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CI Multi-Asset Management

Market performance

The COVID-19 pandemic has delivered a serious blow to global economies and unemployment rates, but it has not stopped investors from loving equity. From an investor's point of view, the index does not represent the economy. This notion can be seen in the U.S. where, for example, the S&P 500 Index is dominated by technology companies benefiting from the growing online shopping trend. In simple terms, while the pie has shrunk, the distribution of the pie has also changed to favour companies that carry a large weight in the S&P 500. In addition, companies like restaurants, bars and hair salons that have been hit the hardest are generally privately-owned small businesses, which are out of scope for the indexes. The Canadian market is essentially the opposite, with more old economy (financials and energy) and less new economy (technology), and has significantly underperformed other markets as a result.

Until a vaccine and remedy are widely available, one could expect continuous doses of both monetary and fiscal stimulus. What is surprising is that many Canadian households have earned less income from their employers, but have brought home more dollars due to government stimulus. This, in addition to deferred payments such as mortgages, means that many Canadians actually have more money to spend than before the pandemic.

Benchmark returns in % at September 30, 2020	1 year	3 years	5 years	10 years
S&P/TSX Composite Index	0.0	4.2	7.1	5.8
S&P 500 Index (C\$)	15.7	14.7	14.0	16.7
MSCI World Index (C\$)	11.6	10.7	11.0	12.9
FTSE Canada Universe Bond Index	7.1	6.1	4.3	4.4

Source: Bloomberg Finance L.P., FTSE

Portfolio performance

Markets have been extremely kind to investors. The S&P 500 Index saw outstanding performance over the last year, regardless of whether you consider the fact that we were in a pandemic for more than half of that period. We are pleased with the positive returns when we review the table below, however we acknowledge that we have not fully participated in the growth cycle of the technology sector. Our ongoing concern around the valuations of tech companies seems to be largely ignored by investors as; 1) growth is scarce, and 2) money is worth less due to central banks' increase in money supply. This has caused a rush to buy "growth at any price," which is a headwind for us as we strive to limit exposure to uncertainties in our portfolios.

ivari Portfolio Commentary

Third Quarter – 2020



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Segregated fund net total returns in % at September 30, 2020	1 year	3 years	5 years	10 years
ivari CI Conservative GIP	3.1	3.2	2.8	4.2
ivari CI Canadian Balanced GIP	2.7	2.7	2.9	3.9
ivari CI Balanced GIP	2.6	2.9	3.5	4.9
ivari CI Growth GIP	3.0	3.0	4.2	5.6
ivari CI Maximum Growth GIP	2.1	2.2	4.0	5.6

Source: CI Investments Inc.

Any amount that is allocated to a segregated fund is invested at the risk of the contract holder and may increase or decrease in value. Past results should not be construed as indicative of future performance. Actual fund performance is expected to vary.

Outlook and positioning

For the foreseeable future, market volatility is in the hands of policymakers. Generally, they prefer low volatility versus high (bubble versus collapse), creating a positive backdrop for risky assets. The fine line is owning enough risk to ensure we participate in the upside while at the same time not getting caught in the decline. We are overweight stocks with a balance between growth and value opportunities after a recent asset mix update across our portfolios to add growth. In the income portion, we are underweight government bonds but favour long-duration bonds. We have reduced our hedge to the U.S. dollar, believing the Bank of Canada will prefer a weaker loonie to boost exports.

In the short term, we are monitoring the U.S. election. We expect some anxiety and uncertainty as the election is held during a pandemic and it may take longer for votes to count. In the end, we believe it is not so much the “who” that will matter to investors, but whether the winning party has a majority. Regardless of who the next president is, spending will be passed (with or without hiccups) but this will be of little concern to investors looking out over the long term. We hope we will see some semblance of returning to normal soon, but continue to prepare and monitor our portfolios for any challenges that arise.

Source: CI Multi-Asset Management, Bloomberg Finance L.P. and CI Investments Inc. as at October 8, 2020.

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The comparisons presented are intended to illustrate the segregated fund's historical performance as compared with the historical performance of widely quoted market indices or a weighted blend of widely quoted market indices or another investment fund. There are various important differences that may exist between the segregated fund and the stated indices or investment fund, which may affect the performance of each. The objectives and strategies of the segregated fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices or investment fund. 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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Published October 20, 2020.