	(0.01)	(0.50)	-	(0.51)	13.41
Mar. 31, 2017	12.01	0.23	(0.18)	1.24	0.72	2.01	-	-	(0.39)	-	(0.39)	13.76
Mar. 31, 2016	12.77	0.22	(0.16)	-	(0.79)	(0.73)	-	-	-	-	-	12.01
Mar. 31, 2015	14.18	0.22	(0.18)	1.58	(1.25)	0.37	-	-	(1.82)	-	(1.82)	12.77
Mar. 31, 2014	12.57	0.23	(0.18)	2.18	0.85	3.08	-	-	(1.27)	-	(1.27)	14.18
<b>Class F1</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.18	(0.11)	0.45	(0.45)	0.07	-	(0.01)	(0.38)	-	(0.39)	9.73
<b>Class F2</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.19	(0.11)	0.46	(0.98)	(0.44)	-	(0.01)	(0.38)	-	(0.39)	9.73
<b>Class F3</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.18	(0.10)	0.51	(0.68)	(0.09)	-	(0.01)	(0.39)	-	(0.40)	9.73
<b>Class I</b>												
Commencement of operations June 20, 2005												
Mar. 31, 2018	14.32	0.25	-	0.64	(0.53)	0.36	-	(0.02)	(0.72)	-	(0.74)	13.95
Mar. 31, 2017	12.51	0.24	-	1.29	0.71	2.24	-	-	(0.60)	-	(0.60)	14.32
Mar. 31, 2016	13.12	0.23	-	0.02	(0.87)	(0.62)	-	-	-	-	-	12.51
Mar. 31, 2015	14.55	0.23	-	1.67	(1.27)	0.63	-	-	(2.03)	-	(2.03)	13.12
Mar. 31, 2014	12.91	0.23	-	2.23	0.74	3.20	-	-	(1.51)	-	(1.51)	14.55
<b>Class O</b>												
Commencement of operations July 26, 2013												
Mar. 31, 2018	10.71	0.19	(0.02)	0.50	(0.36)	0.31	-	(0.02)	(0.52)	-	(0.54)	10.43
Mar. 31, 2017	9.35	0.18	(0.02)	0.97	0.58	1.71	-	-	(0.43)	-	(0.43)	10.71
Mar. 31, 2016	9.83	0.18	(0.02)	(0.11)	(0.19)	(0.14)	-	-	-	-	-	9.35
Mar. 31, 2015	10.85	0.18	(0.02)	1.06	(0.52)	0.70	-	-	(1.45)	-	(1.45)	9.83
Mar. 31, 2014	10.00	0.15	(0.01)	1.28	(0.44)	0.98	-	-	(1.11)	-	(1.11)	10.85

\*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

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## FINANCIAL HIGHLIGHTS (cont'd)

Net Assets per Unit (\$) <sup>(1)(2)(4)</sup>	Increase (decrease) from operations:					Distributions:					Net assets at the end of the year shown <sup>(2)</sup>	
	Net assets at the beginning of year <sup>(2)</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the year	Unrealized gains (losses) for the year	Total increase (decrease) from operations <sup>(2)</sup>	From net investment income (excluding dividends)	From dividends	From capital gains	Return of capital		Total distributions <sup>(2),(3)</sup>
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Class P</b>												
Commencement of operations May 1, 2017												
Mar. 31, 2018	10.00	0.16	(0.02)	0.43	(0.19)	0.38	-	(0.01)	(0.48)	-	(0.49)	9.72

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant class over the fiscal year.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the years ended March 31.

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## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)\*</sup>

	Total net assets <sup>(1)</sup> \$000's	Number of units outstanding <sup>(1)</sup> 000's	Management expense ratio before taxes <sup>(2)</sup> %	Harmonized sales tax <sup>(2)</sup> %	Management expense ratio after taxes <sup>(2)</sup> %	Effective HST rate for the year <sup>(2)</sup> %	Trading expense ratio <sup>(3)</sup> %	Portfolio turnover rate <sup>(4)</sup> %
<b>Class A</b>								
Commencement of operations December 31, 1994								
Mar. 31, 2018	188,458	6,764	2.20	0.22	2.42	9.93	0.19	58.91
Mar. 31, 2017	274,300	9,598	2.20	0.22	2.42	9.95	0.22	66.96
Mar. 31, 2016	324,909	13,033	2.20	0.22	2.42	9.95	0.19	56.41
Mar. 31, 2015	371,674	13,865	2.20	0.22	2.42	10.00	0.35	153.24
Mar. 31, 2014	419,084	14,130	2.20	0.22	2.42	10.06	0.34	122.71
<b>Class A1</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	28,680	2,942	2.13	0.24	2.37	11.16	0.19	58.91
<b>Class A2</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	5,591	573	2.09	0.25	2.34	10.93	0.19	58.91
<b>Class A3</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	1,608	165	2.00	0.20	2.20	9.97	0.19	58.91
<b>Class E</b>								
Commencement of operations July 29, 2015								
Mar. 31, 2018	12,465	1,174	2.10	0.20	2.30	9.38	0.19	58.91
Mar. 31, 2017	2,024	186	2.10	0.22	2.32	10.45	0.22	66.96
Mar. 31, 2016	1,139	120	2.10	0.23	2.33	12.47	0.19	56.41
<b>Class EF</b>								
Commencement of operations July 29, 2015								
Mar. 31, 2018	31	3	1.10	0.14	1.24	13.00	0.19	58.91
Mar. 31, 2017	74	7	1.10	0.14	1.24	13.00	0.22	66.96
Mar. 31, 2016	16	2	1.10	0.15	1.25	13.00	0.19	56.41

\*Footnotes for the tables are found at the end of the Financial Highlights section.



# CI Canadian Small/Mid Cap Fund

Management Report of Fund Performance for the year ended March 31, 2018

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(2)\*</sup>

	Total net assets <sup>(1)</sup> \$000's	Number of units outstanding <sup>(2)</sup> 000's	Management expense ratio before taxes <sup>(2)</sup> %	Harmonized sales tax <sup>(2)</sup> %	Management expense ratio after taxes <sup>(2)</sup> %	Effective HST rate for the year <sup>(2)</sup> %	Trading expense ratio <sup>(3)</sup> %	Portfolio turnover rate <sup>(4)</sup> %
<b>Class F</b>								
Commencement of operations June 20, 2005								
Mar. 31, 2018	1,792	134	1.20	0.13	1.33	10.86	0.19	58.91
Mar. 31, 2017	2,467	179	1.20	0.13	1.33	11.06	0.22	66.96
Mar. 31, 2016	1,590	132	1.20	0.13	1.33	10.87	0.19	56.41
Mar. 31, 2015	1,408	110	1.20	0.13	1.33	10.60	0.35	153.24
Mar. 31, 2014	1,442	102	1.20	0.12	1.32	10.33	0.34	122.71
<b>Class F1</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	924	95	1.13	0.09	1.22	7.47	0.19	58.91
<b>Class F2</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	120	12	1.09	0.14	1.23	13.00	0.19	58.91
<b>Class F3</b>								
Commencement of operations May 1, 2017								
Mar. 31, 2018	95	10	1.00	0.13	1.13	13.00	0.19	58.91
<b>Class I</b>								
Commencement of operations June 20, 2005								
Mar. 31, 2018	180,863	12,964	-	-	-	-	0.19	58.91
Mar. 31, 2017	176,981	12,356	-	-	-	-	0.22	66.96
Mar. 31, 2016	104,844	8,384	-	-	-	-	0.19	56.41
Mar. 31, 2015	107,293	8,175	-	-	-	-	0.35	153.24
Mar. 31, 2014	115,773	7,956	-	-	-	-	0.34	122.71
<b>Class O</b>								
Commencement of operations July 26, 2013								
Mar. 31, 2018	10,734	1,029	0.15	0.02	0.17	10.67	0.19	58.91
Mar. 31, 2017	7,546	704	0.15	0.02	0.17	10.31	0.22	66.96
Mar. 31, 2016	4,631	495	0.15	0.01	0.16	9.25	0.19	56.41
Mar. 31, 2015	1,235	126	0.15	0.02	0.17	11.99	0.35	153.24
Mar. 31, 2014	138	13	0.15	0.02	0.17	13.00	0.34	122.71

\*Footnotes for the tables are found at the end of the Financial Highlights section.

# CI Canadian Small/Mid Cap Fund

Management Report of Fund Performance for the year ended March 31, 2018

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)</sup>

	Total net assets <sup>(1)</sup> \$000's	Number of units outstanding <sup>(1)</sup> 000's	Management expense ratio before taxes <sup>(2)</sup> %	Harmonized sales tax <sup>(2)</sup> %	Management expense ratio after taxes <sup>(2)</sup> %	Effective HST rate for the year <sup>(2)</sup> %	Trading expense ratio <sup>(3)</sup> %	Portfolio turnover rate <sup>(4)</sup> %
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### Class P

Commencement of operations May 1, 2017

Mar. 31, 2018	91	9	0.20	0.03	0.23	13.05	0.19	58.91
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(1) This information is derived from the Fund's audited annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the year, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the year.

(5) This information is provided for the years ended March 31.

# CI Canadian Small/Mid Cap Fund

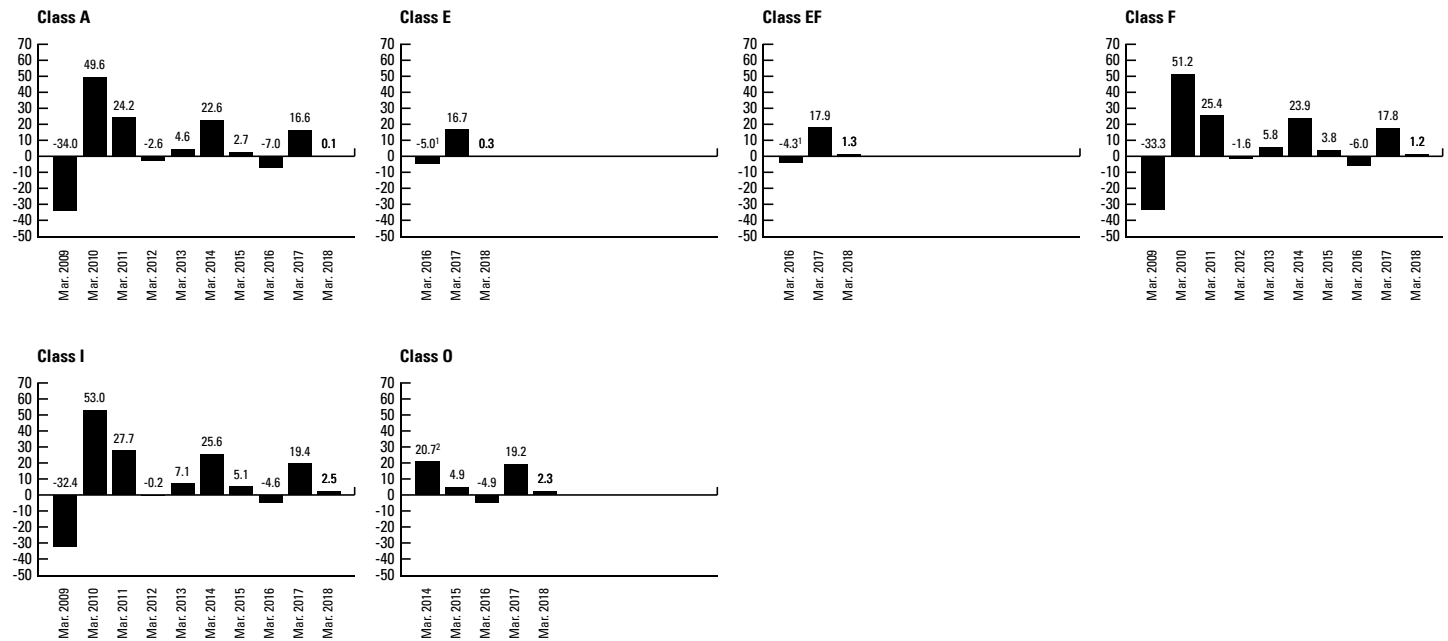
Management Report of Fund Performance for the year ended March 31, 2018

## PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the years shown were reinvested in additional units of the relevant classes of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following charts show the Fund's annual performance for each of the years shown and illustrate how the Fund's performance has changed from year to year. In percentage terms, the charts show how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.



1 2016 return is for the period from July 29, 2015 to March 31, 2016.  
 2 2014 return is for the period from July 26, 2013 to March 31, 2014.

# CI Canadian Small/Mid Cap Fund

Management Report of Fund Performance for the year ended March 31, 2018

## Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the Blended Index composed of: (50% - S&P/TSX Completion Total Return Index and 50% - S&P/TSX SmallCap Total Return Index); the S&P/TSX Completion Total Return Index and the S&P/TSX SmallCap Total Return Index.

The S&P/TSX Completion Total Return Index is a float-adjusted market capitalization weighted index. The Index is comprised of the constituents of the S&P/TSX Composite Index that are not included in the S&P/TSX 60 Index. The Index is an index of mid-sized Canadian companies, with weights adjusted across economic sectors. The Index constituents are selected for inclusion using Standard & Poor's guidelines for evaluating company capitalization, liquidity and fundamentals.

The S&P/TSX Canadian SmallCap Total Return Index is a float-adjusted market capitalization weighted index which tracks the performance of the small cap market segment of the Canadian equity market. The Index includes common stocks and income trust units of companies incorporated in Canada which are listed on the Toronto Stock Exchange for at least 12 full calendar months and at the same time have a market capitalization equal to or greater than \$100 million and less than or equal to \$1.5 billion.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

	One Year (%)	Three Years (%)	Five Years (%)	Ten Years (%)	Since Inception (%)
<b>Class A</b>	0.1	2.8	6.4	5.5	n/a
Blended Index	(3.2)	3.3	4.1	n/a*	n/a
S&P/TSX Completion Total Return Index	0.2	2.1	4.6	4.4	n/a
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	4.5	3.5	n/a*	n/a
<b>Class E</b>	0.3	n/a	n/a	n/a	4.0
Blended Index	(3.2)	n/a	n/a	n/a	6.0
S&P/TSX Completion Total Return Index	0.2	n/a	n/a	n/a	4.8
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	n/a	n/a	n/a	7.2
<b>Class EF</b>	1.3	n/a	n/a	n/a	5.1
Blended Index	(3.2)	n/a	n/a	n/a	6.0
S&P/TSX Completion Total Return Index	0.2	n/a	n/a	n/a	4.8
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	n/a	n/a	n/a	7.2
<b>Class F</b>	1.2	3.9	7.6	6.6	n/a
Blended Index	(3.2)	3.3	4.1	n/a*	n/a
S&P/TSX Completion Total Return Index	0.2	2.1	4.6	4.4	n/a
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	4.5	3.5	n/a*	n/a
<b>Class I</b>	2.5	5.3	9.0	8.0	n/a
Blended Index	(3.2)	3.3	4.1	n/a*	n/a
S&P/TSX Completion Total Return Index	0.2	2.1	4.6	4.4	n/a
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	4.5	3.5	n/a*	n/a
<b>Class O</b>	2.3	5.1	n/a	n/a	8.8
Blended Index	(3.2)	3.3	n/a	n/a	4.7
S&P/TSX Completion Total Return Index	0.2	2.1	n/a	n/a	5.1
S&P/TSX Canadian SmallCap Total Return Index	(6.6)	4.5	n/a	n/a	4.2

\*S&P Canada SmallCap Total Return Index data available from April 30, 2009.

# CI Canadian Small/Mid Cap Fund

Management Report of Fund Performance for the year ended March 31, 2018

## SUMMARY OF INVESTMENT PORTFOLIO as at March 31, 2018

Category	% of Net Assets	Category	% of Net Assets	Top 25 Holdings	% of Net Assets
<b>Country allocation</b>		<b>Sector allocation</b>			
Canada .....	63.5	Industrials .....	17.0	Cash & Equivalents .....	5.1
U.S.A. ....	26.5	Energy .....	16.5	Parkland Fuel Corp. ....	2.6
Cash & Equivalents .....	5.1	Materials .....	13.6	Canadian Western Bank .....	1.9
Short-Term Investments .....	1.5	Consumer Discretionary .....	10.1	Richelieu Hardware Ltd. ....	1.7
Ireland .....	1.0	Financials .....	9.9	Superior Plus Corp. ....	1.6
Cayman Islands .....	0.8	Information Technology .....	6.8	Secure Energy Services Inc. ....	1.5
Other Net Assets (Liabilities) .....	0.5	Real Estate .....	6.7	Short-Term Investments .....	1.5
Exchange-Traded Fund(s) .....	0.5	Cash & Equivalents .....	5.1	Atco Ltd., Class I .....	1.5
Australia .....	0.2	Health Care .....	4.4	Cargojet Inc. ....	1.5
Bermuda .....	0.2	Utilities .....	3.7	E-L Financial Corp., Ltd. ....	1.4
British Virgin Islands .....	0.1	Consumer Staples .....	3.2	Kirkland Lake Gold Ltd. ....	1.4
Israel .....	0.1	Short-Term Investments .....	1.5	Spin Master Corp. ....	1.2
Guernsey .....	0.0	Other Net Assets (Liabilities) .....	0.5	Macy's Inc. ....	1.2
		Exchange-Traded Fund(s) .....	0.5	AltaGas Ltd. ....	1.2
		Private Placements .....	0.3	Interfor Corp. ....	1.2
		Telecommunication Services .....	0.1	Chemtrade Logistics Income Fund .....	1.2
		Warrants .....	0.1	Kinaxis Inc. ....	1.2
		Corporate Bonds .....	0.0	SNC-Lavalin Group Inc. ....	1.2
				Williams-Sonoma Inc. ....	1.1
				Boyd Group Income Fund Trust .....	1.1
				Alleghany Corp. ....	1.1
				Industrial Alliance Insurance and Financial Services Inc. ....	1.0
				Freehold Royalties Ltd. ....	0.9
				Great Canadian Gaming Corp. ....	0.9
				Mullen Group Ltd. ....	0.9
				<b>Total Net Assets (in \$000's)</b>	<b>\$431,452</b>

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

## A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.