Market volatility
The importance of staying invested

Q4 2020

Your Financial Plan & Investing Mistakes

Investing is one of the best ways to build long-term wealth, translating the financial objectives you develop with your financial advisor into real world outcomes like a child's education, your retirement, a house purchase or more.

The ride towards these objectives is not straightforward or always comfortable, as markets often act irrationally and are subject to short-term volatility. The best way to weather these challenges is to develop a financial plan and stick to it, allowing you to build the wealth required to reach your financial goals.

Most investors end up earning less what the market returns over the long term because they make mistakes. The following five mistakes are the most common and costly for investors:

- Emotional decision-making
- Recency bias
- Failure to define risk
- Trying to time the market
- Insufficient diversification

We have organized this report into sections that address these mistakes, hoping to show with actual market data why it is beneficial for investors to stick to their financial plan, thereby increasing the chances of reaching their financial objectives.

Summary

1. Investing & emotions
2. Lessons from recent downturns (2008 / Q4 2018 / Q1 2020)
3. Volatility is normal – stay invested
4. Timing the market is difficult
5. Investing for the long term
6. Historical recessions, crises & bear markets
7. Diversification is the best strategy to mitigate risk
8. Broad market benchmarks relevance to individual investors

CI GLOBAL ASSET MANAGEMENT

1. Investing & emotions

Investing & Emotions

Hidden biases: How investors' brains can impact their success

INVESTOR BIAS	DESCRIPTION	EXAMPLE	BEHAVIOUR MANAGEMENT OPPORTUNITIES
LOSS AVERSION	The preference of avoiding losses to acquiring gains. Losses hurt investors twice as much as similar gains make them feel good.	• refusing to sell shares in a losing position in the hopes of making their money back • selling winners to "lock in" their gains	• Encourage clients to pay more attention to their portfolios' performance over time than to its shorter period of recent losses • Use an investment policy statement (IPS) and, revisit regularly • Conduct a "fire-drill" with clients to formulate a plan of action during periods of high market volatility
HERDING	Mimicking the thoughts and actions (rational or irrational) of a larger group.	• jumping on the bandwagon of a hot stock • chasing performance • trying to get in on a specific market sector	• Educate clients on the dangers of chasing hot stocks/sectors and performance • Ask clients what changes may have occurred to their time horizons, risk tolerance or circumstances • Use a client storyboard to capture what is really important to the client, and encourage a disciplined approach to achieve their goals
ANCHORING	Using one piece of information to make subsequent judgments.	• getting stuck on a specific point of reference (stock price or NAV) • becoming influenced by purchase points or arbitrary price levels when deciding whether to buy or sell a security or fund	• Provide relevant, timely and multiple sources of information (including third-party), for all decisions • Question your clients' rationalization or justification when coming to you with requests that are not aligned with their financial plan, or best interests • Offer a different perspective using long-term performance charts and graphs

Investing & Emotions

Hidden biases: How investors' brains can impact their success

INVESTOR BIAS	DESCRIPTION	EXAMPLE	BEHAVIOUR MANAGEMENT OPPORTUNITIES
OVERCONFIDENCE	An unwarranted faith in one's intuitive reasoning, accuracy or judgements.	• believing they can beat, or time the market • becoming overactive in their trading resulting in poor performance • taking on excess or undue risk within their portfolios	• Discuss your wealth management process, checklists and investment philosophy with your clients on a regular basis • Review progress reports to gauge previous and ongoing success • Ask clients what changes may have occurred to their time horizon, risk tolerance, or circumstances
FRAMING	Making decisions depending on how information is obtained or presented.	• making decisions without considering the context of the entire portfolio • purchasing stocks without recognizing their portfolios or mutual funds are already overweight in a certain sector • Ignoring, and therefore squandering, the potential benefits of diversification	• Present third party data to influence positive behaviour that is consistent with the client's best interests, and aligned with their financial plan • Reframe the conversation back to the main issues – portfolio was designed for their specific goals and objectives • Use analogies and stories to describe how you have helped your clients achieve greater success
RECENCY	Believing what's been happening lately will keep happening.	• recalling and emphasizing recent events • extrapolating their recent experience to generalize what should be expected in the future	• Provide "reality checks" – show how different sectors have had significant run-ups, followed by significant corrections • Put things in perspective by using visuals, charts and data that show investment returns over a longer period of time • Use the E^3 approach – education, engagement, and empathy, to foster better decision making

Investing & Emotions

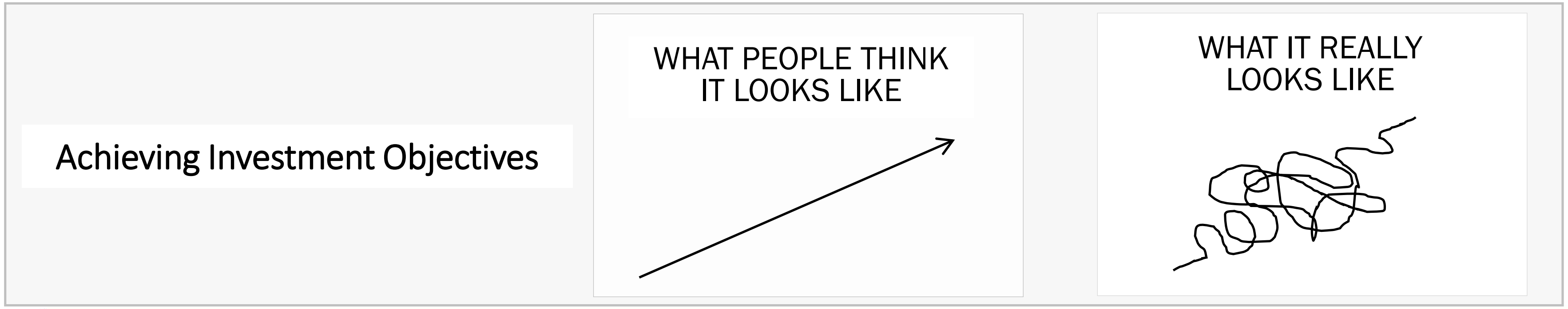
Hidden biases: How investors' brains can impact their success

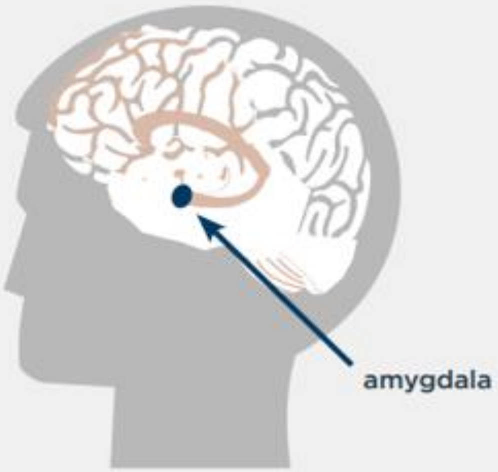
Investor sentiment can swing wildly based on headlines, and it is not uncommon to see investors making irrational financial decisions during periods when they should see past the negative headlines. Emotion-based decisions lead to buying high and selling low (see slides 10 & 11: as markets trend steadily higher over the long term, investors tend to redeem at the low of the downturns and purchase at the top when the market recovers).

Emotions make investors conceive that their decisions are rational, prompting them to buy at near highs due to fear of losing out on gains and sell near lows due to fear of further losses. In general, investor sentiment can be considered a contrarian pattern (see slide 12: AAII Bear Reading tends to hit the highest level at the bottom of the downturns).

The longer the investment horizon, the more likely the investor will be able to weather market challenging periods (see slides 13 to 15: staying invested throughout crisis and market downturns helped investors to quickly recover and earn strong returns during the subsequent periods).

Investors can help avoid reactions to market headlines by sticking to investment basics, seeking opportunities to buy when others sell, and working with a financial professional.





A neurological view

The same part of the brain that regulates emotion—the amygdala—is also used for decision making. In stressful situations, emotions can take over the amygdala and influence decision-making processes. **This leads to behaviors that are less rational and more impulsive.**

Investing & Emotions - Negative headlines abound – how did you react?

September 14,2008


THE WALL STREET JOURNAL.

TUESDAY, SEPTEMBER 16, 2008 - VOL. CCLII NO. 65

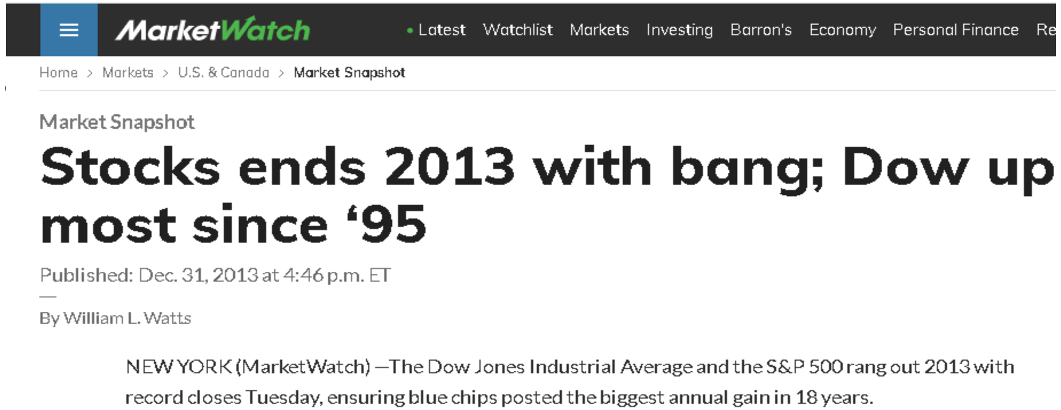
AIG, Lehman Shock Hits World Markets

Focus Moves to Fate of Giant Insurer After U.S. Allows Investment Bank to Fail; Barclays in Talks to Buy Core Lehman Unit

AIG Faces Cash Crisis As Stock Dives 61%

lines

December 31,2013


MarketWatch

Latest Watchlist Markets Investing Barron's Economy Personal Finance Re

Home > Markets > U.S. & Canada > Market Snapshot

Market Snapshot

Stocks ends 2013 with bang; Dow up most since '95

Published: Dec. 31, 2013 at 4:46 p.m. ET

By William L. Watts

NEW YORK (MarketWatch) —The Dow Jones Industrial Average and the S&P 500 rang out 2013 with record closes Tuesday, ensuring blue chips posted the biggest annual gain in 18 years.

September 18,2008


THE WALL STREET JOURNAL.

THURSDAY, SEPTEMBER 18, 2008 - VOL. CCLII NO. 67

Mounting Fears Shake World Markets As Banking Giants Rush to Raise Capital

Morgan Stanley in Talks With Wachovia, Others

Reaching Down

August 24,2018


MARKETSINSIDER

MARKETS STOCKS INDICES COMMODITIES CRYPTOCURRENCIES CURRENCIES ETFS NEWS BI PRIME

The longest bull market in history is intact as stocks close at record highs

Jonathan Garber

Aug. 24, 2018, 04:24 PM

SHARE

Getty Images / Scott Olson

- The S&P 500 closed at a record high on Friday.
- That erases any doubt about whether this is the longest bull market in history.
- The benchmark index hit a record on Wednesday but didn't close at a new high.

Source: Wall Street Journal, MarketWatch, Market Insider

Investing & Emotions - Negative headlines abound – how did you react?

<u>March 16,2020</u>

Forbes Billionaires Innovation Leadership

BREAKING | 11,961 views | Mar 16, 2020, 04:20pm EST

Dow Plunges 3,000 Points As Trump Says U.S. 'May Be' Headed For Recession

<u>March 24,2020</u>

DJIA 23719.37 1.22% ▲ Nasdaq 8153.58 0.77% ▲ U.S. 10 Yr 0/32 Yield 0.729% ▼ Crude Oil 22.76 7.70% ▼

THE WALL STREET JOURNAL.

English Edition ▾ | April 10, 2020 | Print Edition | Video

MARKETS | U.S. MARKETS

Dow Soars More Than 11% In Biggest One-Day Jump Since 1933

Some Wall Street analysts have stepped up discussions on whether the markets have hit bottom

The Dow Jones Industrial Average surged more than 11% Tuesday, its biggest one-day gain since 1933, on signs that lawmakers were nearing a deal on a giant stimulus package to ease the economic fallout from the coronavirus pandemic.

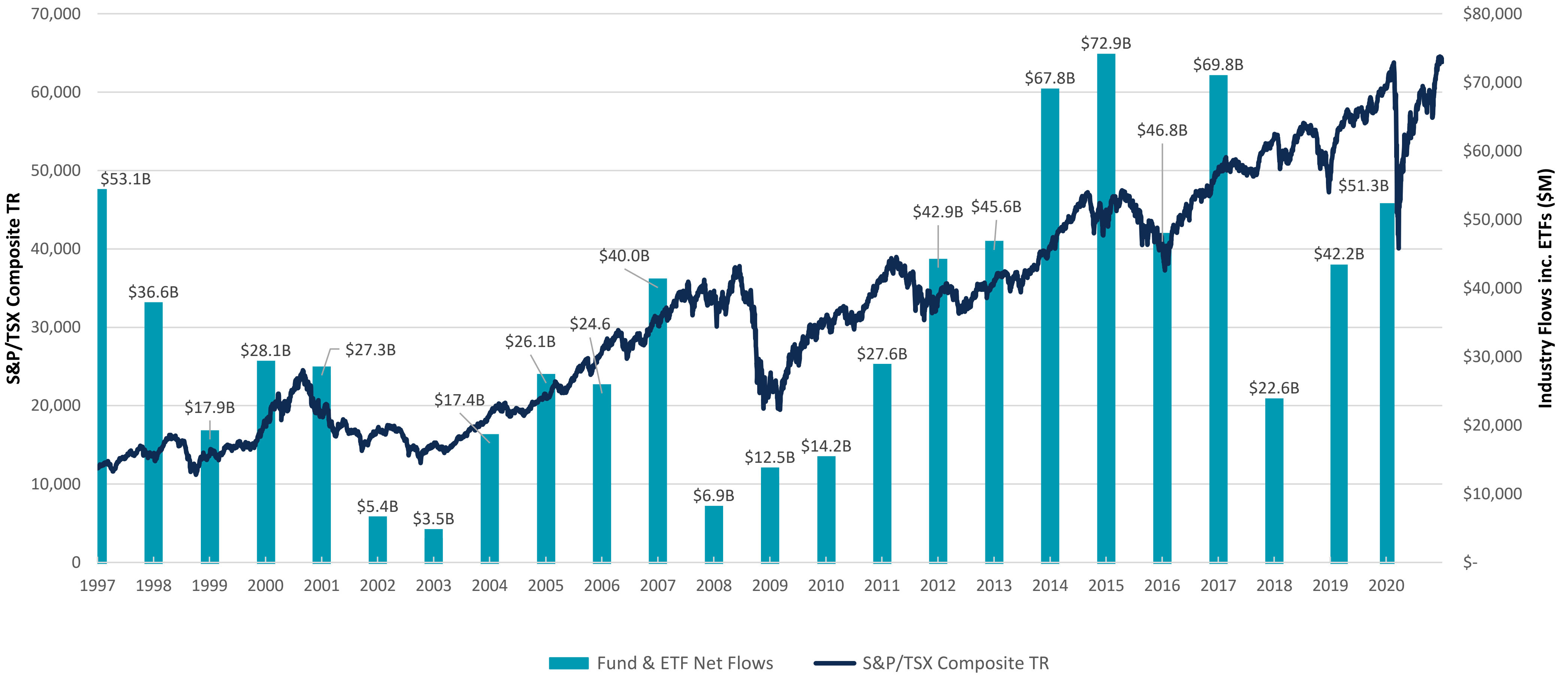
Major indexes opened sharply higher after Treasury Secretary Steven Mnuchin and Senate Minority Leader Chuck Schumer (D., N.Y.) emerged from late-night negotiations saying they were within striking distance of a deal.

Source: Forbes, The Wall Street Journal

Investing & Emotions

Emotion-based decisions lead to buying high and selling low

S&P/TSX Composite and Industry Flows (Mutual Funds & ETFs)

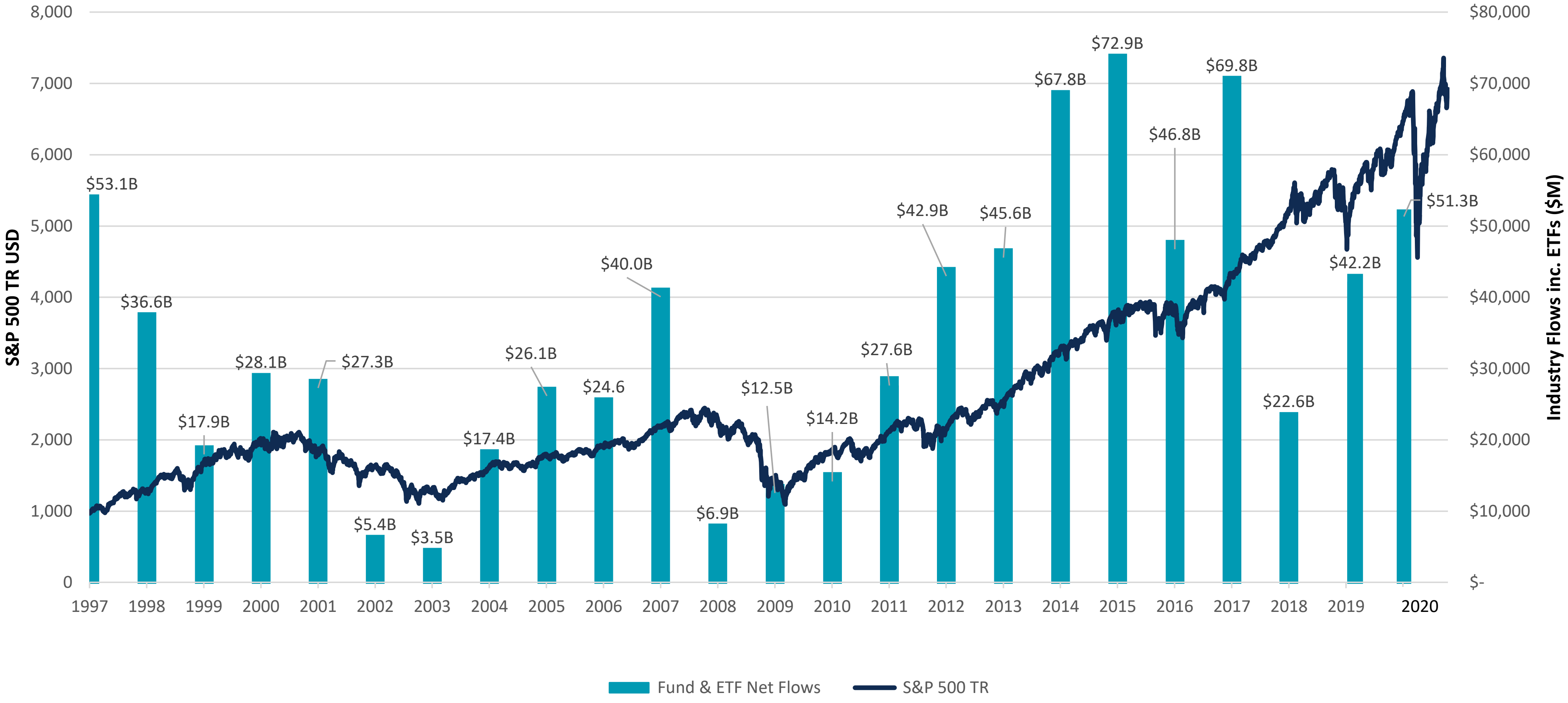


Source: Strategic Insight, Bloomberg Finance L.P., CI Global Asset Management. As of December 31, 2020, using daily index returns.

Investing & Emotions

Emotion-based decisions lead to buying high and selling low

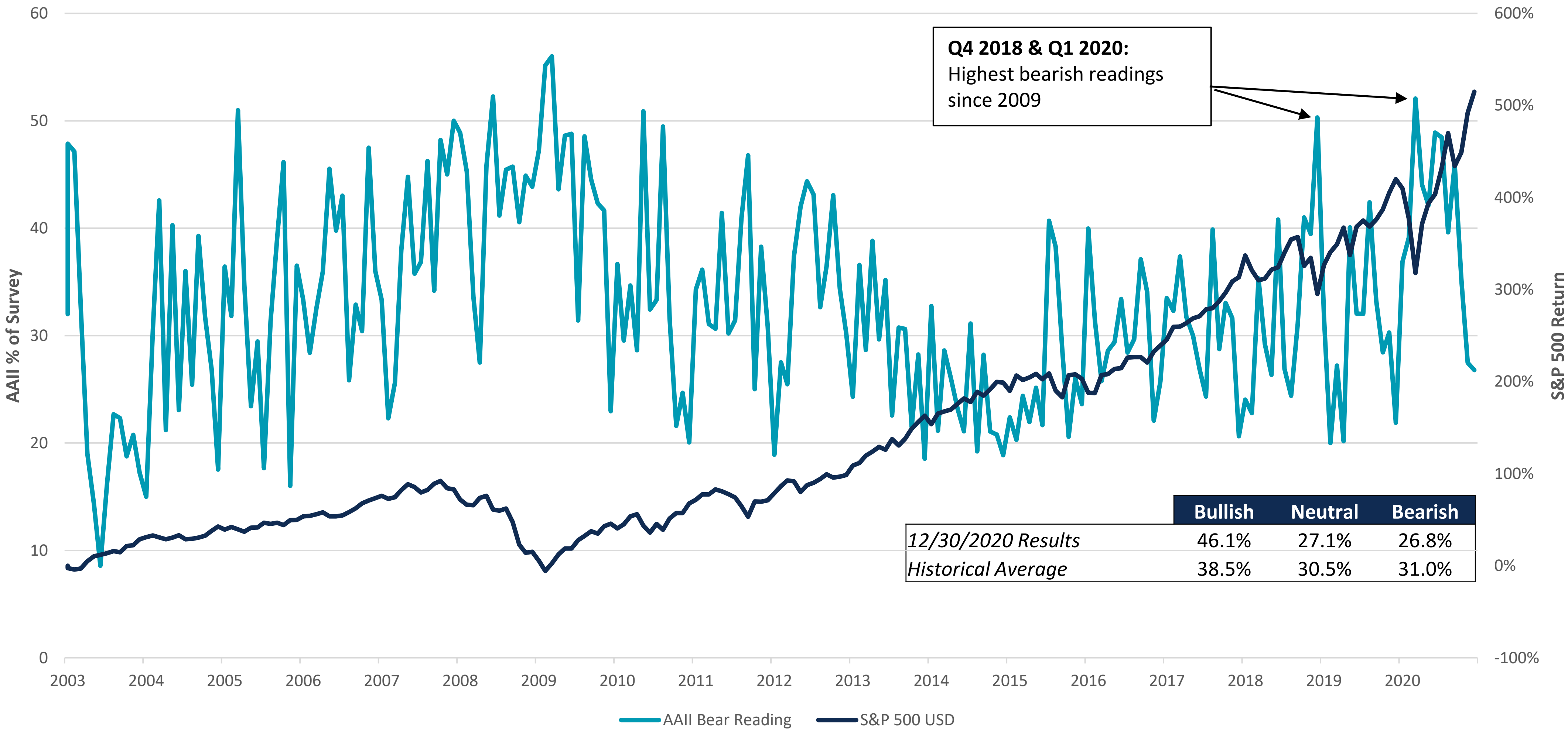
S&P 500 and Industry Flows (Mutual Funds & ETFs)



Source: Strategic Insight, Bloomberg Finance L.P., CI Global Asset Management. As of December 31, 2020, using daily index returns.

Investing & Emotions

Individual investor sentiment readings – Don't time the market

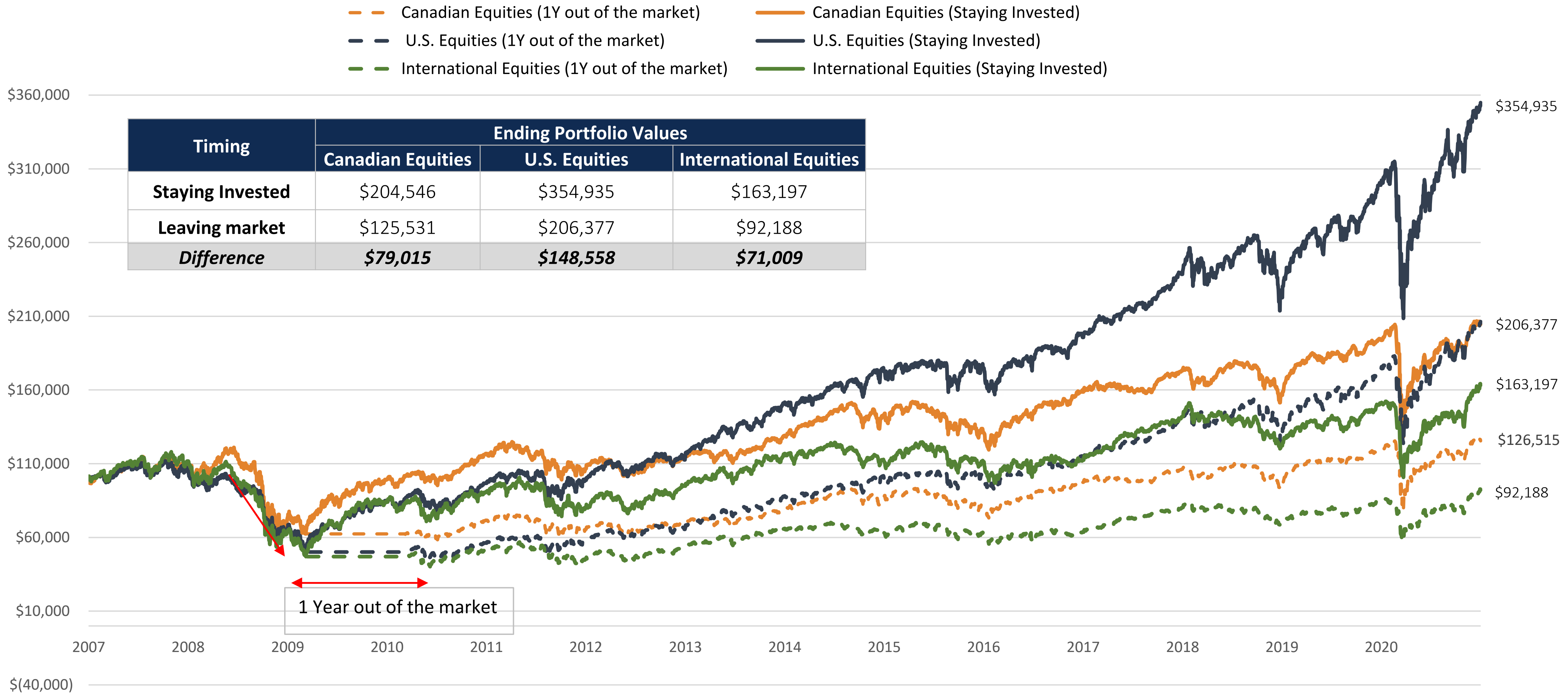


	Bullish	Neutral	Bearish
12/30/2020 Results	46.1%	27.1%	26.8%
Historical Average	38.5%	30.5%	31.0%

The American Association of Individual Investors (AAII) surveys it's members their feelings towards the stock market over the next 6 months. "Do you feel the direction of the market over the next six months will be up (bullish), no change (neutral) or down (bearish)?" High bullish readings in the poll usually are signs of market tops; low ones, market bottoms.
Source: Bloomberg Finance L.P. , CI Global Asset Management. S&P 500 TR in USD, as of December 31, 2020 using monthly returns.

Investing & Emotions

Fast recovery: don't leave the market at its worst

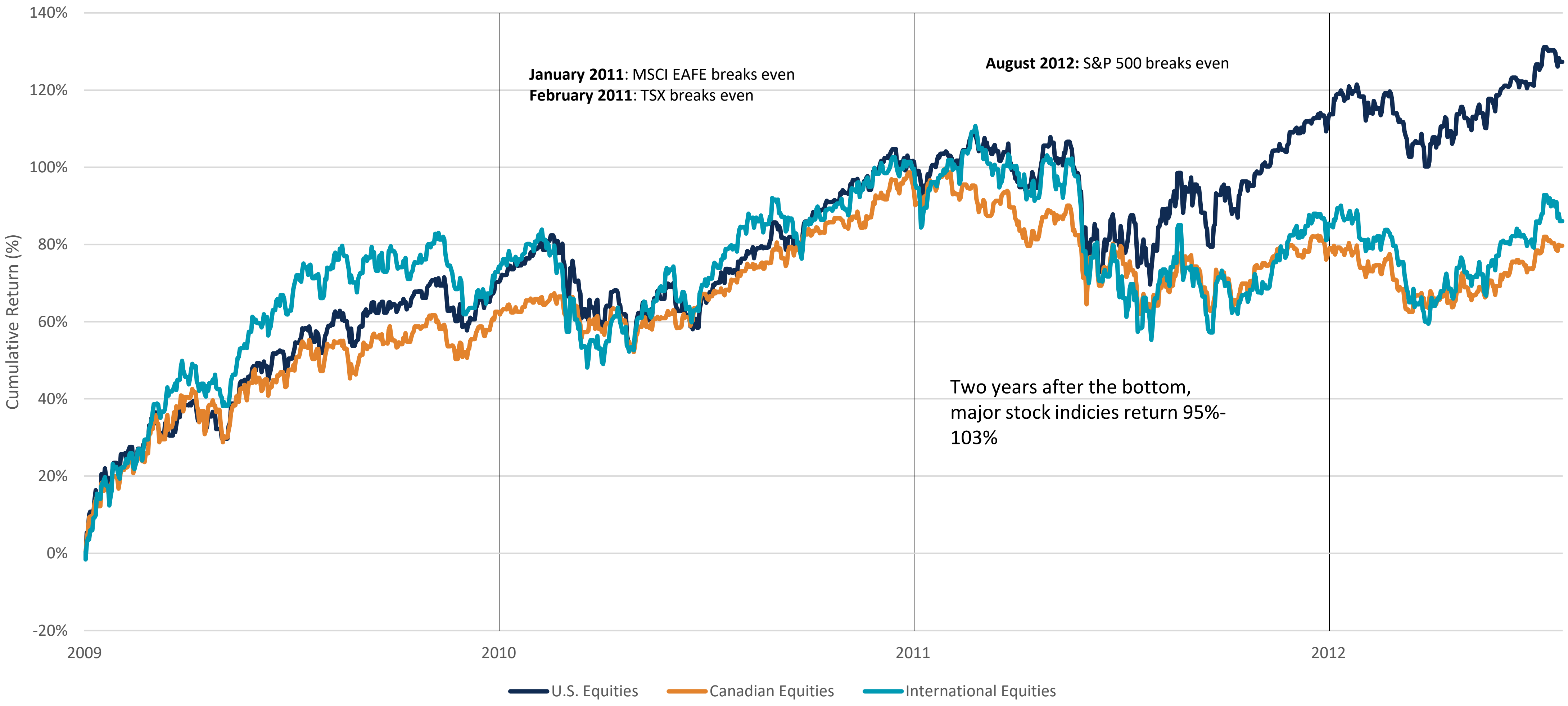


Timing	Ending Portfolio Values		
	Canadian Equities	U.S. Equities	International Equities
Staying Invested	$204,546	$354,935	$163,197
Leaving market	$125,531	$206,377	$92,188
Difference	***$79,015***	***$148,558***	***$71,009***

Source: Morningstar Research Inc, CI Global Asset Management. As of December 31, 2020. using daily returns. Returns are in index base currencies. Canadian Equities = S&P/TSX Composite TR; U.S. Equities = S&P 500 TR USD; International Equities = MSCI EAFE GR USD.

Investing & Emotions

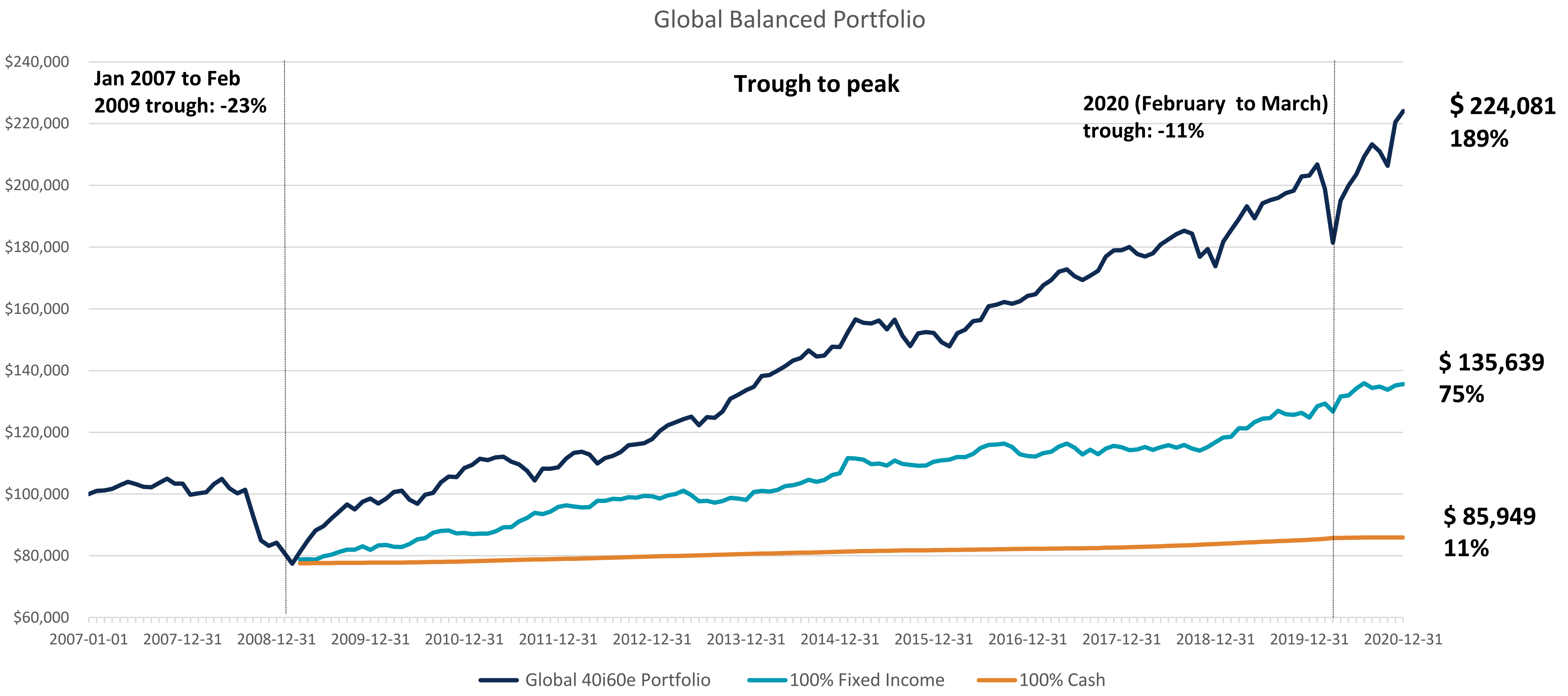
Most stock market gains are achieved shortly after a bear market



Source: Morningstar Research Inc, CI Global Asset Management. As of December 31, 2020, using daily returns. Returns are in index base currencies. Canadian Equities = S&P/TSX Composite TR; U.S. Equities = S&P 500 TR USD; International Equities = MSCI EAFE GR USD.

Investing & Emotions

Maintain discipline in your strategic asset allocation



Source: Morningstar Research Inc as of December 31, 2020 using monthly returns. Global 40i60e Portfolio = MSCI World CAD (18%), MSCI World LCL (18%), S&P/TSX Composite (24%), FTSE Canada Universe Bond (40%); rebalanced monthly. 100% Fixed Income = FTSE Canada Universe Bond. 100% Cash = FTSE Canada 91 Day Tbill.

2. LESSONS FROM DOWNTURNS 2008 / Q4 2018 / Q1 2020

Lessons from Downturns

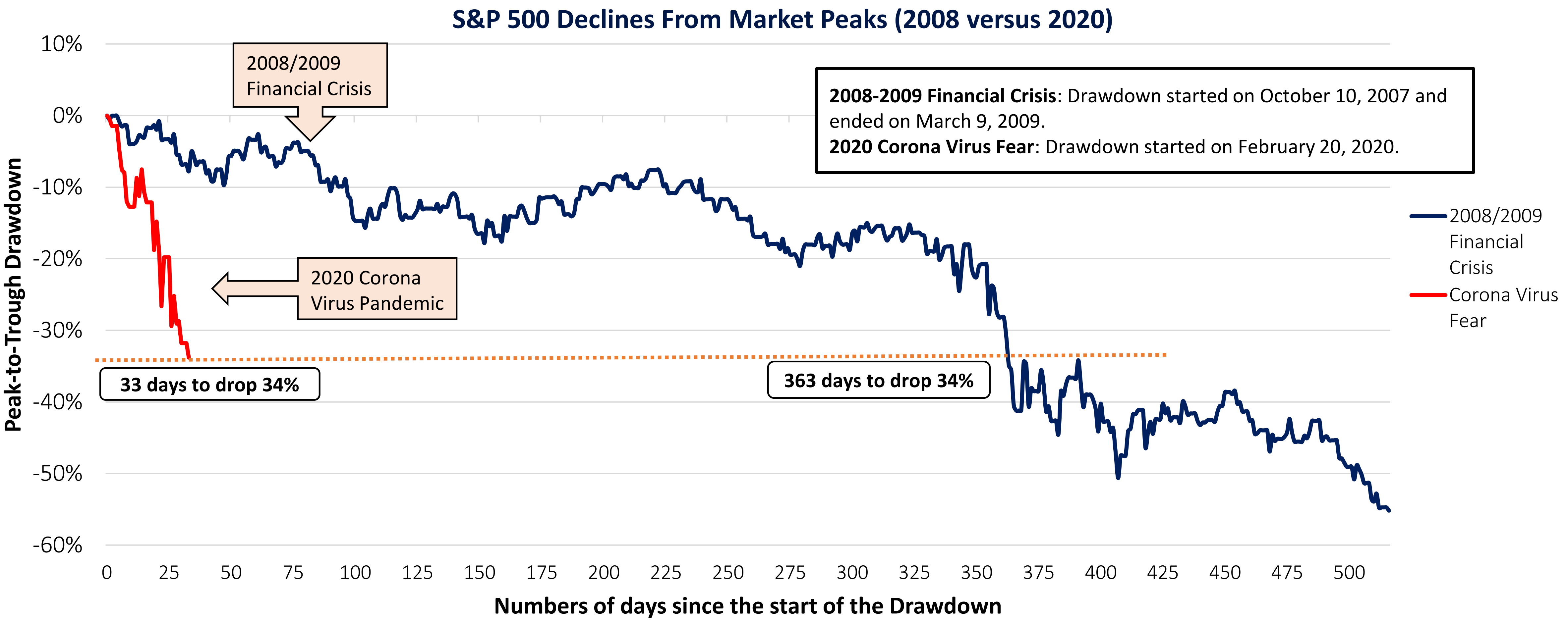
Within the past 15 years, we've had few market corrections: the Global Financial Crisis (2007 – 2009), the rates normalization fear (Q4 2018 - not a full correction) and the coronavirus pandemic (Q1 2020).
Historically, the market has always bounced back after each downturn and reached new highs.

The lessons we learned from the previous market corrections:

- No one can predict consistently when market declines will happen.
- No one can predict how long a decline will last.
- No one can consistently predict the right time to get in or out of the market.
- To get through these downturns, investors should avoid panic and focus on the long term.

Lessons from Downturns

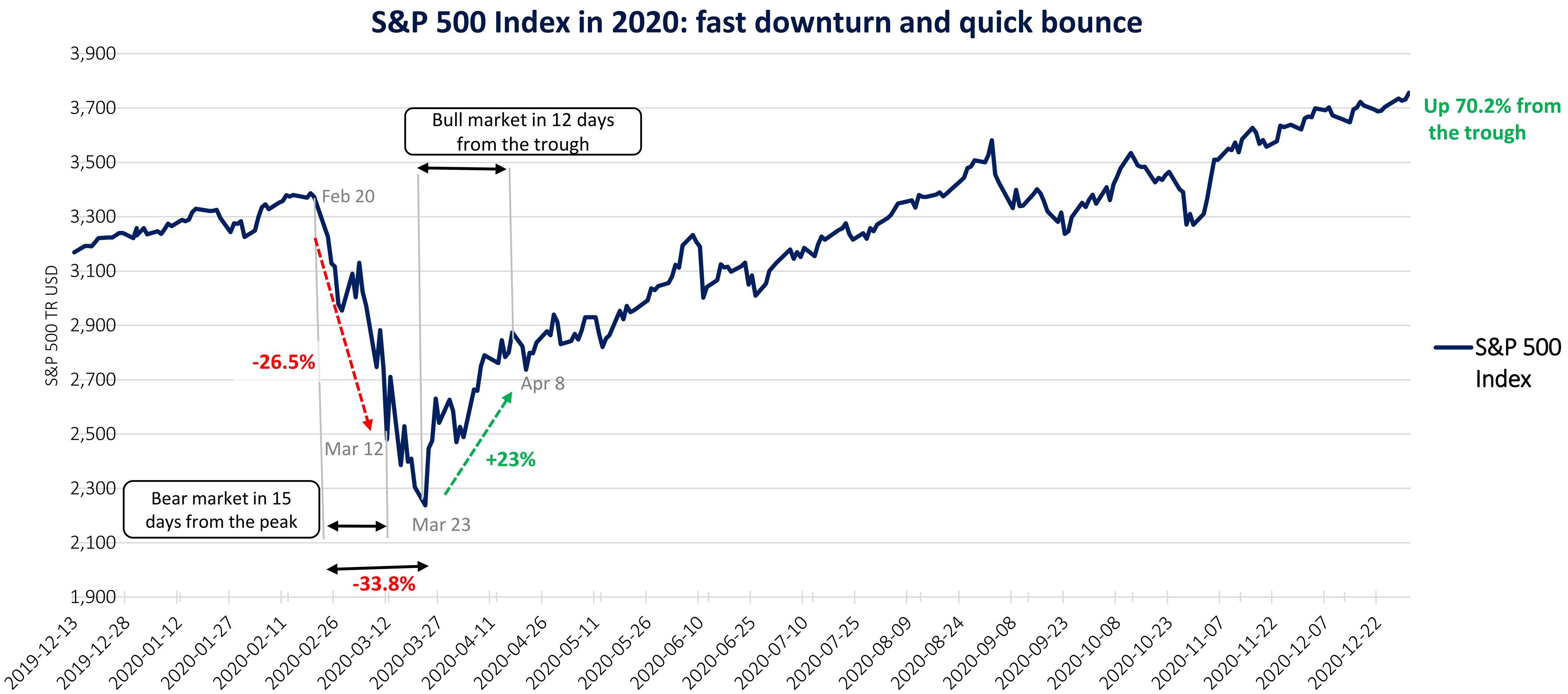
During the 2008-2009 financial crisis, it took 358 days for the S&P 500 Index to reach a -26% drawdown, while it took the index only 22 days to reach that drawdown during the Coronavirus crisis of 2020.



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR USD as of December 2020 using daily returns.

Lessons from Downturns

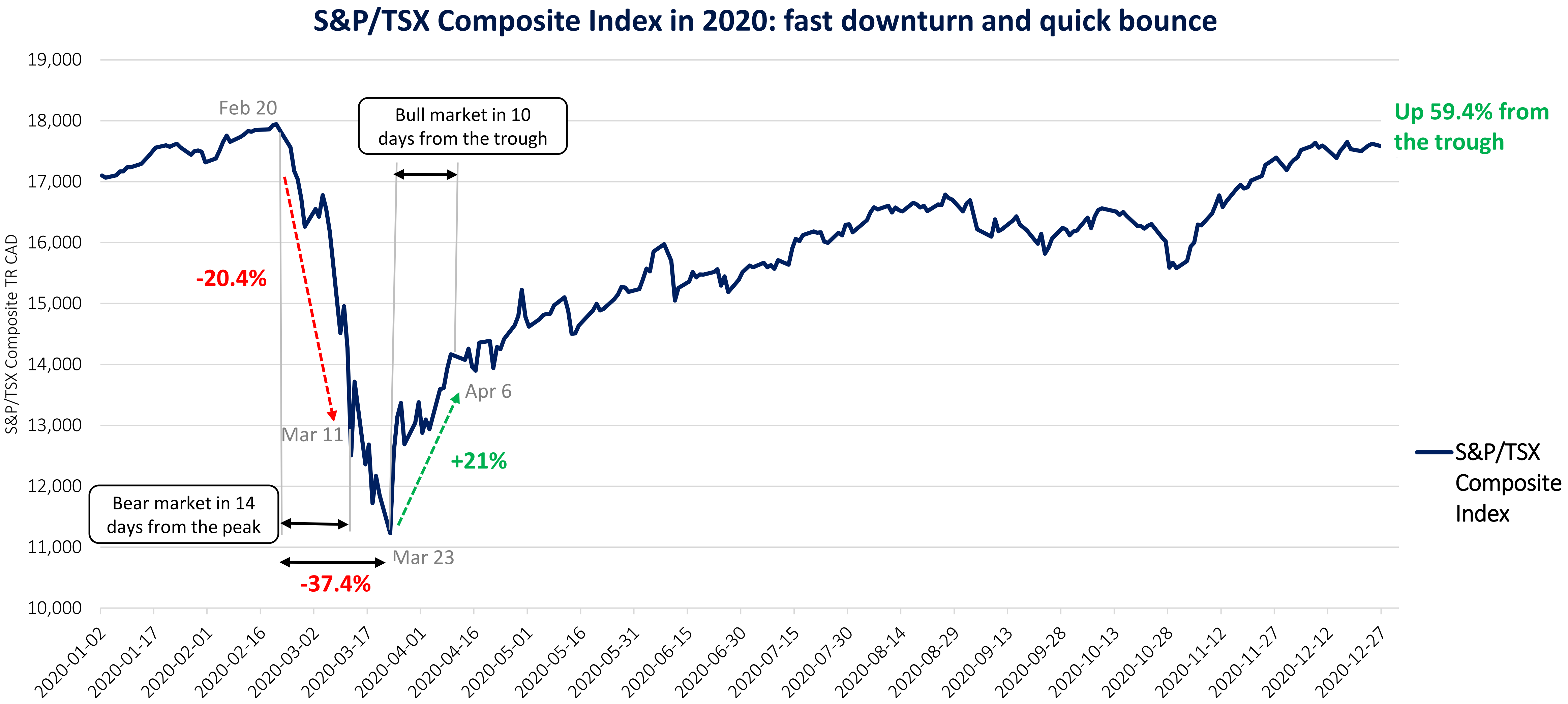
2020 downturn: a bear market within 15 days followed by a bull market within 12-day period



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR USD using daily returns (January 1, 2020 – December 31, 2020).

Lessons from Downturns

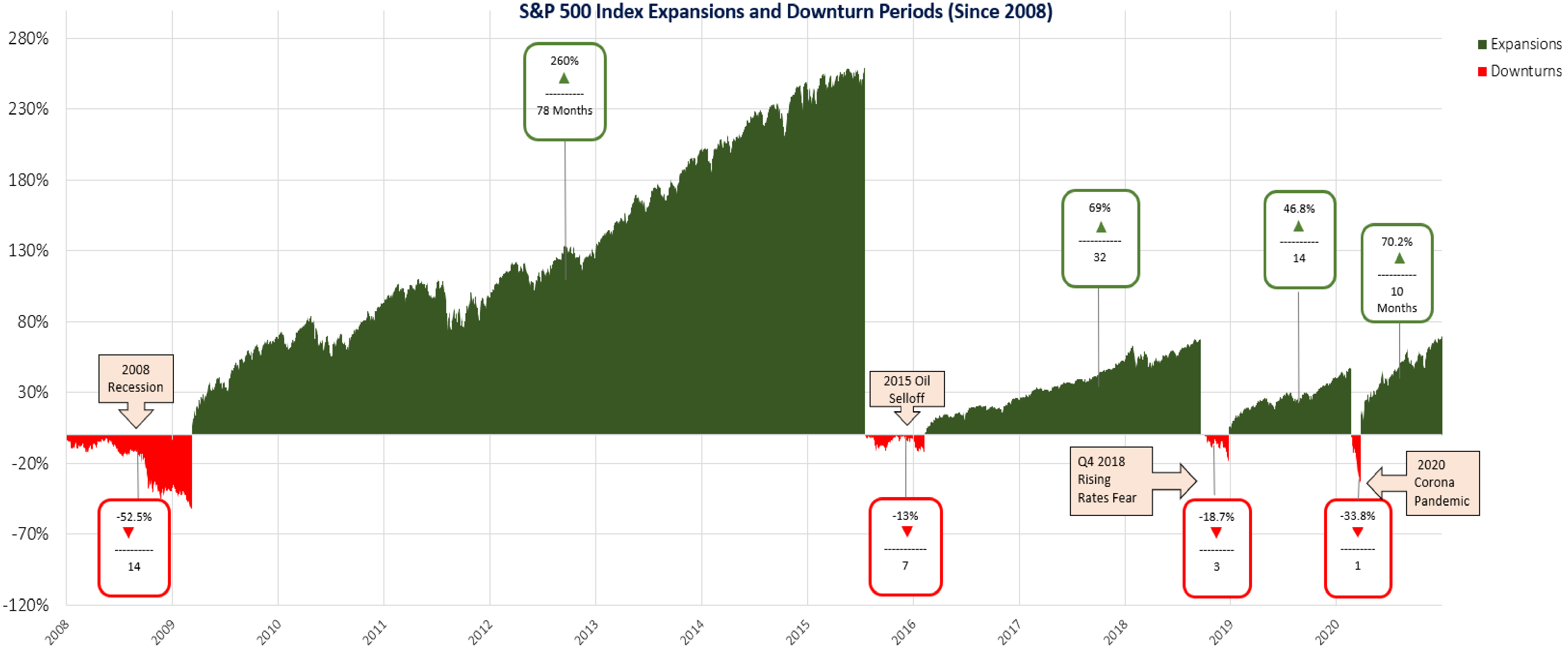
2020 downturn: a bear market within 14 days followed by a bull market within 10 days



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P/TSX Composite TR CAD using daily returns (January 1, 2020 – December 31, 2020).

Lessons from Downturns

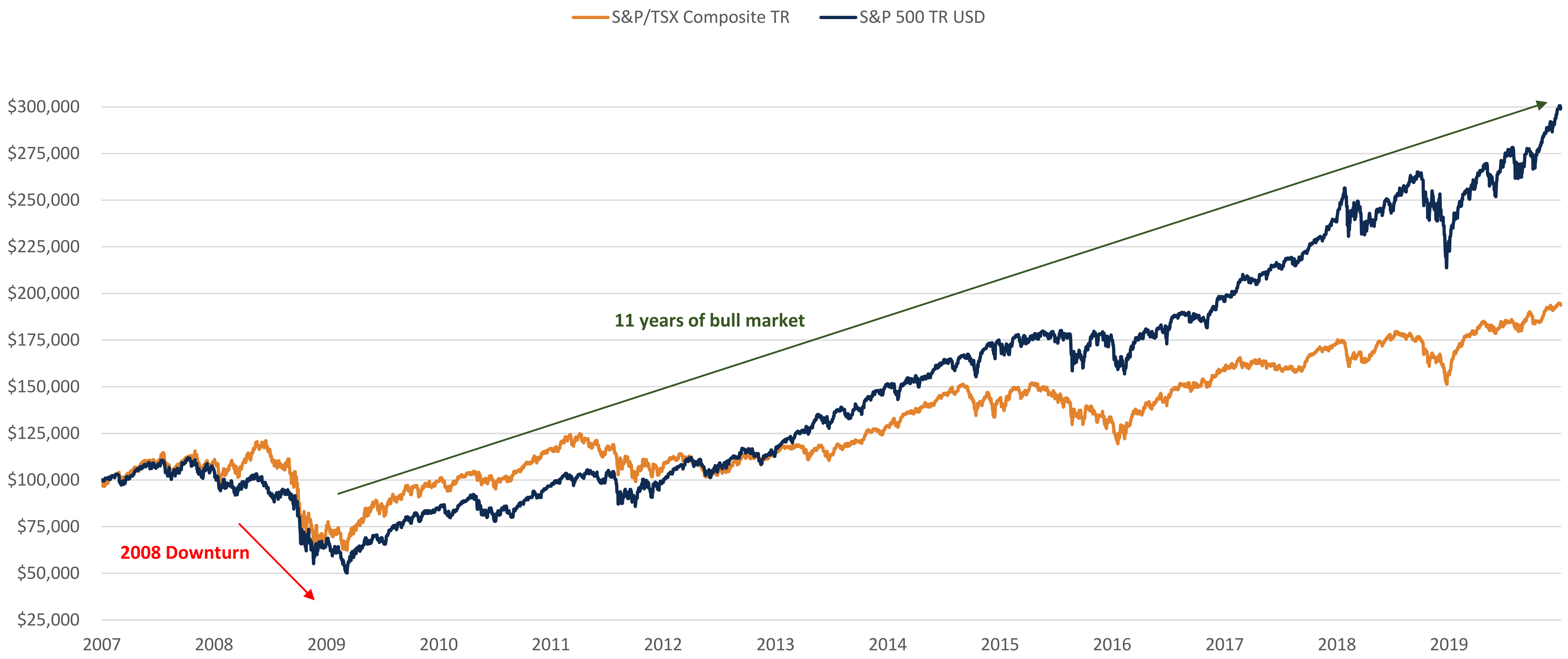
Over the past 12 years, market expansions have lasted longer (26 months on average) than market downturns (6 months on average) and have more than made up for the periodic market decline.



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR USD using daily returns (January 1, 2008 – December 31, 2020).

Lessons from Downturns

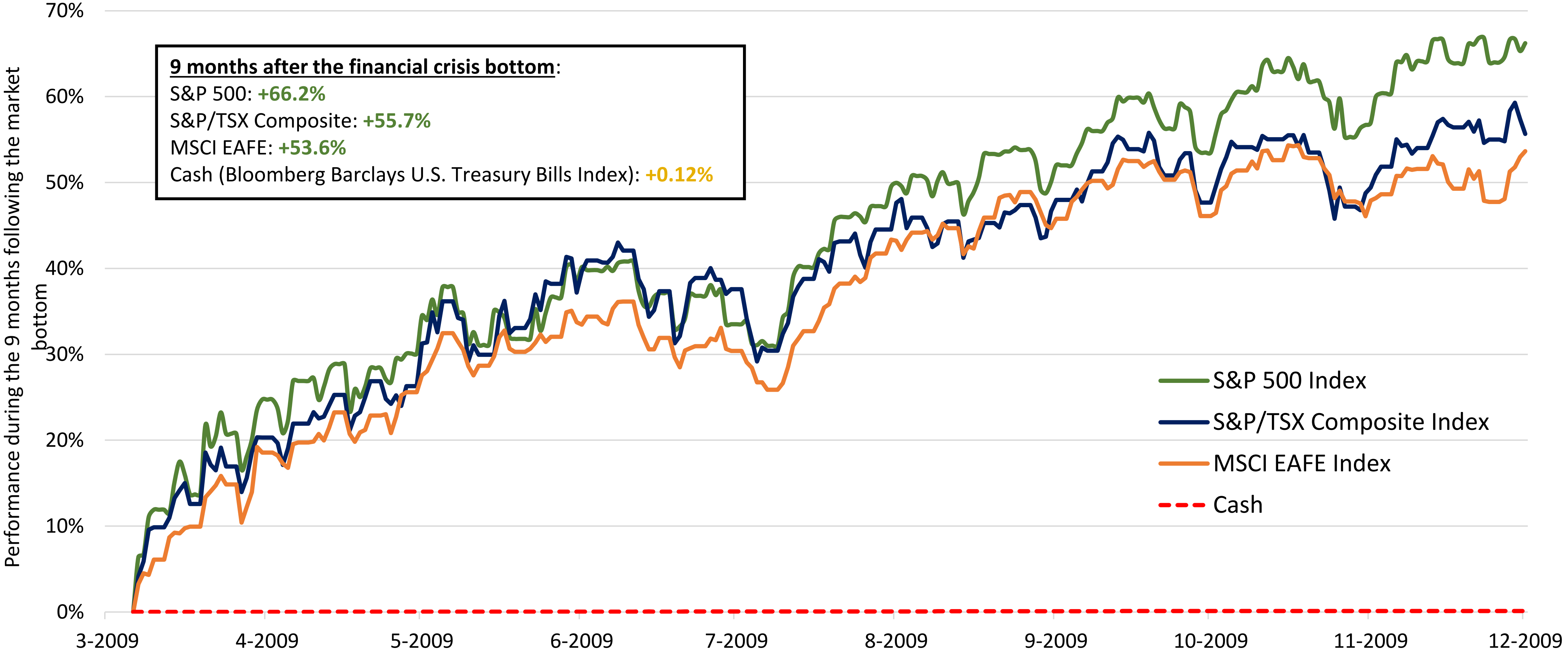
2008 downturn was followed by 11 years of a strong bull market recovery.



Source: Bloomberg Finance L.P., CI Global Asset Management (September 2020). S&P 500 TR USD using daily returns (January 1, 2007 – December 31, 2019).

Lessons from Downturns

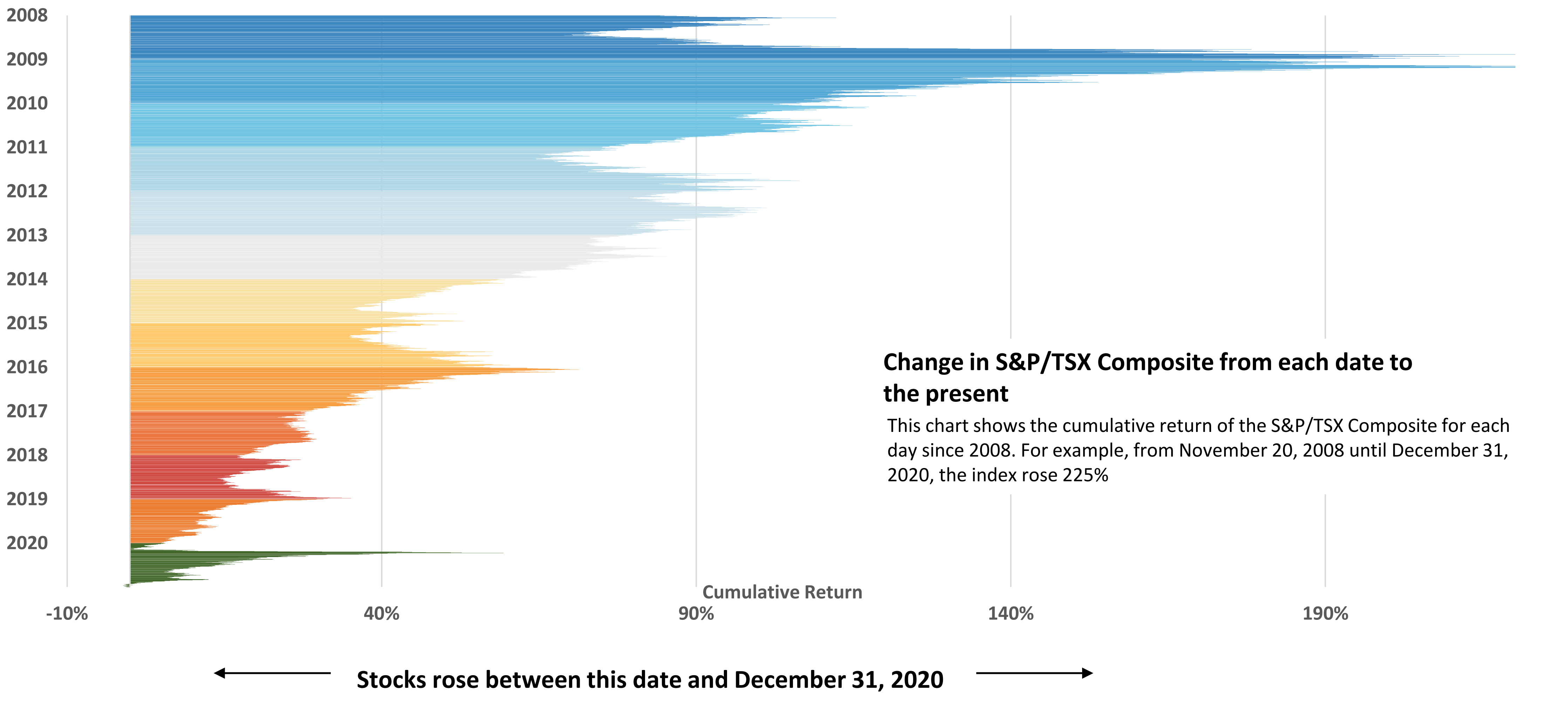
Rebound from the bottom: performance during the 9 months following a market bottom are typically very strong



Source: Bloomberg Finance L.P., CI Global Asset Management (December 2020).

Lessons from Downturns

Despite the 2008 downturn, long-term investors have experienced positive returns (S&P/TSX)



Source: Bloomberg Finance L.P., CI Global Asset Management (September 2020). S&P/TSX Composite TR using daily returns (January 1, 2008 – December 31, 2020).

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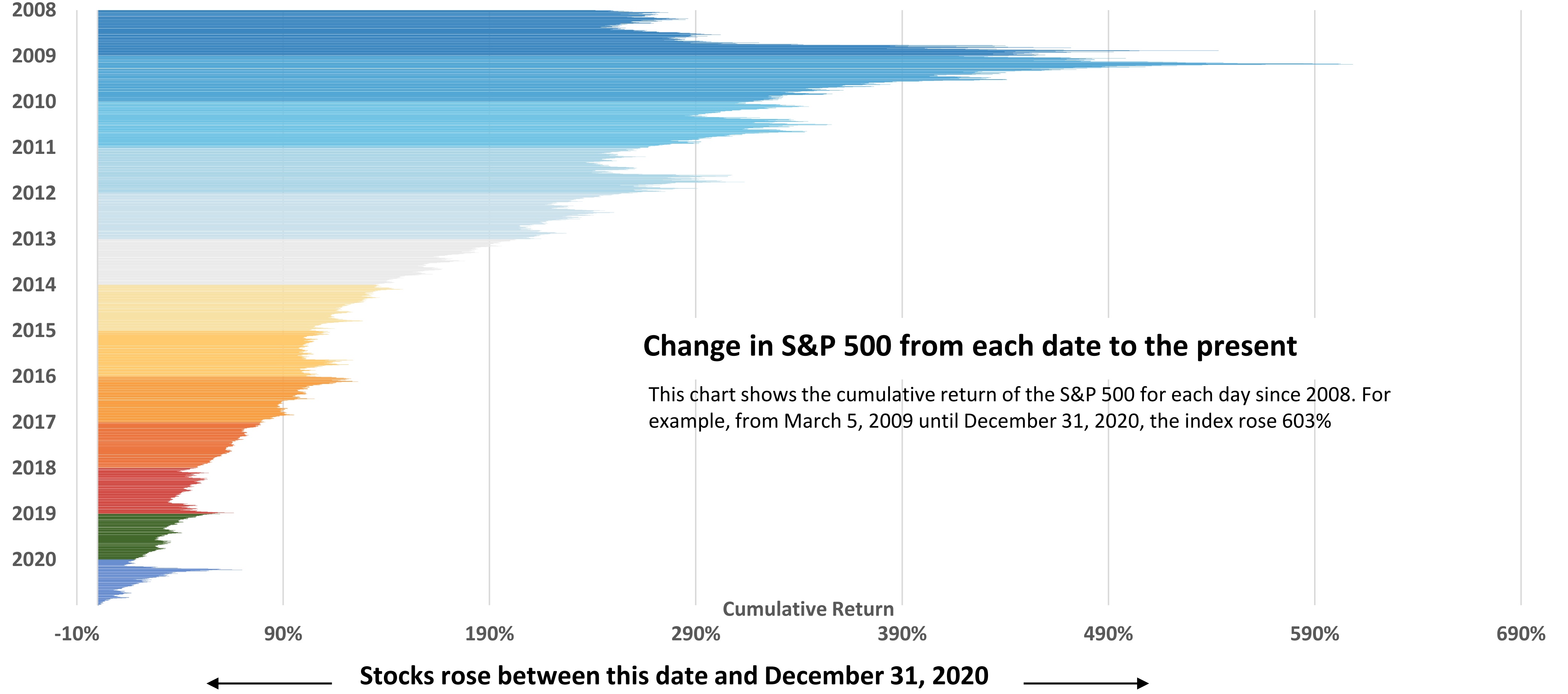
Lessons from Downturns

Despite the 2008 downturn, long-term investors have experienced positive returns (S&P 500)



Source: Bloomberg Finance L.P., CI Global Asset Management (September 2020). S&P 500 TR USD using daily returns (January 1, 2008 – December 31, 2020).

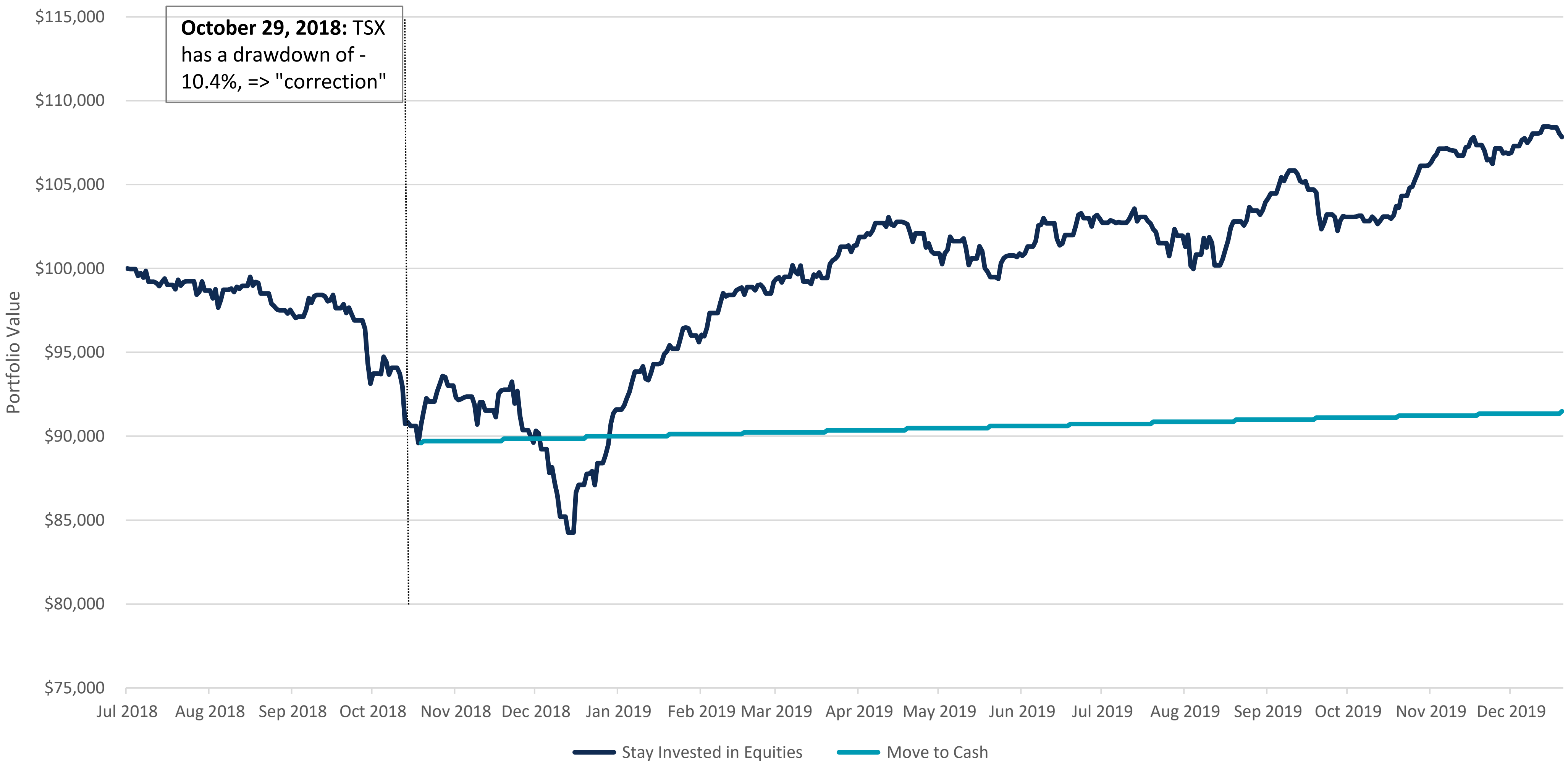
Lessons from Downturns

Q4 2018 in review (S&P/TSX Composite Index)

Source: Bloomberg Finance L.P., CI Global Asset Management (December 2020). S&P/TSX Composite TR using daily returns (January 1, 2018 – December 31, 2019).

Lessons from Downturns

Q4 2018 in review (S&P/TSX Composite Index)



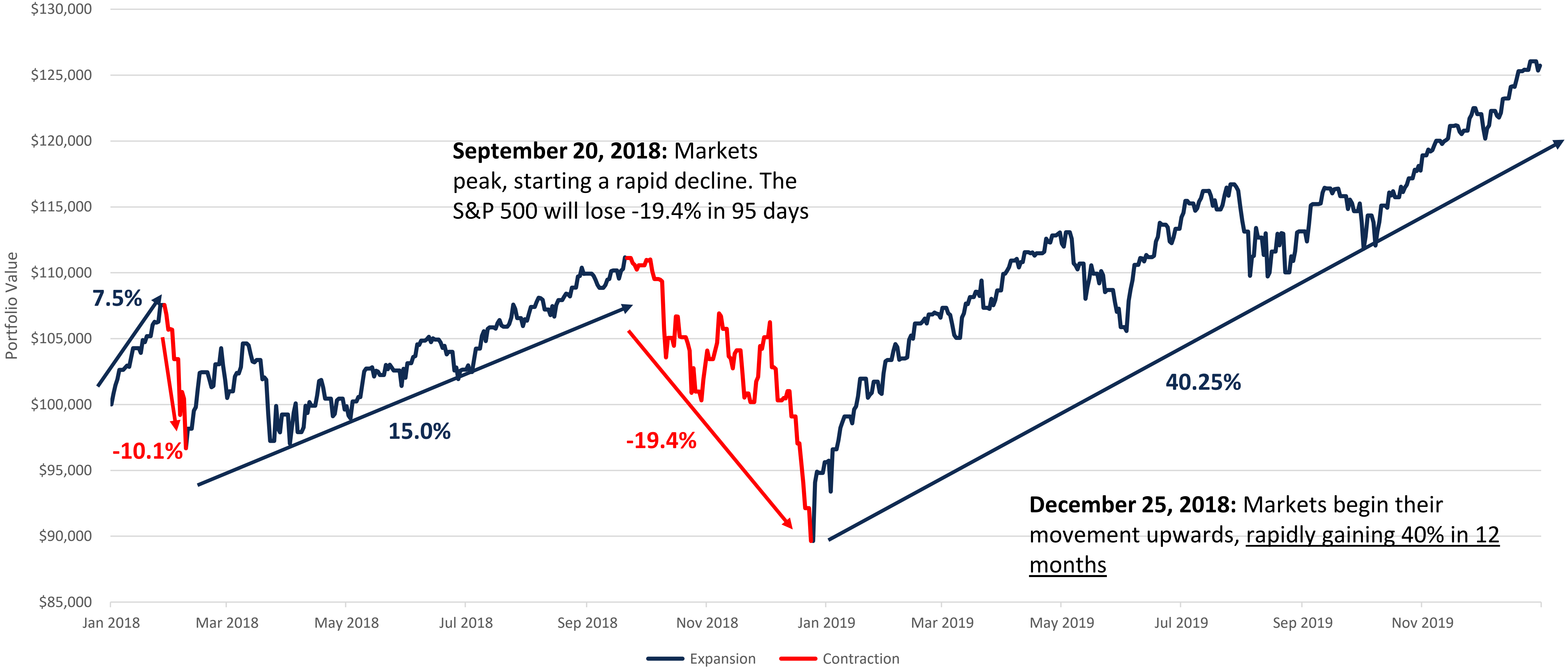
$107,838
Above the level prior to the drawdown

$91,481
Requires 9.3% gain to break-even

Source: Bloomberg Finance L.P., CI Global Asset Management (December 2020).Stay Invested in Equities = S&P/TSX Composite TR; Move to Cash = FTSE Canada 91 Day Tbill (January 1, 2018 – December 31, 2019).

Lessons from Downturns

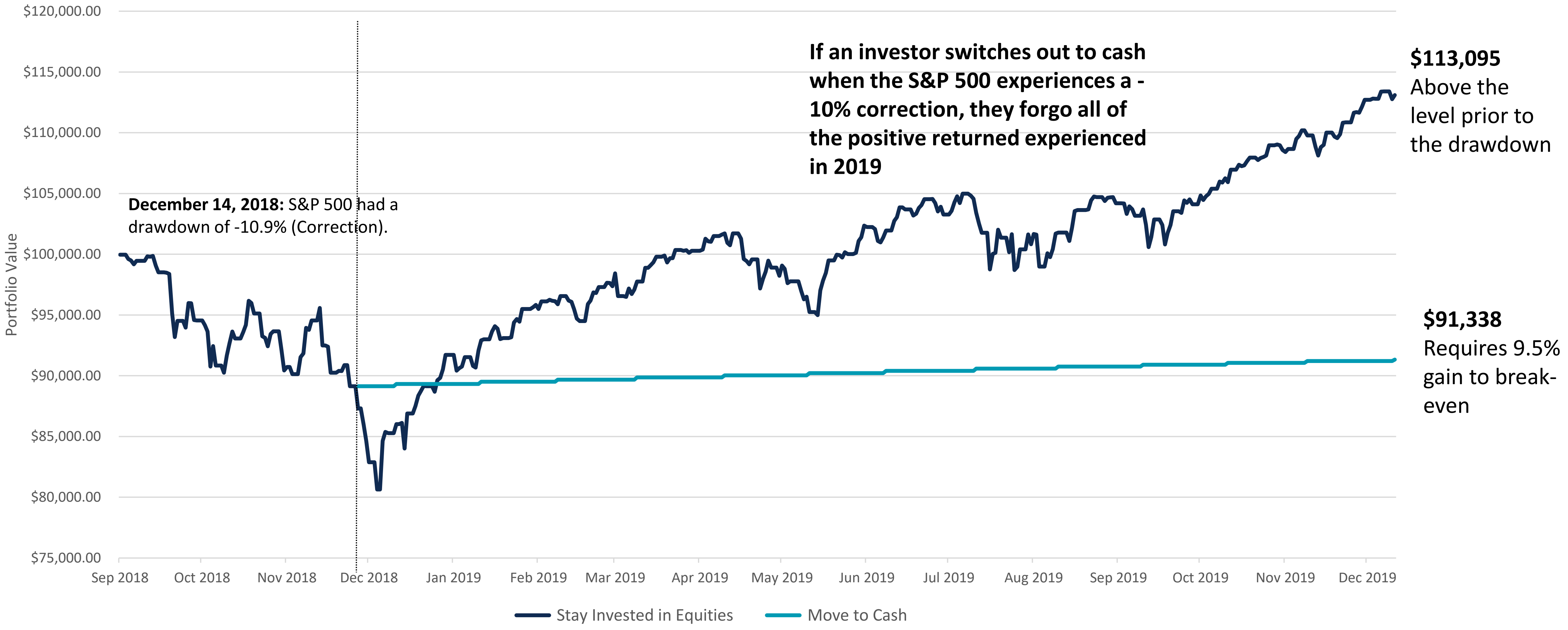
Q4 2018 in review (S&P 500 Index)



Source: Bloomberg Finance L.P., CI Global Asset Management (December 2020). S&P 500 TR USD using daily returns (January 1, 2018 – December 31, 2019).

Lessons from Downturns

Q4 2018 in review (S&P 500 Index)



Source: Morningstar Research Inc, CI Global Asset Management (December 2020). Stay Invested in Equities = S&P 500 TR USD; Move to Cash = U.S. Treasury 90 Day Tbill (January 1, 2018 – December 31, 2019).

3. VOLATILITY IS NORMAL, STAY INVESTED

Volatility is Normal – Stay Invested

While market volatility is never pleasant, it is important for investors to accept that market pullbacks are a normal part of investing. For example, the CBOE Volatility Index – or VIX – spikes every few years in reaction to some market events, but the overall trend is for equity values to quickly recover and continue the upward progression.

When markets become volatile, it's not uncommon for investors to be tempted to sell and wait for the tide to turn. But that can be a mistake: when they sell and stay out of the market, investors eventually face the difficult question of when to buy back in again, and those who miss the turn – even for a short period – can cause lasting damage to the value of a portfolio, because market rallies often come in surges that are measured in days not weeks.

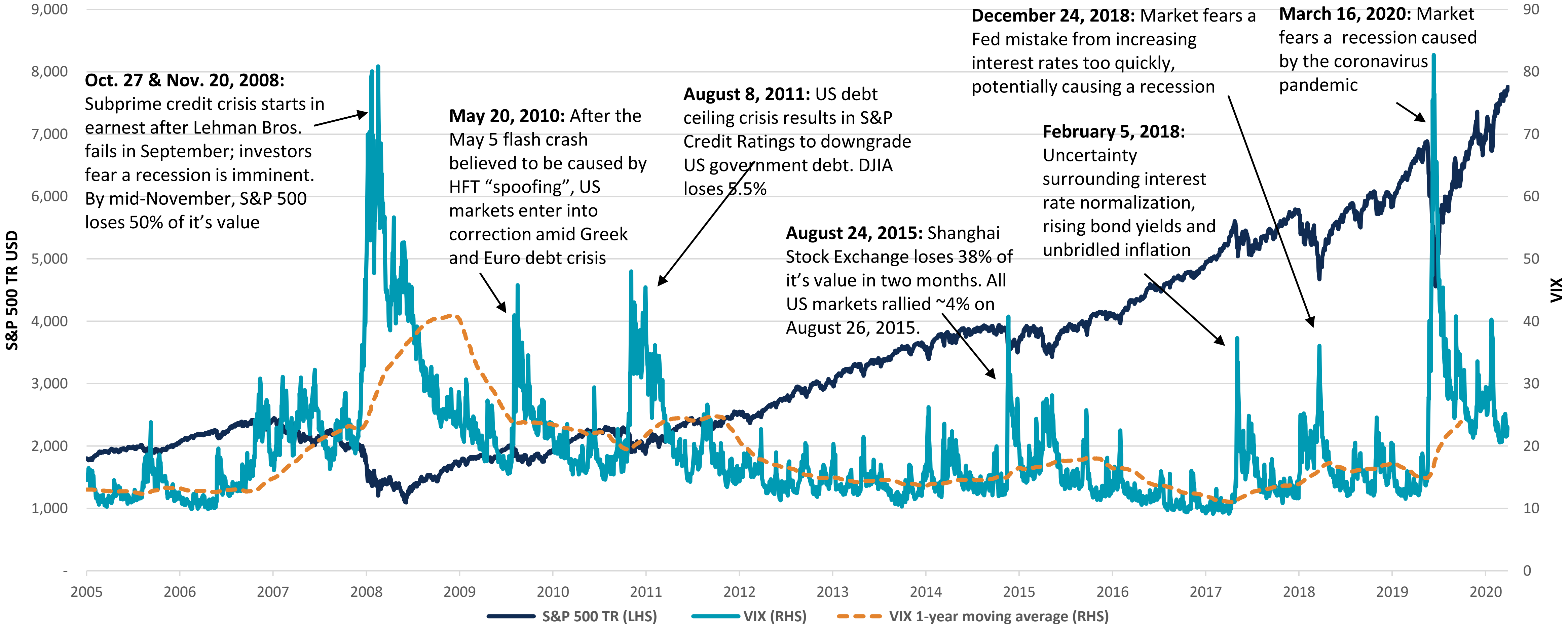
During volatile market times, it’s crucial to maintain patience, discipline and to stay invested. The benefit of staying invested over a long-term period is established by the relationship between volatility and time: investments held for longer periods tend to exhibit lower volatility than those held for shorter periods. Rolling returns over longer periods exhibit lower volatility and less exposure to negative returns.

Investors can weather the market challenges by sitting down with an advisor to build a strategic asset mix that matches their risk tolerance and investment horizon. Different assets classes offer different levels of volatility and returns. Investors should hold the optimal mix that matches their risk profile that helps them achieve their long term objectives.

Volatility is Normal – Stay Invested

Market volatility – It's normal

Dramatic losses can sting, but it's important to keep a long-term perspective

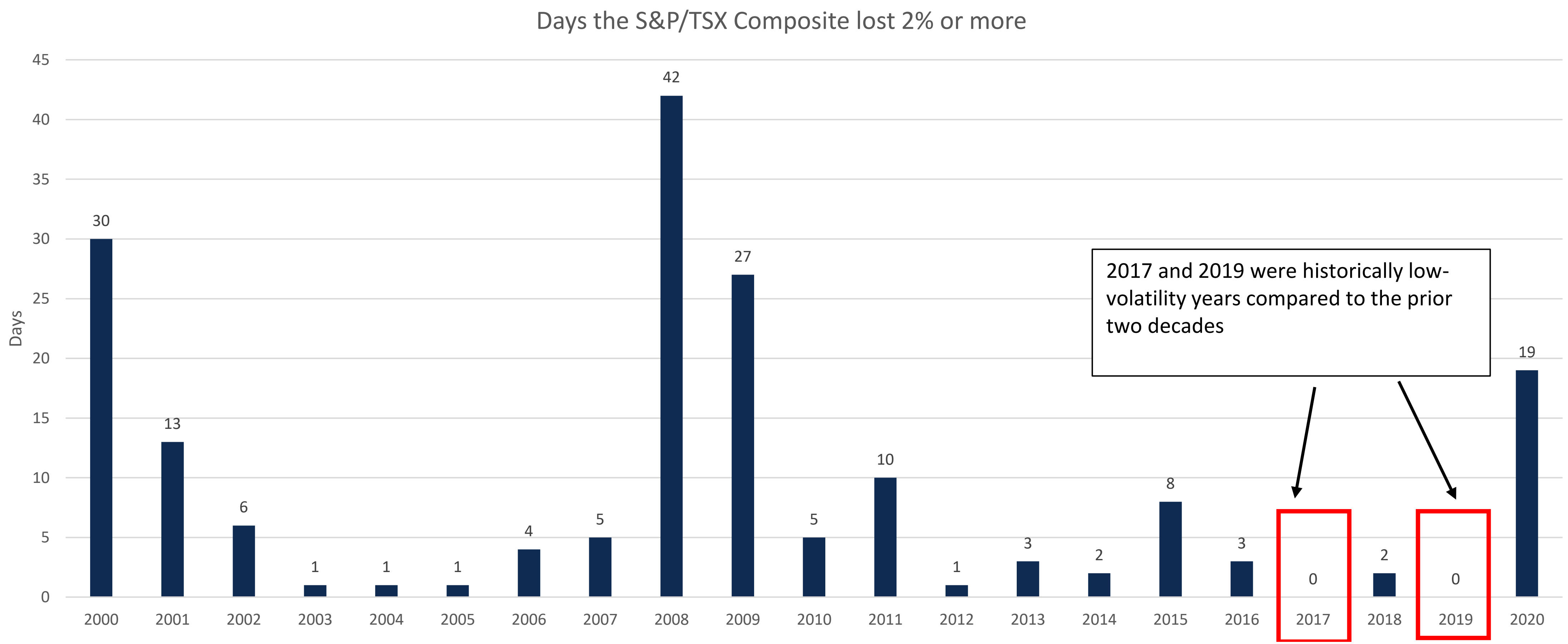


Source: Bloomberg Finance L.P., CI Global Asset Management. As of December 31, 2020 using daily returns.

Volatility is Normal – Stay Invested

Downside volatility is normal

The number of days the S&P/TSX Composite fell by 2% or more

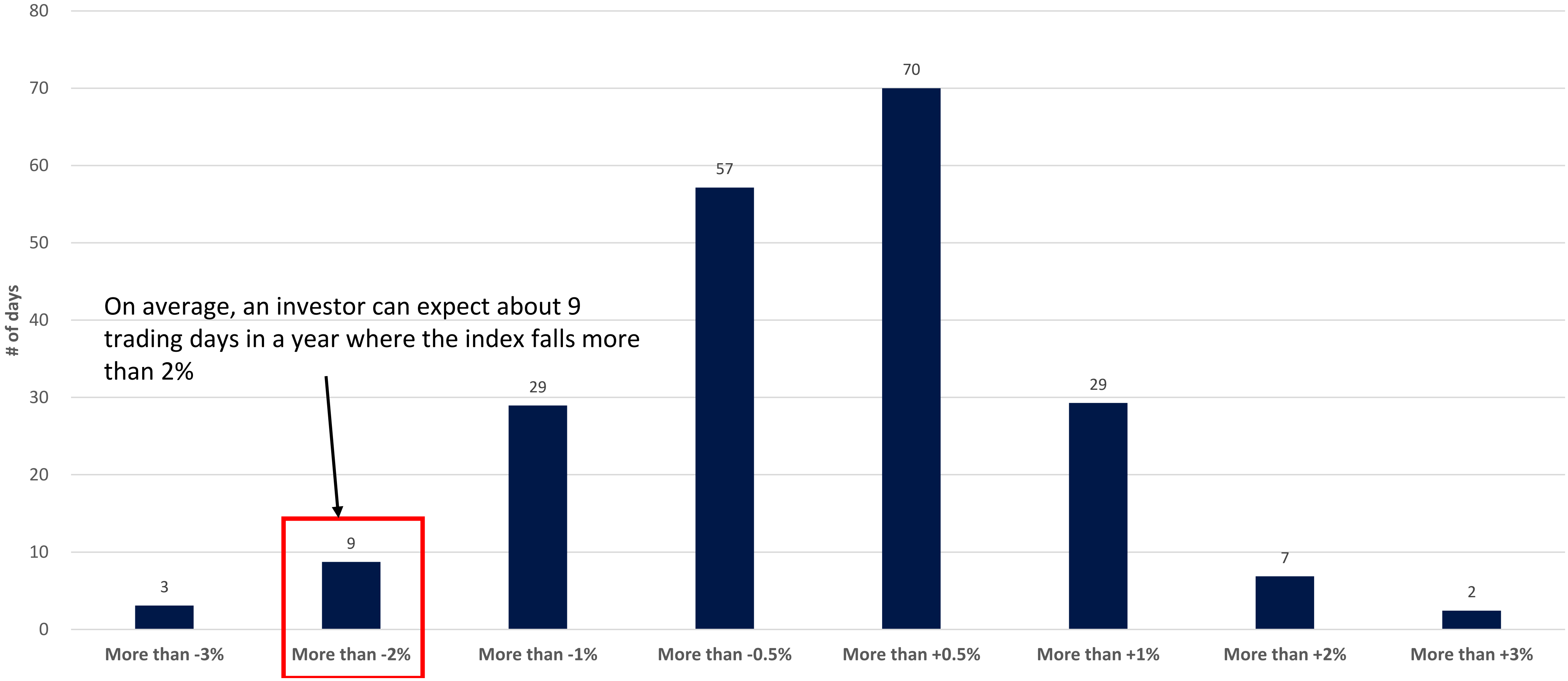


Source: Bloomberg Finance L.P., CI Global Asset Management. S&P/TSX Composite TR as of December 31, 2020 using daily returns.

Volatility is Normal – Stay Invested

Upside & downside volatility is normal in a year

Average daily return distribution of the S&P/TSX Composite: 2000 – 2020

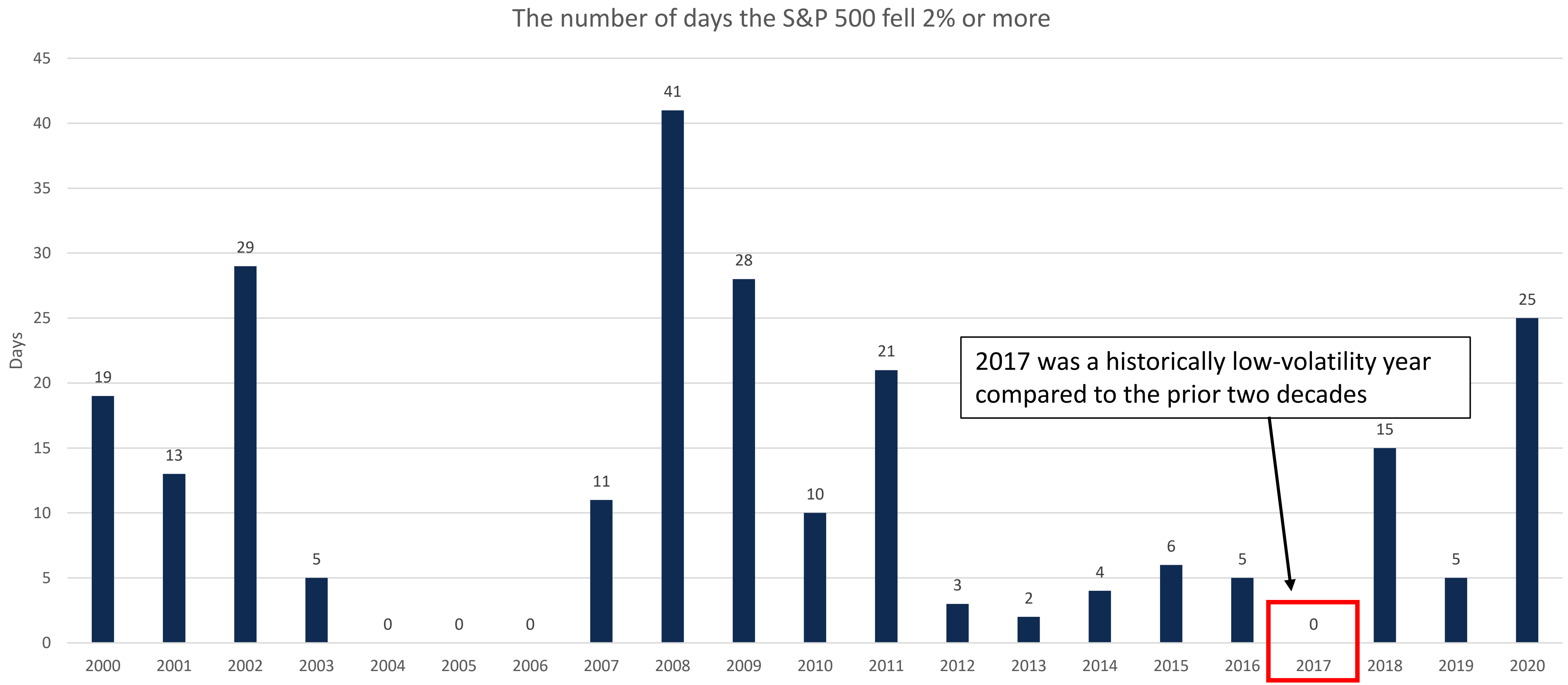


Source: Bloomberg Finance L.P., CI Global Asset Management. S&P/TSX Composite TR. January 1, 2000 - December 31, 2020 using daily returns.

Volatility is Normal – Stay Invested

Downside volatility is normal

The number of days the S&P 500 fell by 2% or more

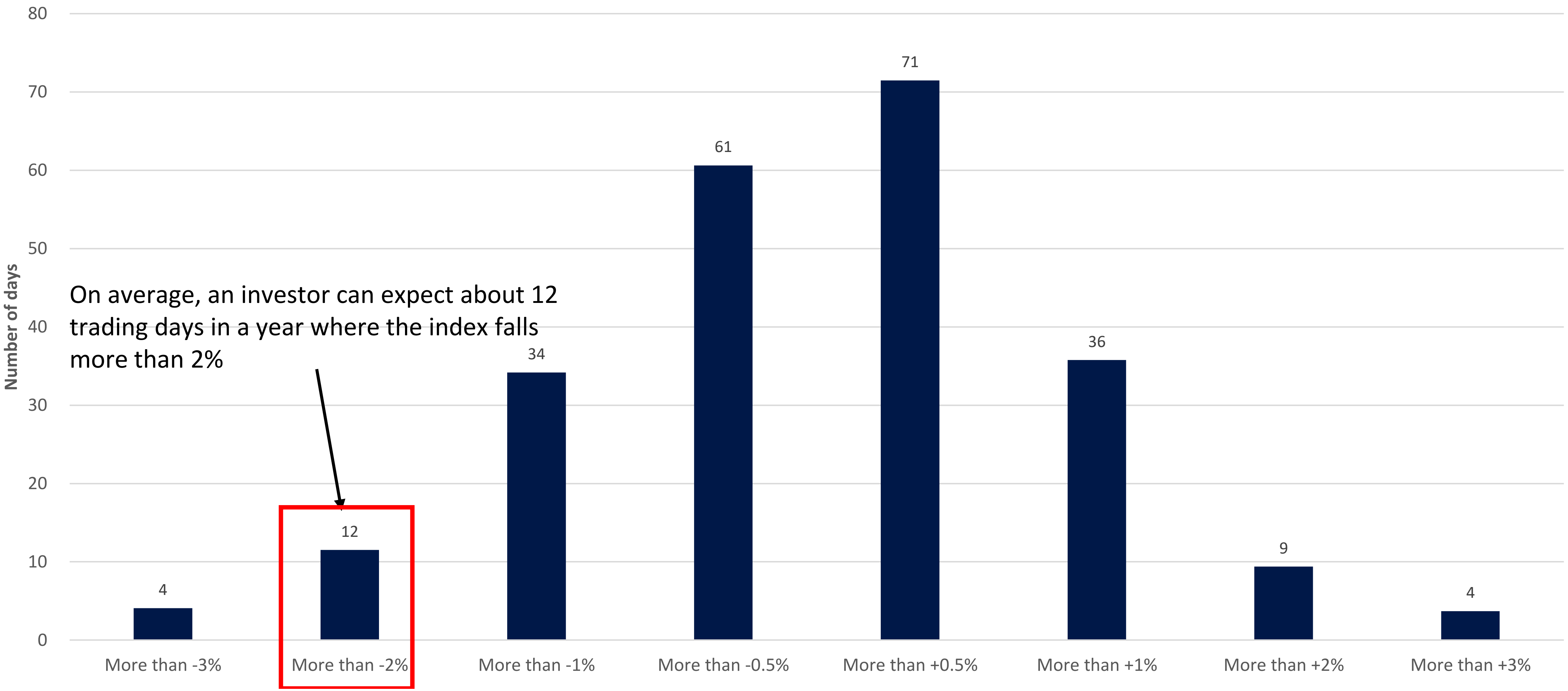


Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR USD as of December 31, 2020 using daily returns

Volatility is Normal – Stay Invested

Upside & downside volatility is normal in a year

Average daily return distribution of the S&P 500: 2000 - 2020

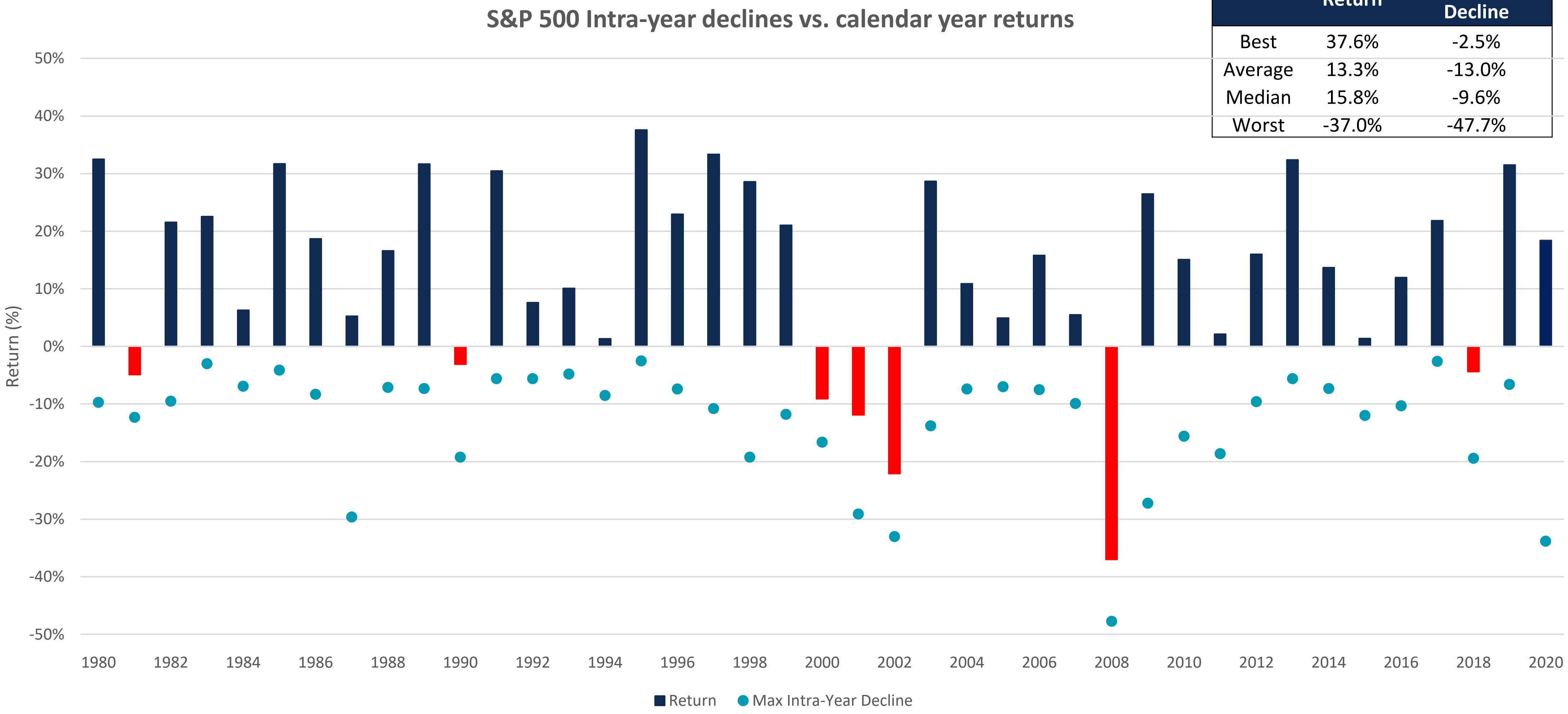


Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR USD as of December 301 2020 using daily returns.

Volatility is Normal – Stay Invested

Moderate declines can still result in positive overall results: S&P 500

	Return	Max Intra-Year Decline
Best	37.6%	-2.5%
Average	13.3%	-13.0%
Median	15.8%	-9.6%
Worst	-37.0%	-47.7%

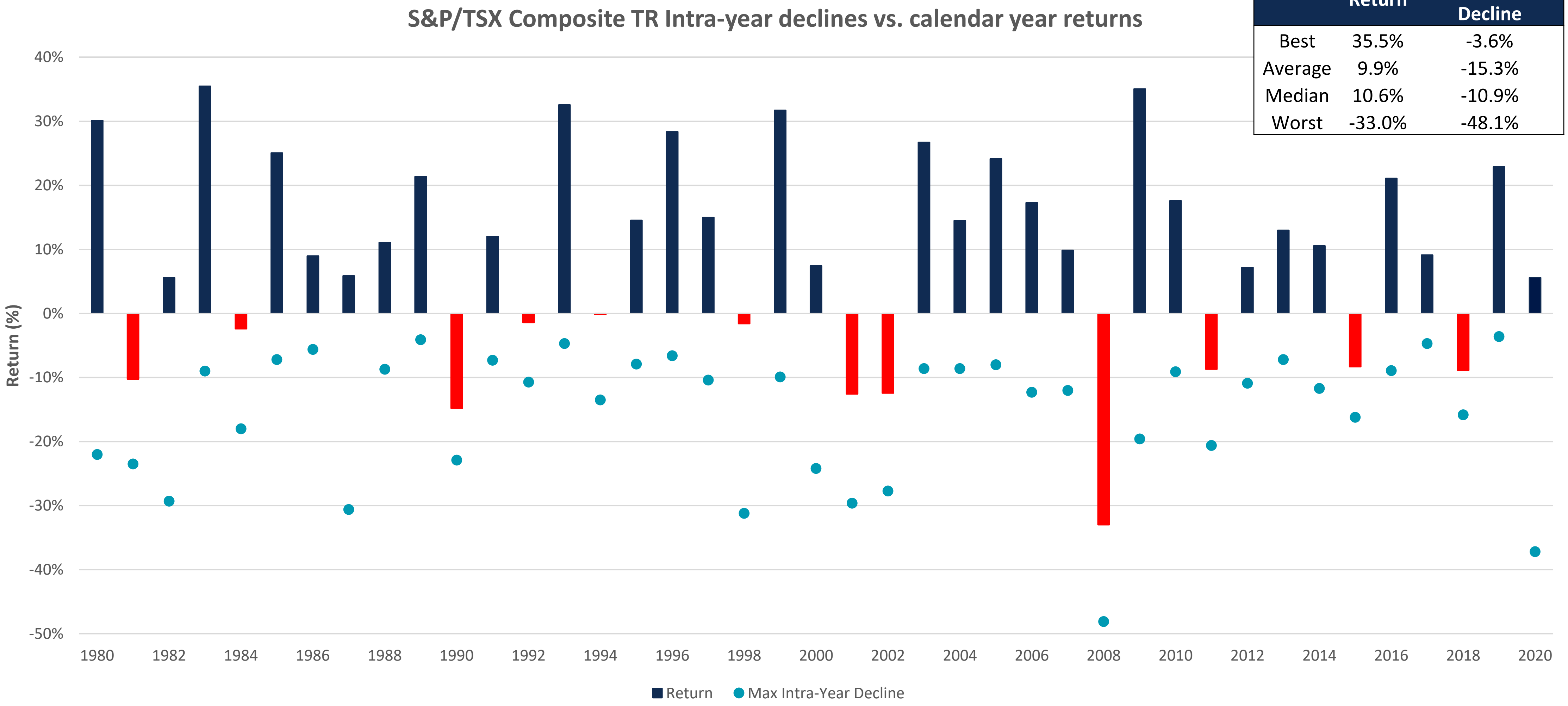


Source: Morningstar Research Inc, CI Global Asset Management. S&P 500 TR USD. Years 1980-1987 use monthly returns, all years thereafter use daily returns. As of December 31, 2020.

Volatility is Normal – Stay Invested

Moderate declines can still result in positive overall results: S&P/TSX Composite

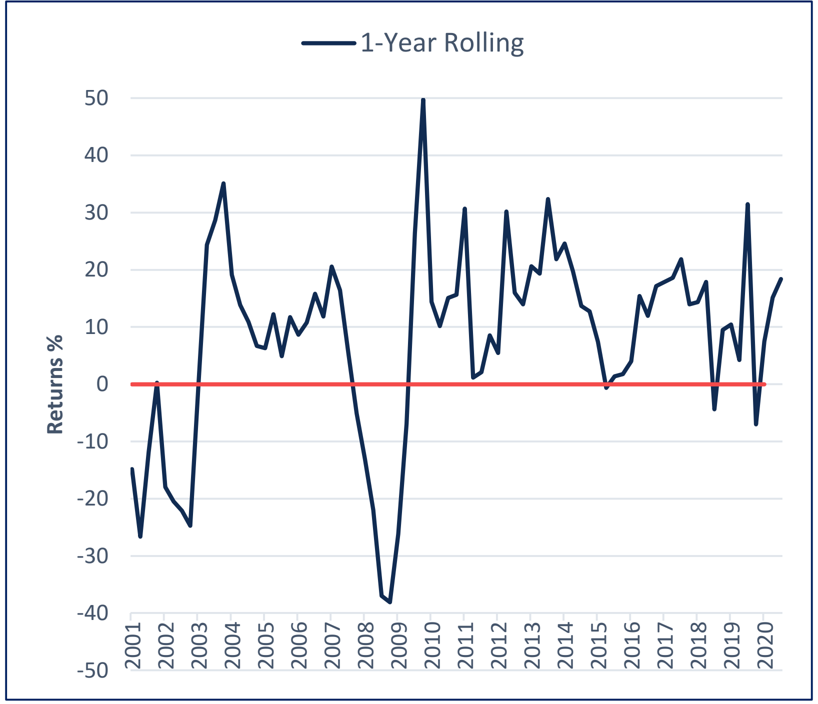
	Return	Max Intra-Year Decline
Best	35.5%	-3.6%
Average	9.9%	-15.3%
Median	10.6%	-10.9%
Worst	-33.0%	-48.1%

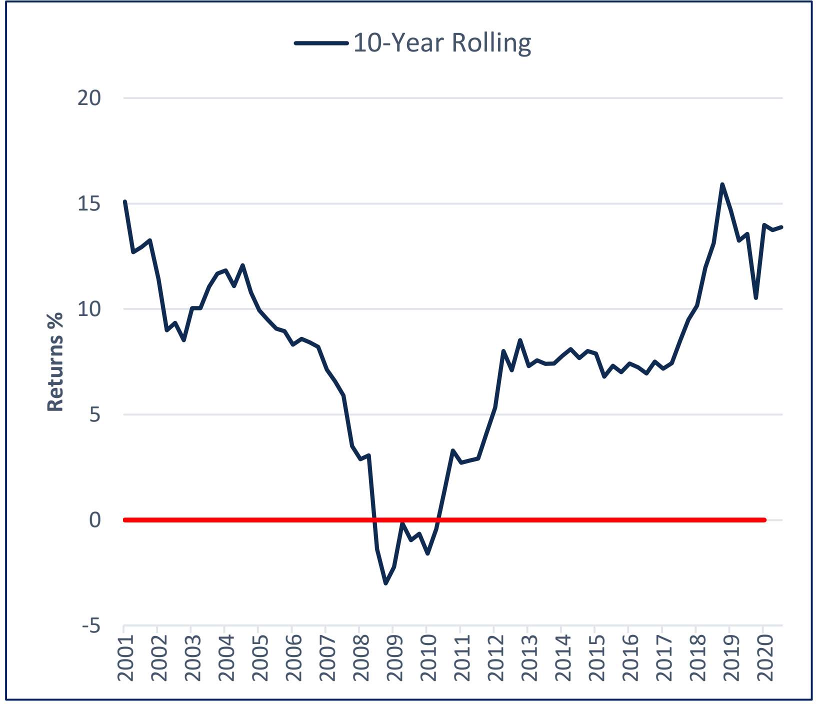


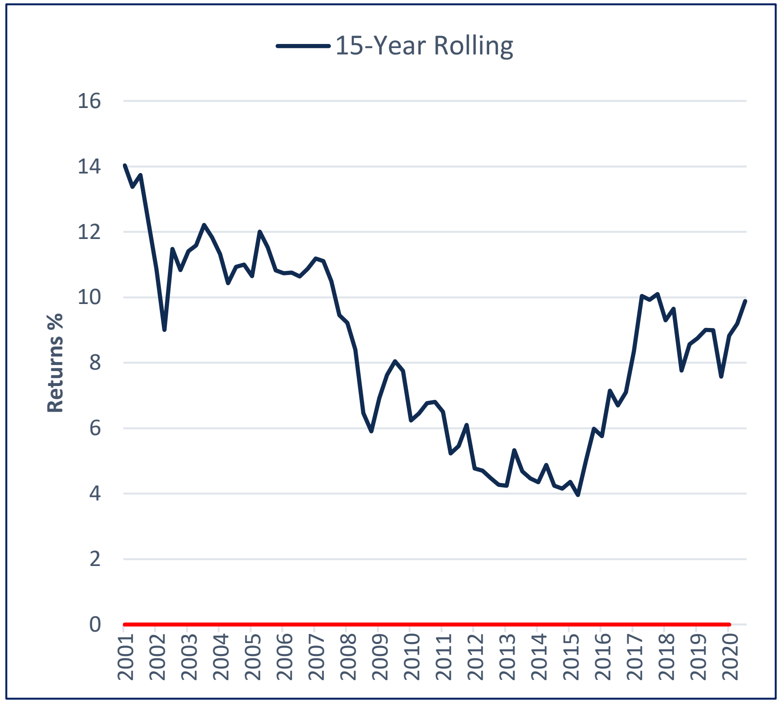
Source: Morningstar Research Inc, CI Global Asset Management. S&P/TSX Composite TR using daily returns. As of December 31, 2020.

Volatility is Normal – Stay Invested

Patience is rewarded: Rolling returns over 1-, 10- and 15-year average annual compound returns: S&P 500







S&P 500 Index	Monthly Returns (No Rolling)	3-Year Rolling Returns	5-Year Rolling Returns	10-Year Rolling Returns	15-Year Rolling Returns
Total number of negative returns	89	55	28	9	0
Negative investment periods (%)	38%	23%	12%	4%	0%
Total number of positive returns	147	181	208	227	236
Positive investment periods (%)	62%	77%	88%	96%	100%

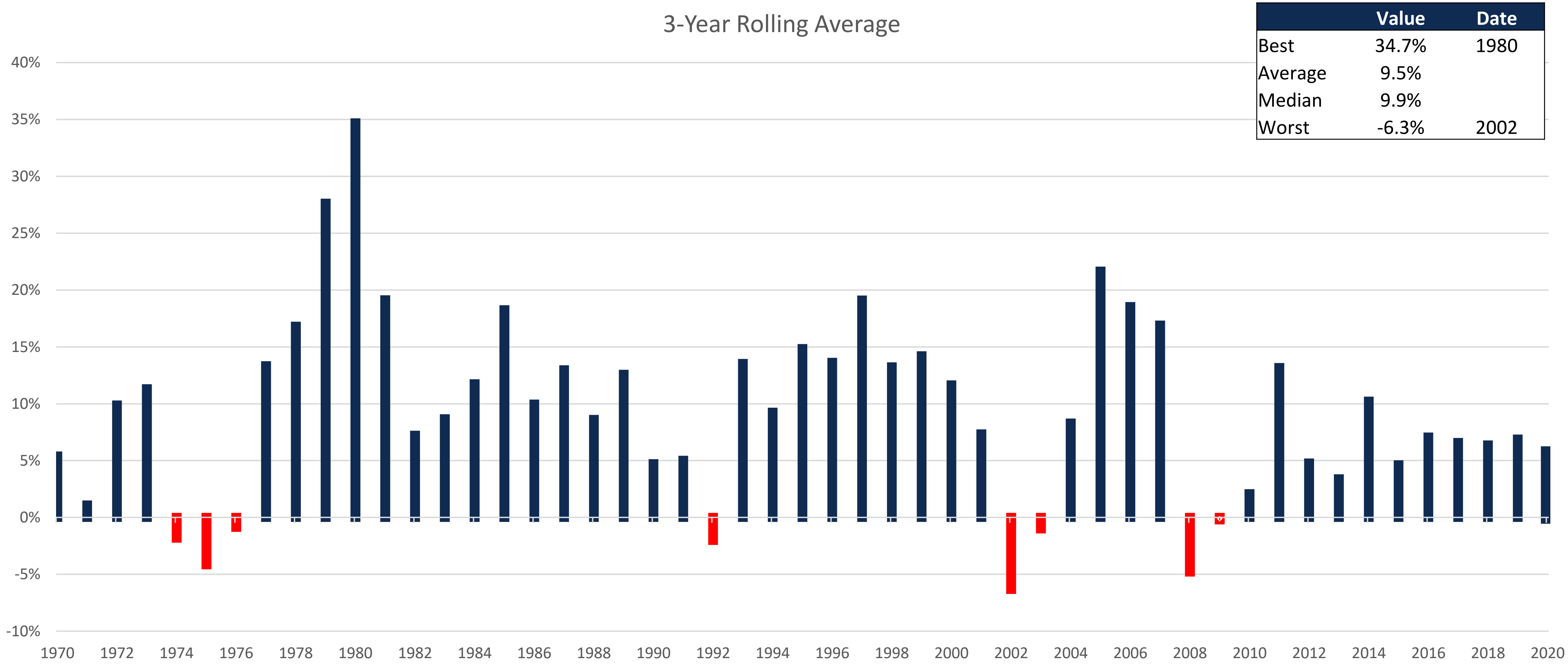
The longer the horizon, the lower the possibility of having negative return

Source: Morningstar Research Inc, Bloomberg Finance L.P. S&P 500 PR Index from January 2001 – December 31, 2020 using monthly returns.

Volatility is Normal – Stay Invested

Patience is rewarded

Rolling 3-year average annual compound returns: S&P/TSX Composite



	Value	Date
Best	34.7%	1980
Average	9.5%	
Median	9.9%	
Worst	-6.3%	2002

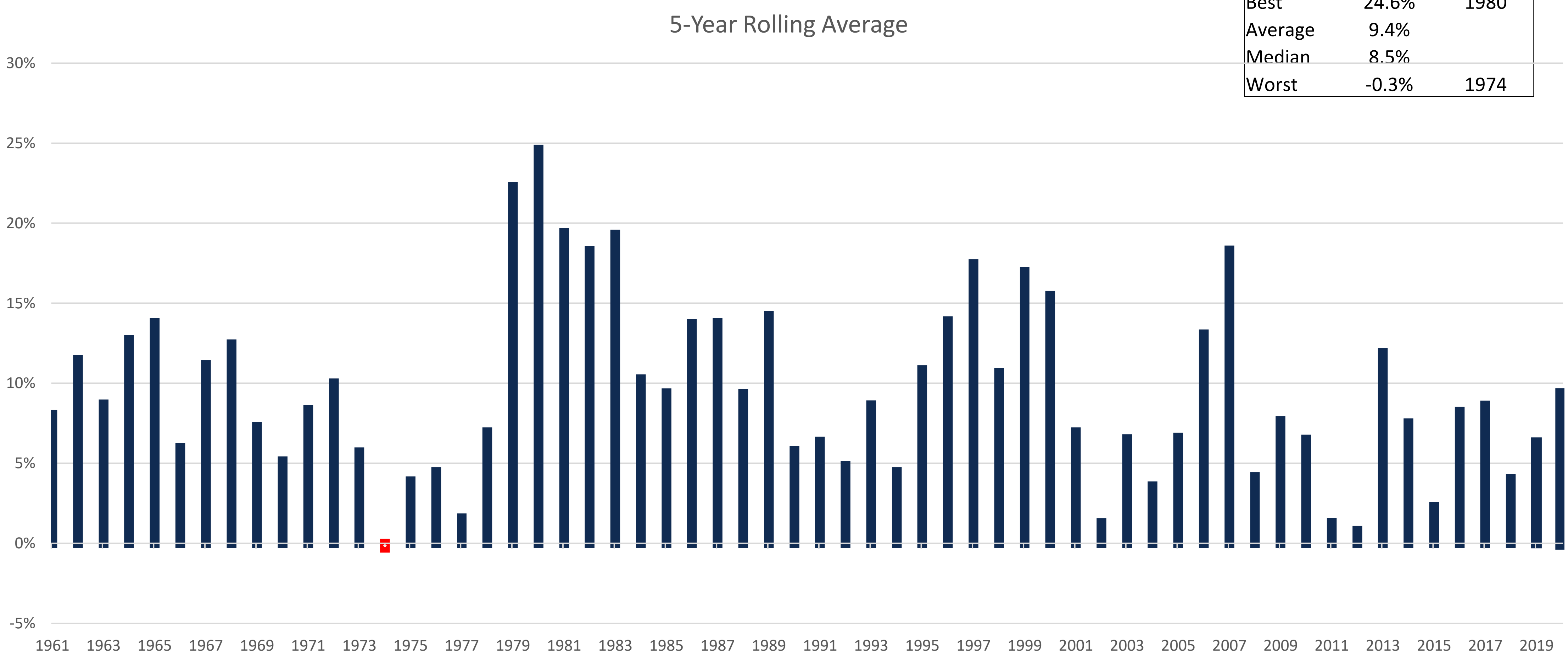
Source: Bloomberg Finance L.P., CI Global Asset Management (September 30, 2020). Calendar year returns of S&P/TSX Composite TR. As of December 31, 2020.

Volatility is Normal – Stay Invested

Patience is rewarded

Rolling 5-year average annual compound returns: S&P/TSX Composite

	Value	Date
Best	24.6%	1980
Average	9.4%	
Median	8.5%	
Worst	-0.3%	1974



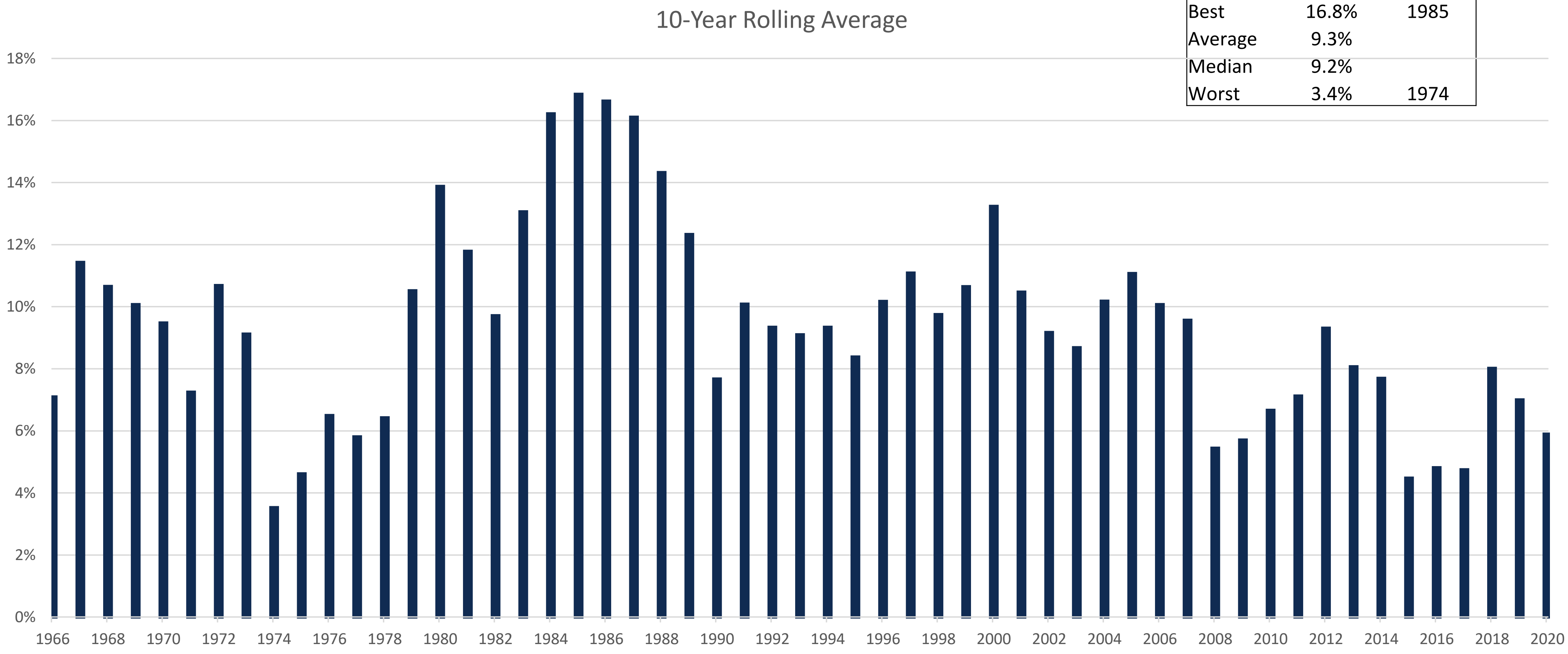
Source: Bloomberg Finance L.P., CI Global Asset Management (September 30, 2020). Calendar year returns of S&P/TSX Composite TR. As of December 31, 2020.

Volatility is Normal – Stay Invested

Patience is rewarded

Rolling 10-year average annual compound returns: S&P/TSX Composite

	Value	Date
Best	16.8%	1985
Average	9.3%	
Median	9.2%	
Worst	3.4%	1974

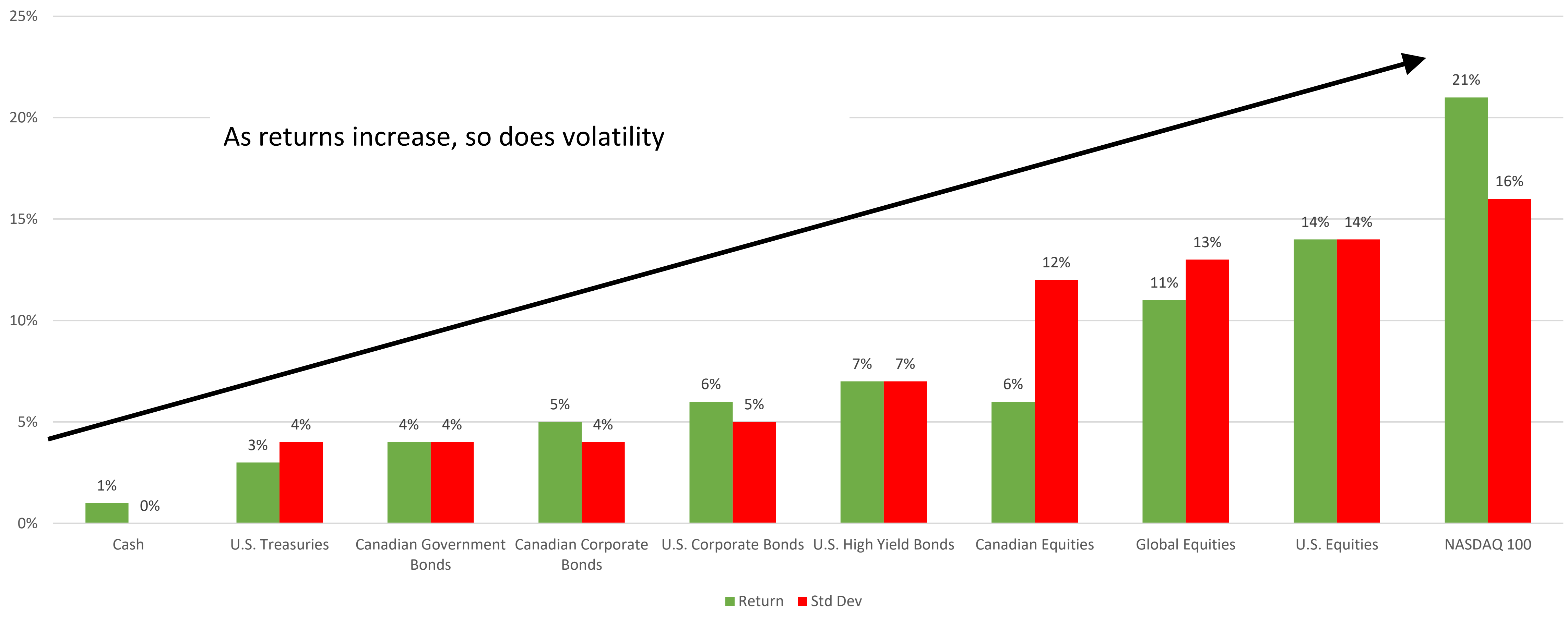


Source: Bloomberg Finance L.P., CI Global Asset Management (September 30, 2020). Calendar year returns of S&P/TSX Composite TR. As of December 31, 2020.

Volatility is Normal – Stay Invested

Asset class returns & volatility – Trailing 10 Years

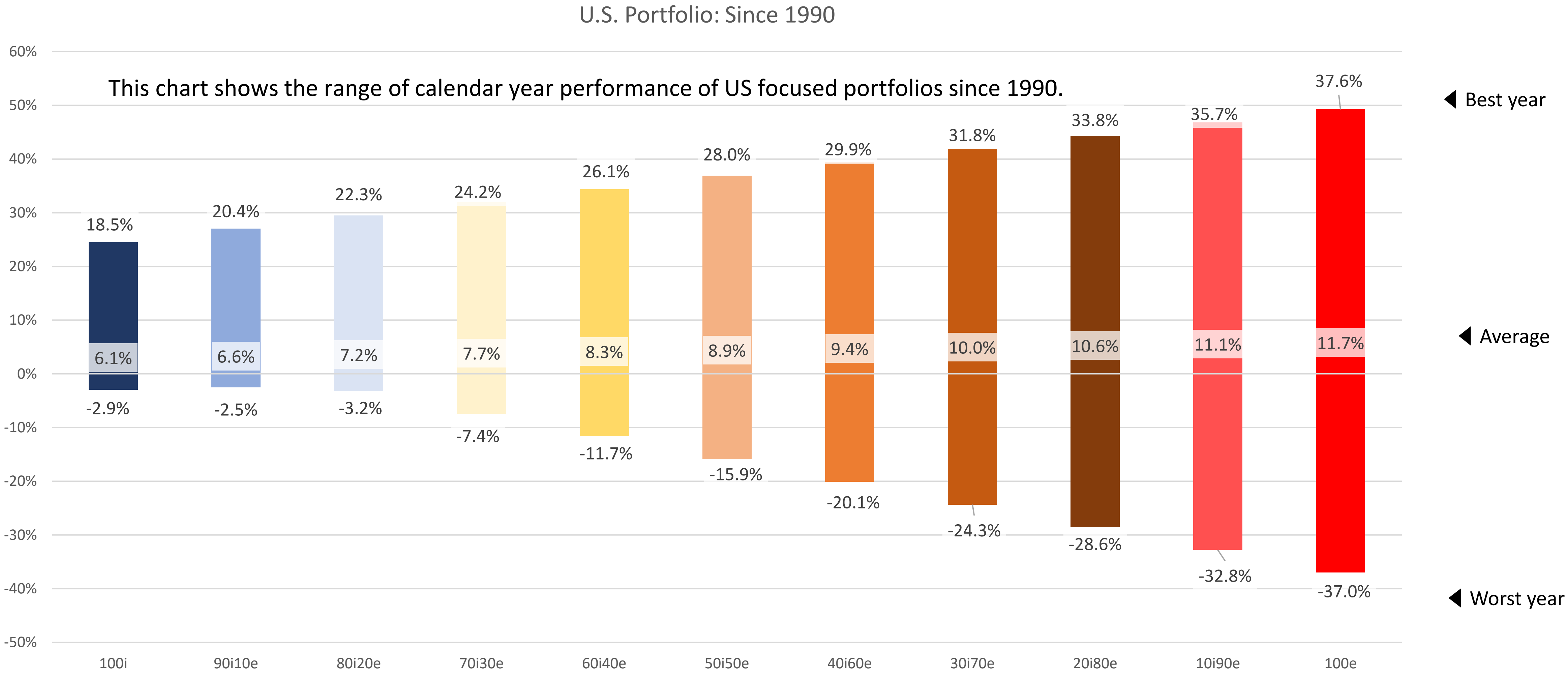
Different assets classes offer different levels of volatility and returns. Investors should hold the optimal mix that matches their risk profile that helps them achieve their long-term objectives.



Source: Morningstar Research Inc., trailing 10 years as of December 31, 2020 using monthly returns. Returns are in base currency. Cash = FTSE Canada 91 Day Tbill; Canadian Corporate Bonds = FTSE Canada All Corp Bond; Canadian Government Bonds = FTSE Canada All Government Bond; US Treasury = Bloomberg Barclays US Treasury TR USD; U.S. High Yield Bonds: ICE Bank of America Merrill Lynch US High Yield TR USD; U.S. Corporate Bonds = ICE Bank of America Merrill Lynch US Corporate TR USD; Canadian Equities = S&P/TSX Composite; Global Equities = MSCI World; U.S. Equities = S&P 500 TR USD; NASDAQ 100 = NASDAQ 100 TR USD; U.S. Small Cap Equities = Russell 2000 TR USD

Volatility is Normal – Stay Invested

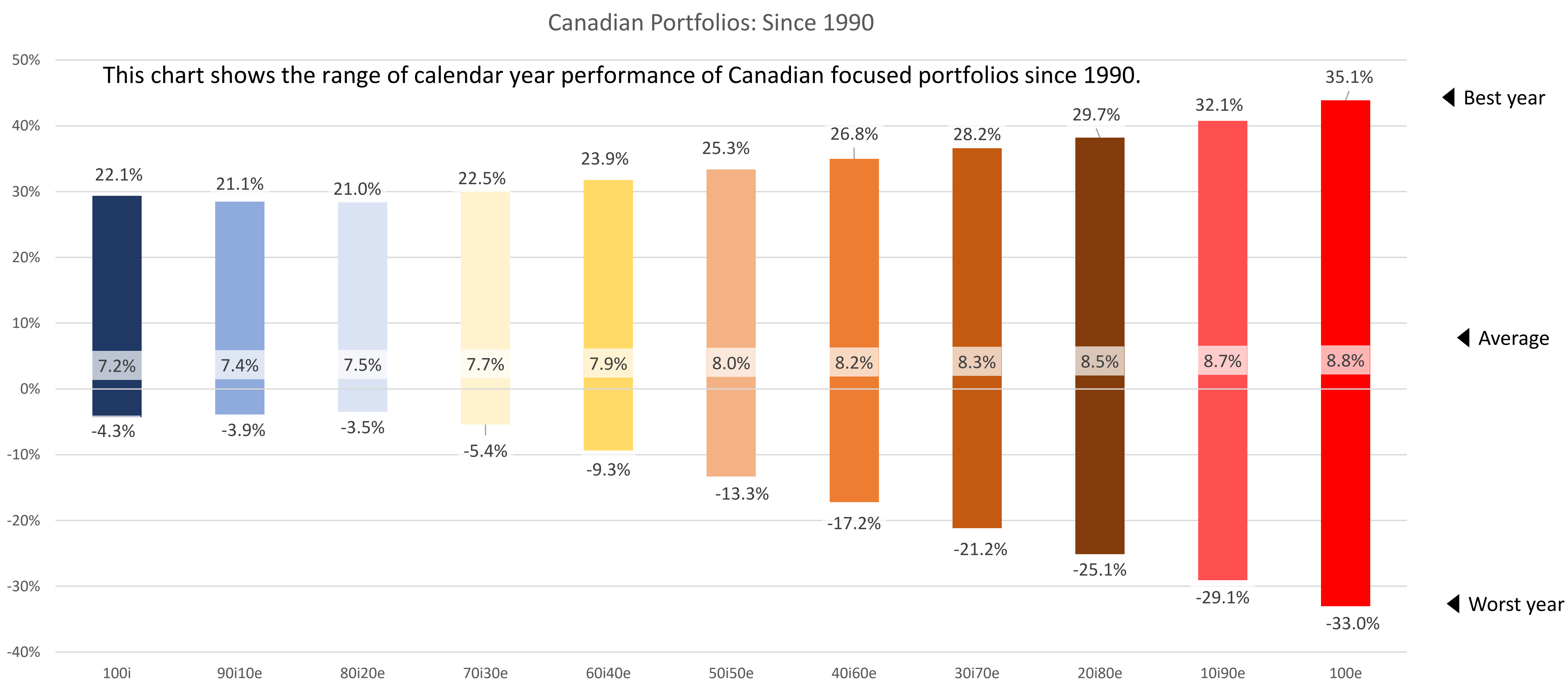
Asset allocation and its impact on return variability



Source: Morningstar Research Inc., CI Global Asset Management (December 2020). Calendar year returns up to December 31, 2020. X-axis represents a stock and bond portfolio. For example, 90i10e equals a 90% bond and 10% stock portfolio. Stocks are represented by the S&P 500 TR in USD. Fixed-income is represented by the Bloomberg Barclays U.S. Aggregate Bond Index TR in USD. Hypothetical portfolios are rebalanced annually.

Volatility is Normal – Stay Invested

Asset allocation and its impact on return variability



Source: Morningstar Research Inc., CI Global Asset Management (December 2020). Calendar year returns up to December 31, 2020. X-axis represents a stock and bond portfolio. For example, 90i10e equals a 90% bond and 10% stock portfolio. Stocks are represented by the S&P/TSX Composite TR. Fixed-income is represented by the FTSE Canada Universe Bond. Hypothetical portfolios are rebalanced annually.

4. TIMING THE MARKET IS DIFFICULT

Timing the Market is Difficult

When markets become volatile, it's not uncommon for investors to be tempted to sell and wait for the tide to turn. But that can be a mistake: when they sell and stay out of the market, investors eventually face the difficult question of when to buy back in again, and those who miss the turn – even for a short period – can cause lasting damage to the value of a portfolio, because market rallies often come in surges that are measured in days, not weeks (see slide 48: investor returns are generally lower than what the market offered over the long term, because of the temptation of market timing. Also slides 49 and 50 demonstrate how costly it can be when investors stay on the sidelines for few days trying to time the market and missing the performance best days).

Timing the market is an impossible strategy: the best days and worst days happen in clustered periods and if these up days are missed, investors will need longer period to recoup their losses (see slides 51 to 52).

The benefit of staying invested over a long-term period is upheld by the relationship between volatility and time: investments held for longer periods tend to exhibit lower volatility than those held for shorter periods. The longer you invest, the more likely you will be able to weather low market periods (see slide 54: staying invested throughout crisis and market downturns helped investors to quickly recover and earn strong returns during the subsequent periods).

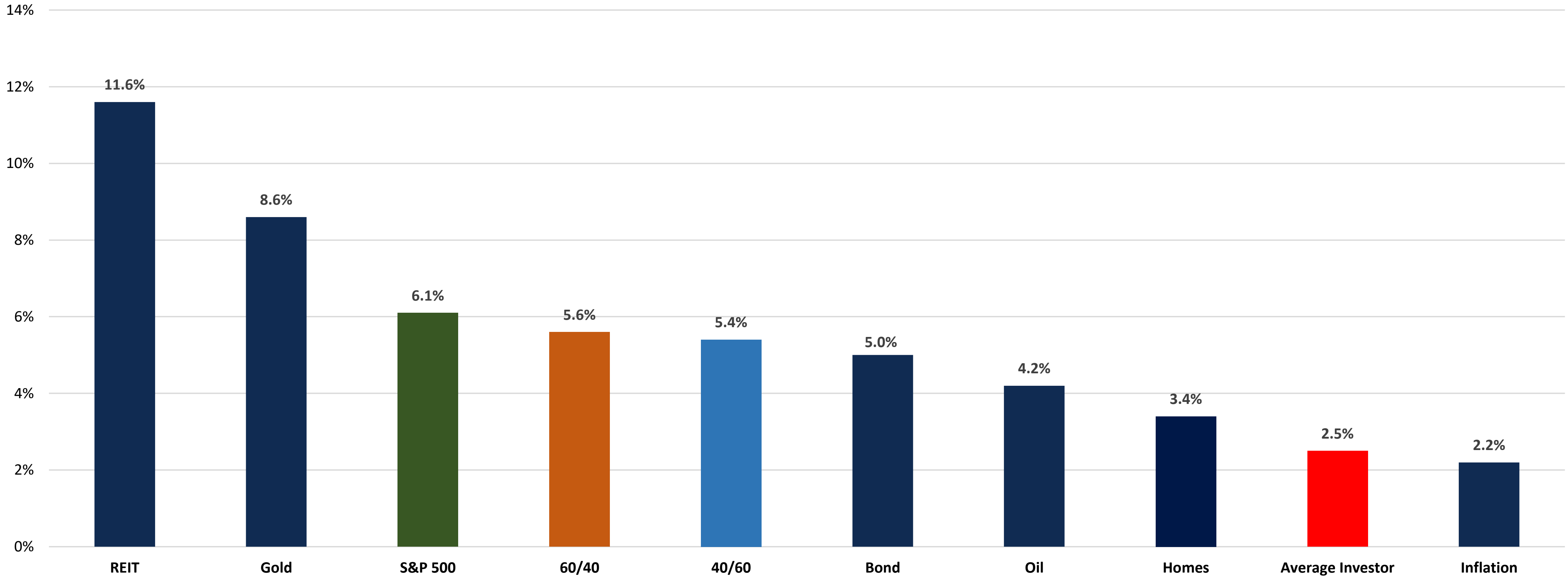
Investors can weather the market challenges by sitting down with an advisor to build an asset mix that matches their risk tolerance and investment horizon.

Timing the Market is Difficult

Don’t time the market

Volatility may tempt many investors to try to time the market, but history tells us that market timing is virtually impossible to do it successfully.

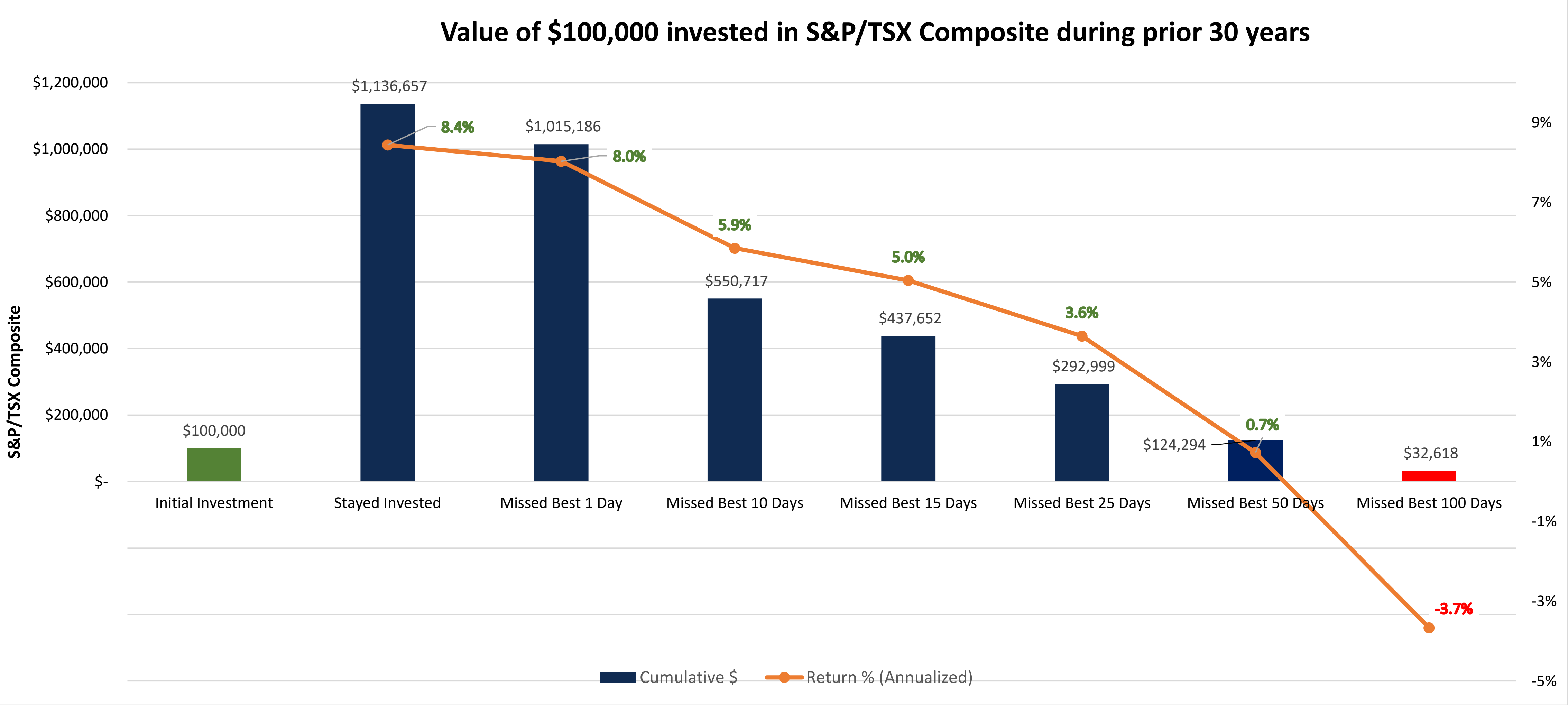
20-year annualized returns by asset class (1999 – 2019)



Source: J.P. Morgan Asset Management; Barclays, Bloomberg Finance L.P., FactSet, Standard & Poor’s; Dalbar Inc. Indices used are as follows: REITS: NAREIT Equity REIT Index, EAFE: MSCI EAFE, Oil: WTI Index, Bonds: Bloomberg Barclays U.S. Aggregate Index, Homes: median sale price of existing single-family homes, Gold: USD/troy oz., Inflation: CPI. 60/40: A balanced portfolio with 60% invested in S&P 500 Index and 40% invested in high-quality U.S. fixed income, represented by the Bloomberg Barclays U.S. Aggregate Index. The portfolio is rebalanced annually. Average asset allocation investor return is based on an analysis by Dalbar Inc., which utilizes the net of aggregate mutual fund sales, redemptions and exchanges each month as a measure of investor behavior. Returns are annualized (and total return where applicable) and represent the 20-year period ending 12/31/2019 to match Dalbar’s most recent analysis. Guide to the Markets – U.S. Data are as of December 31, 2019.

Timing the Market is Difficult

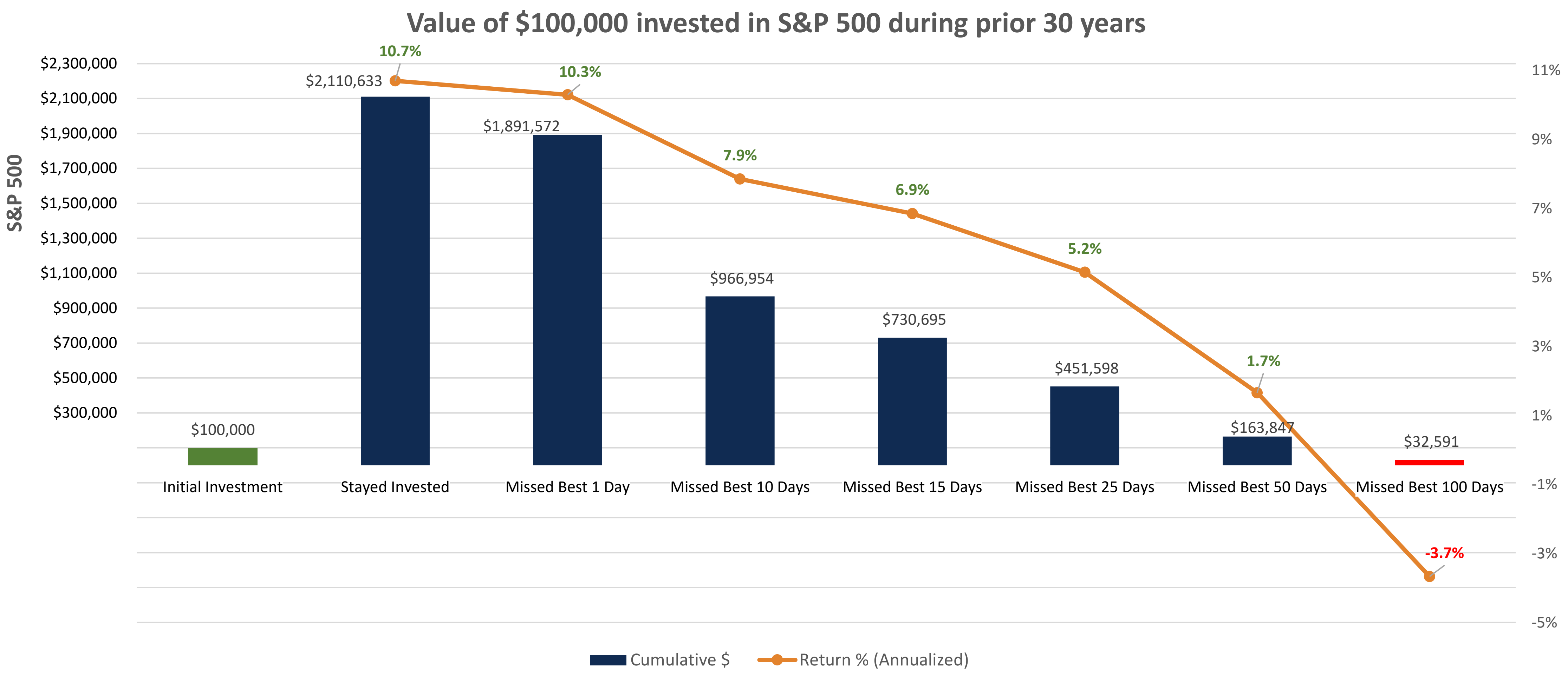
Don’t miss the best days



Source: Morningstar Research Inc., CI Global Asset Management. S&P/TSX Composite TR from January 1, 1991 – December 31, 2020 using daily returns.

Timing the Market is Difficult

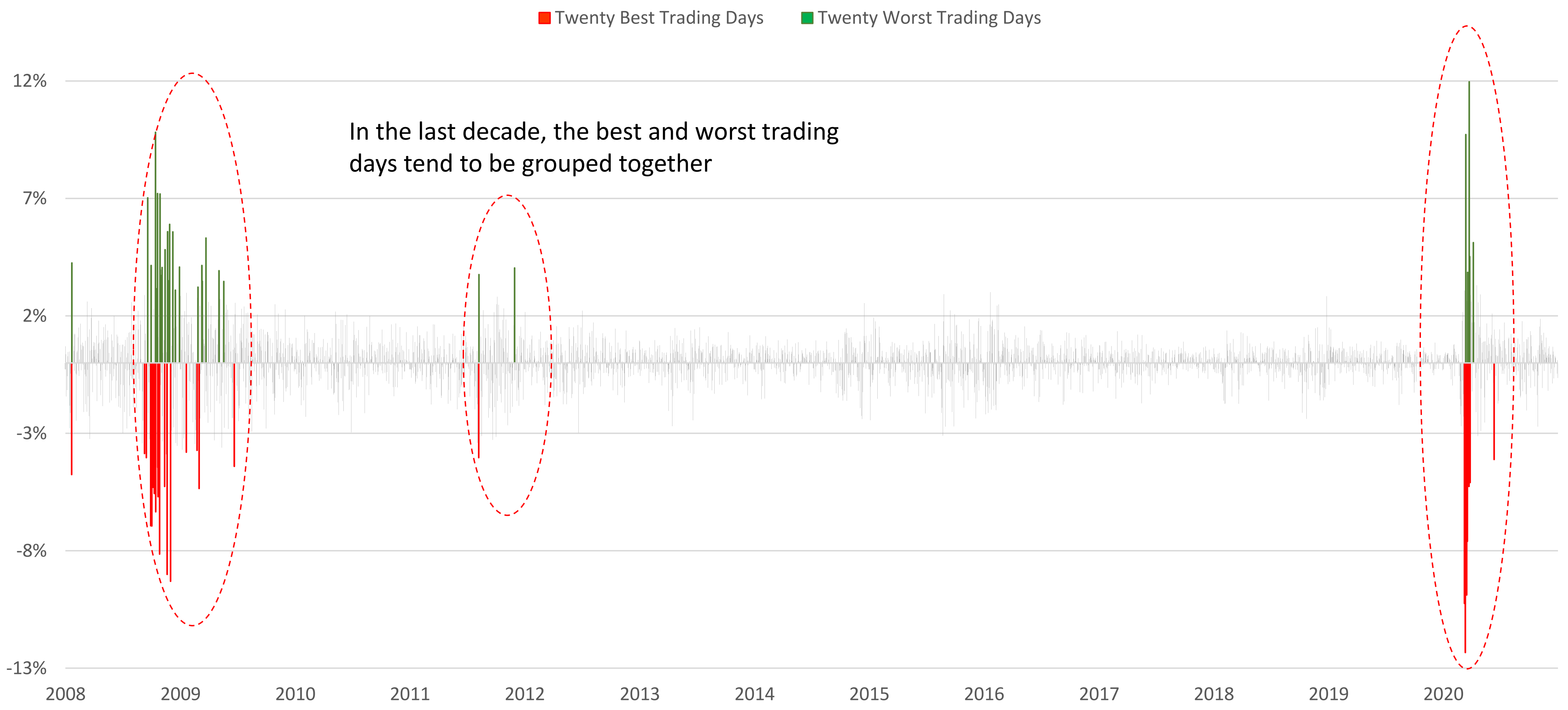
Don’t miss the best days



Source: Morningstar Research Inc., CI Global Asset Management. S&P 500 TR in USD from January 1, 1991 – December 31, 2020 using daily returns .

Timing the Market is Difficult

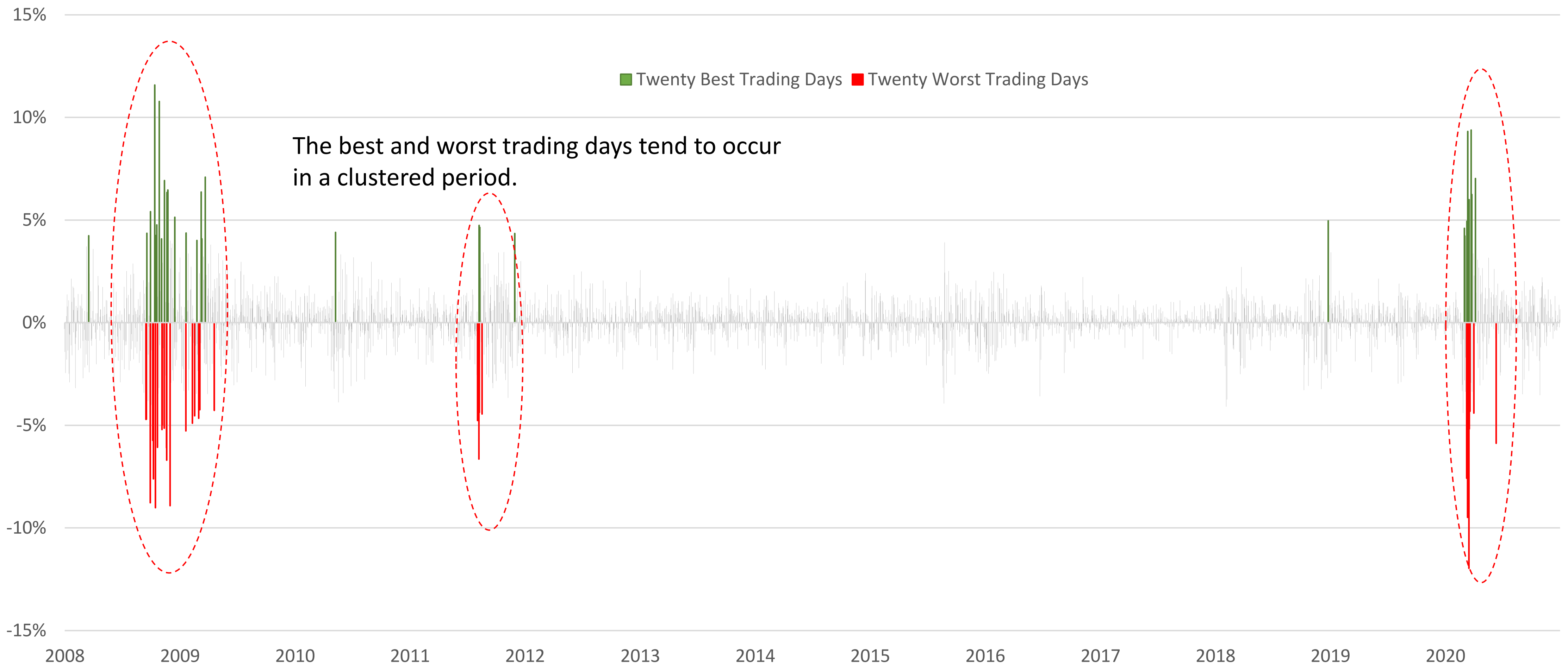
The best and worst trading days happen close together: S&P/TSX Composite 2008-2020



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P/TSX Composite TR daily returns, January 1, 2008 - December 31, 2020.

Timing the Market is Difficult

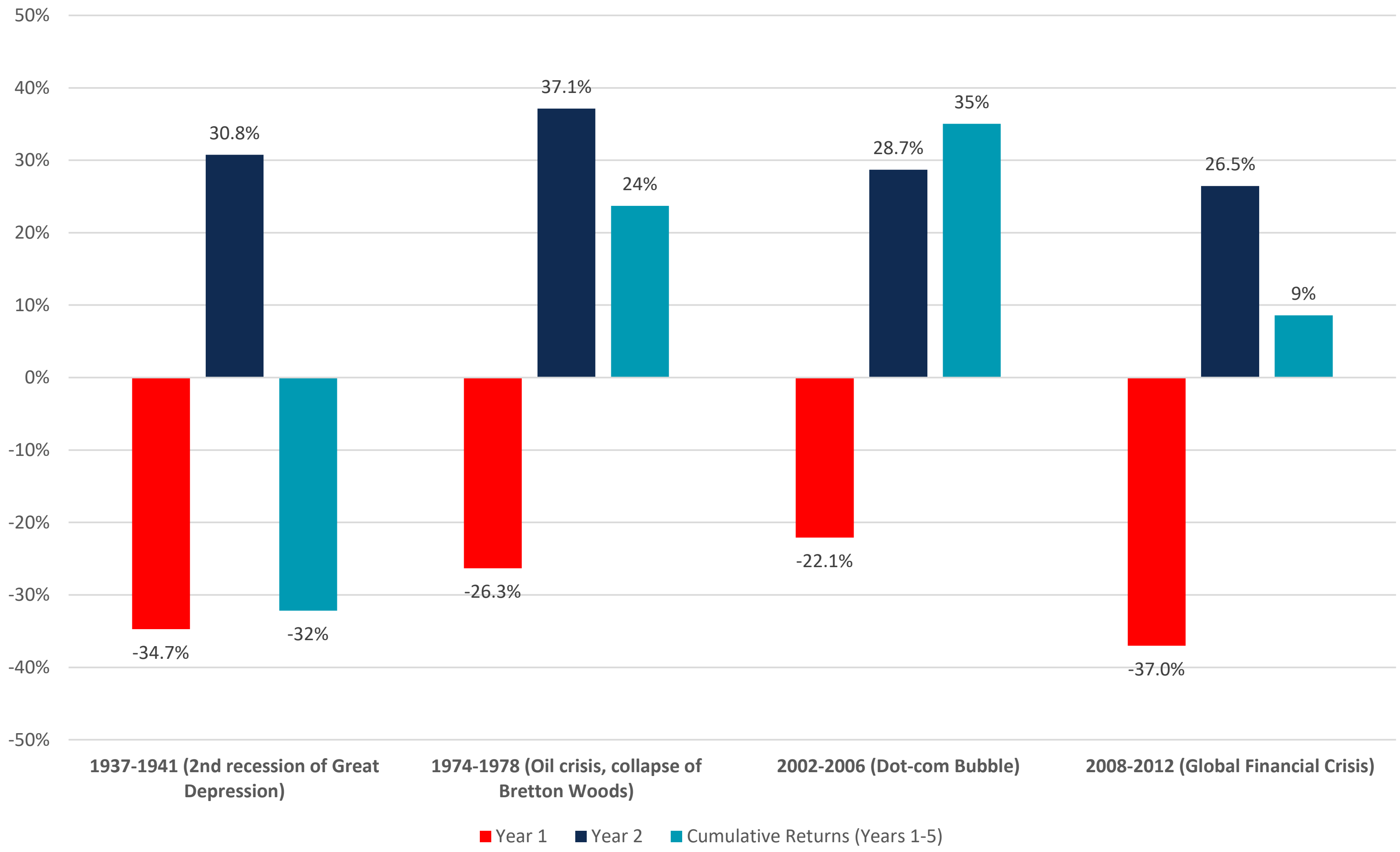
The best and worst trading days happen close together: S&P 500 2008-2020



Source: Bloomberg Finance L.P., CI Global Asset Management. S&P 500 TR daily returns in USD, January 1, 2008 - December 31, 2020.

Timing the Market is Difficult

S&P 500 bad years (20% or more) tend to be followed by good years



<u>It will get better</u>

In a year where the S&P 500 declines more than 20%, the market increases on average 30% in the following year

Excluding Great Depression, it took on average 1.5 years to recover

Source: Morningstar Research Inc., CI Global Asset Management (December 2020). S&P 500 TR USD.

Timing the Market is Difficult

Staying invested in U.S. equities through world crisis events leads to better results

Crisis	Approximate Start of Crisis	Headline	Staying Invested (USD returns)			Leaving market for one year, then reinvesting		
			1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
Korean War	25-Jun-50	North Korea invades South Korea	33.60%	77.40%	185.30%	0.00%	32.80%	113.50%
Cuban Missile Crisis	16-Oct-62	U-2 planes take pictures of Cuban missile bases	31.70%	75.60%	101.80%	0.00%	33.40%	53.30%
JFK Assassinated	22-Nov-63	JFK Assassinated	21.10%	17.40%	67.80%	0.00%	-3.00%	38.70%
Oil Crisis	16-Oct-73	OPEC Raises the posted price of oil by 70%	-38.90%	10.00%	18.20%	0.00%	80.20%	93.60%
Iranian Revolution leads to Energy Crisis	28-Jan-79	Shah leaves Iran in exile; the Ayatollah becomes the new leader	18.60%	49.40%	122.60%	0.00%	26.00%	87.70%
Black Monday	19-Oct-87	DJIA falls 22.6% in one day	-9.90%	5.80%	52.00%	0.00%	17.40%	68.60%
Gulf War	02-Aug-90	US invasion of Kuwait	12.80%	38.50%	82.90%	0.00%	22.90%	62.20%
Dissolution of the Soviet Union	26-Dec-91	Gorbachev resigns, declares office extinct, and grants self-governing independence to the Republics of the Soviet Union. Power is handed over to Yeltsin.	13.50%	25.50%	115.00%	0.00%	10.60%	89.50%
Asian Financial Crisis	01-Jul-97	Thailand free-floats the Baht, starting a chain reaction of events culminating into a region-wide crisis	30.20%	71.40%	19.70%	0.00%	31.70%	-8.00%
9/11 Terrorist Attacks	11-Sep-01	Terrorists hijack 4 airliners, destroy World Trade Centers	-15.50%	8.20%	29.80%	0.00%	28.10%	53.60%
Enron Bankruptcy	02-Dec-01	Enron files for Chapter 11 bankruptcy	-16.50%	10.10%	34.00%	0.00%	31.90%	60.50%
WorldCom Bankruptcy	21-Jul-02	WorldCom files for Chapter 11 bankruptcy	19.30%	53.70%	98.10%	0.00%	28.80%	66.10%
Dot-Com Bubble Low	09-Oct-02	NASDAQ reach it's trough from it's March 2000 peak	31.80%	58.00%	112.90%	0.00%	19.80%	61.50%
Invasion of Iraq	19-Mar-03	US invasion of Iraq	31.80%	59.20%	68.40%	0.00%	20.80%	27.70%
Global Financial Crisis	15-Sep-08	Lehman Brothers files for bankruptcy	-13.90%	1.50%	50.80%	0.00%	17.90%	75.10%

	3 Years	5 Years
Average Outperform of Staying Invested over Leaving market	10.8%	14.4%
Average Return of crises' that outperform leaving market	**30.2%**	**38.2%**

Source: Morningstar Research Inc., CI Global Asset Management December 2020. Returns are cumulative, are in USD and represent the S&P 500 TR Index

5. Investing for the long term

Investing for the Long Term

Investing is not typically a get-rich-quick tactic that someone can do for a short period of time and expect to make a significant amount of money.

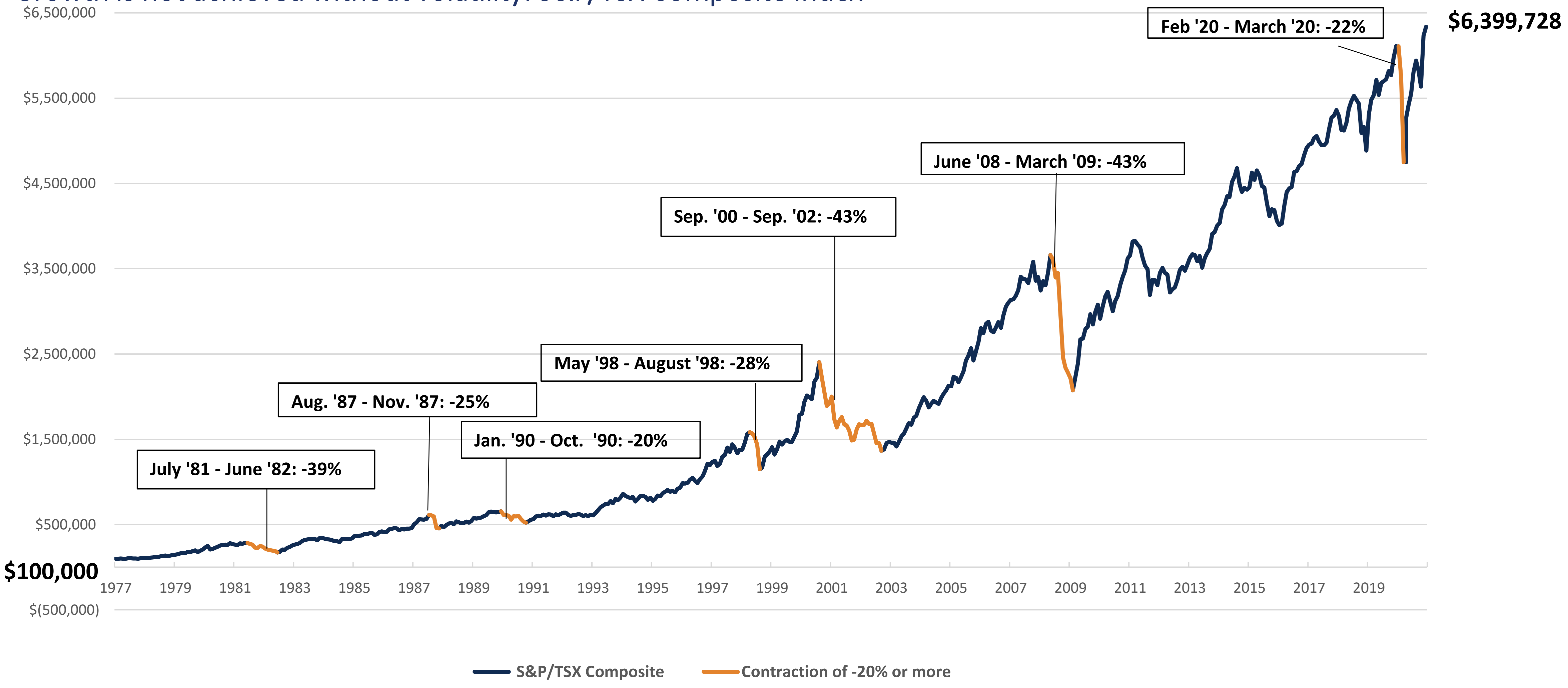
It is a long-term process that requires patience, commitment, and with the discipline to stay calm when the market fluctuates, as it inevitably will (see slides 57 and 58).

The market tends to gain significantly over the long term because average bull market periods last a lot longer and produce much bigger returns than the average bear market (see slide 59).

One of the greatest aspects of long-term investing is that it allows investors to take advantage of compounding: earning return on principal, past returns, reinvested dividends and interest make the value of the investment grow at an accelerated rate (see slide 60).

Investing for the Long Term

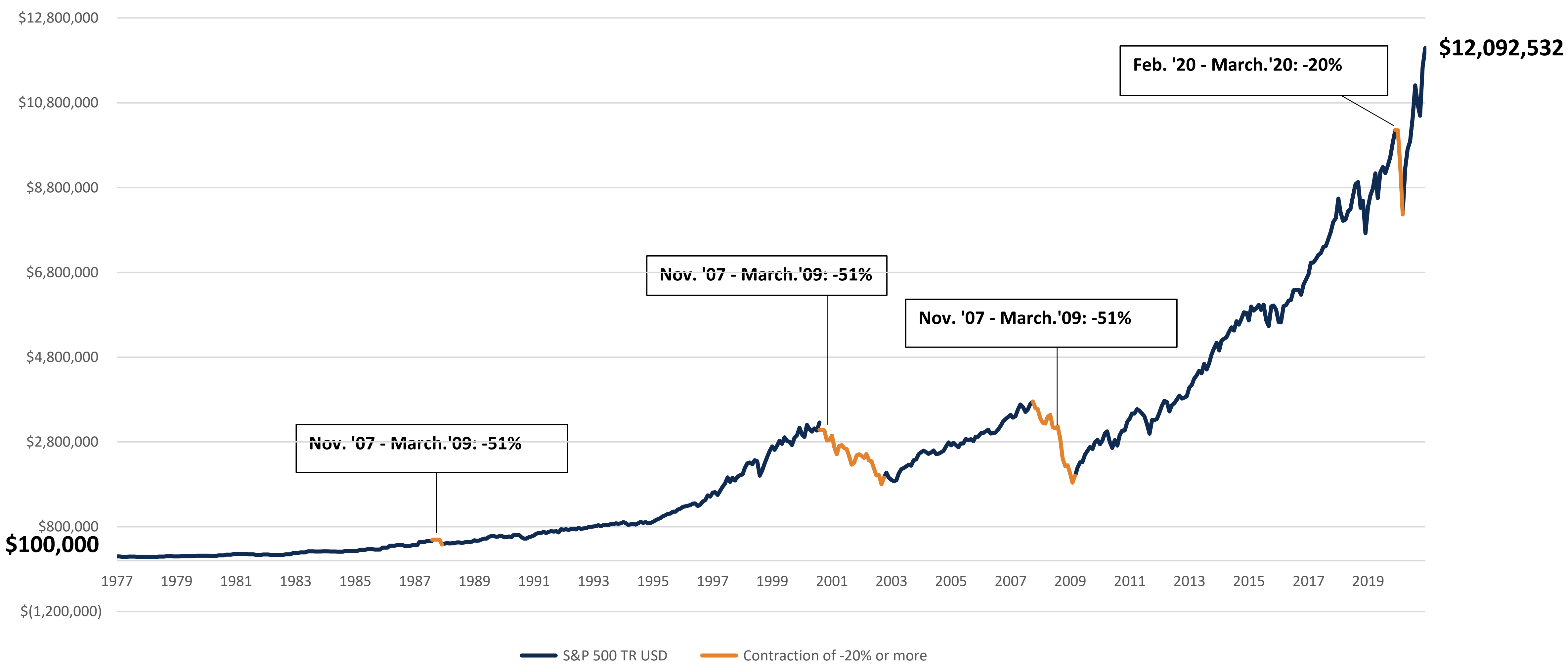
Growth is not achieved without volatility: S&P/TSX Composite Index



Source: Morningstar Research Inc., using monthly returns. S&P/TSX Composite TR as of as of December 31, 2020.

Investing for the Long Term

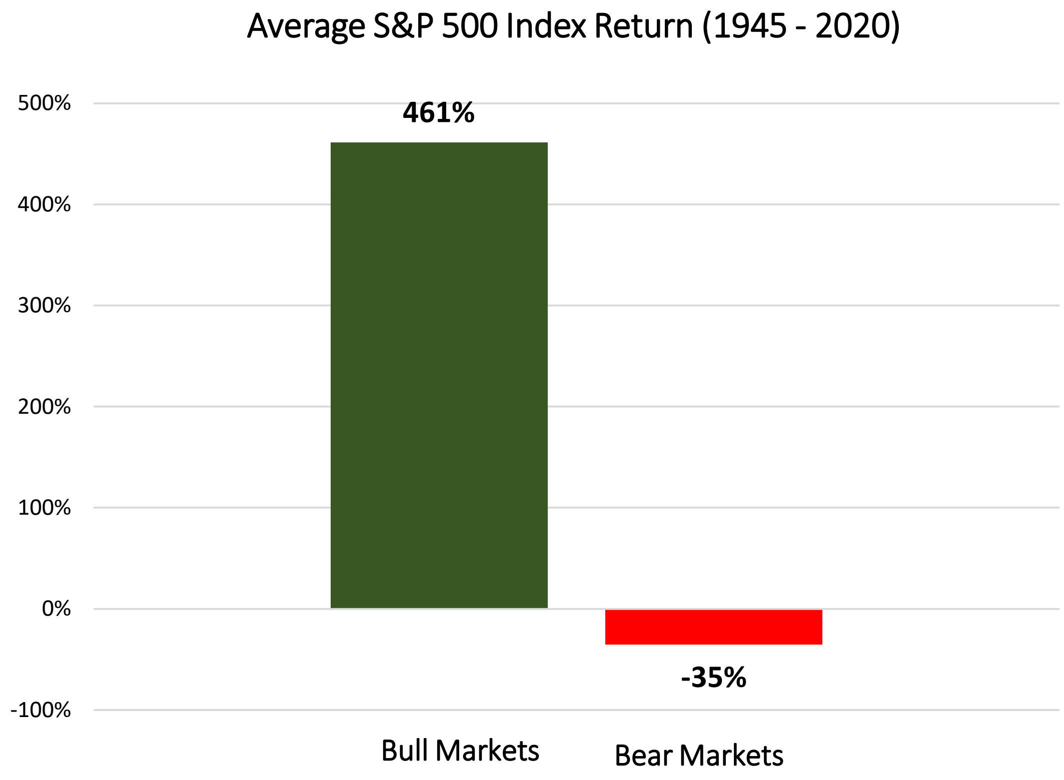
Growth is not achieved without volatility: S&P 500 Index

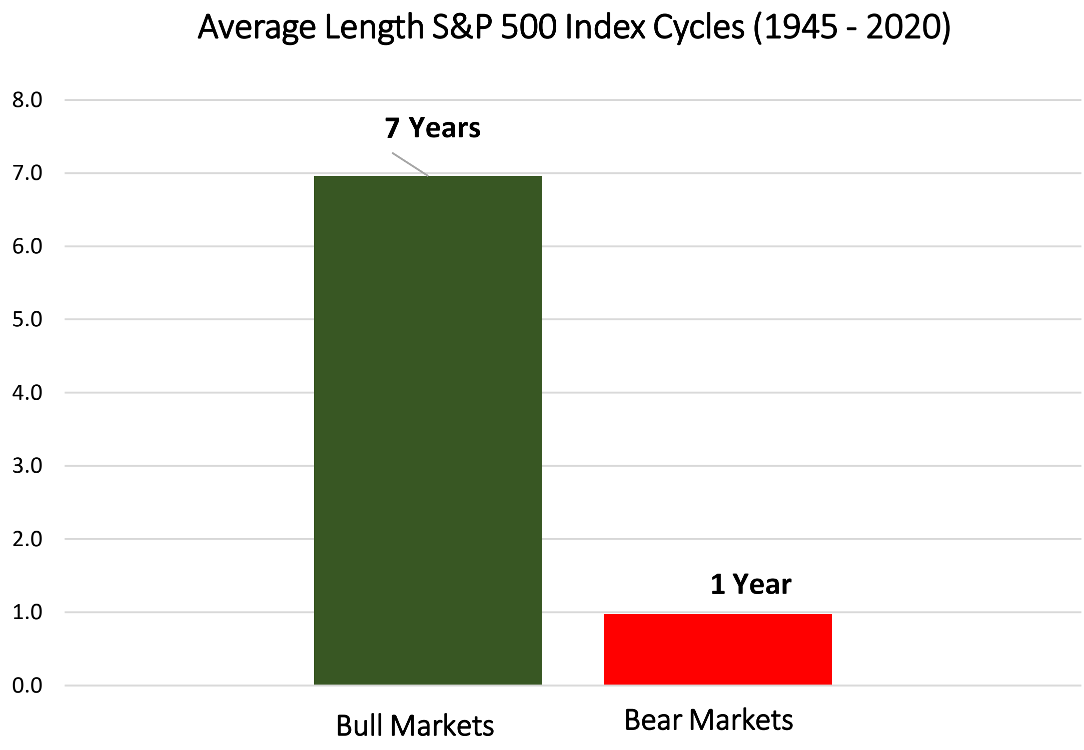


Source: Morningstar Research Inc., using monthly returns. S&P 500 TR in USD as of as of December 31, 2020.

Investing for the Long Term

The average Bull market lasted a lot longer and produced much bigger returns than the average Bear market.



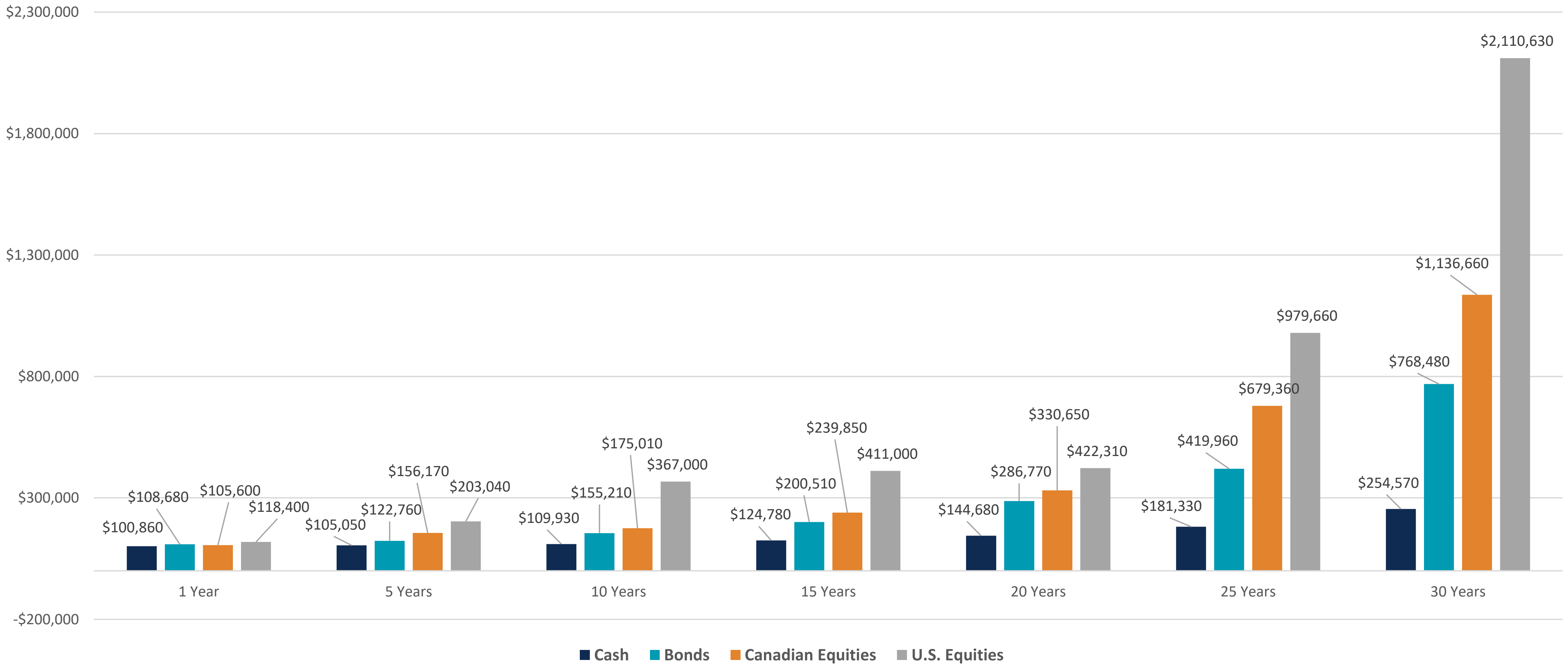


This illustrates why it pays off to stay invested: the stock market greatly rewards those who take the long view.

Source: Morningstar Research Inc., CI Global Asset Management. S&P 500 TR USD from January 1945 to December 2020.

Investing for the Long Term

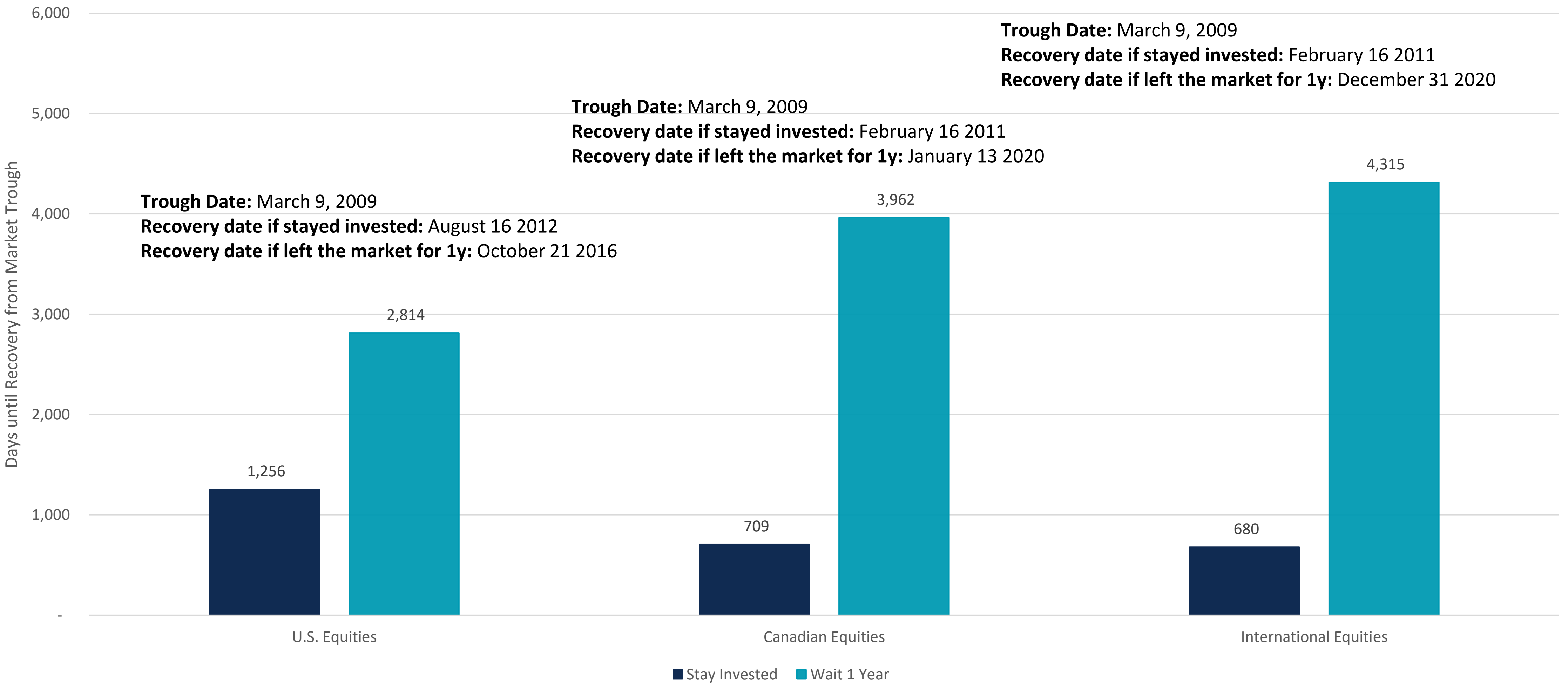
The power of compounding returns: growth of $100,000



Source: Morningstar Research Inc. as of December 31, 2020. Cash = FTSE Canada 91-day Tbill; Bonds = FTSE Canada Universe Bond; Canadian Equities = S&P/TSX Composite TR; U.S. Equities = S&P 500 TR in USD.

Investing for the Long Term

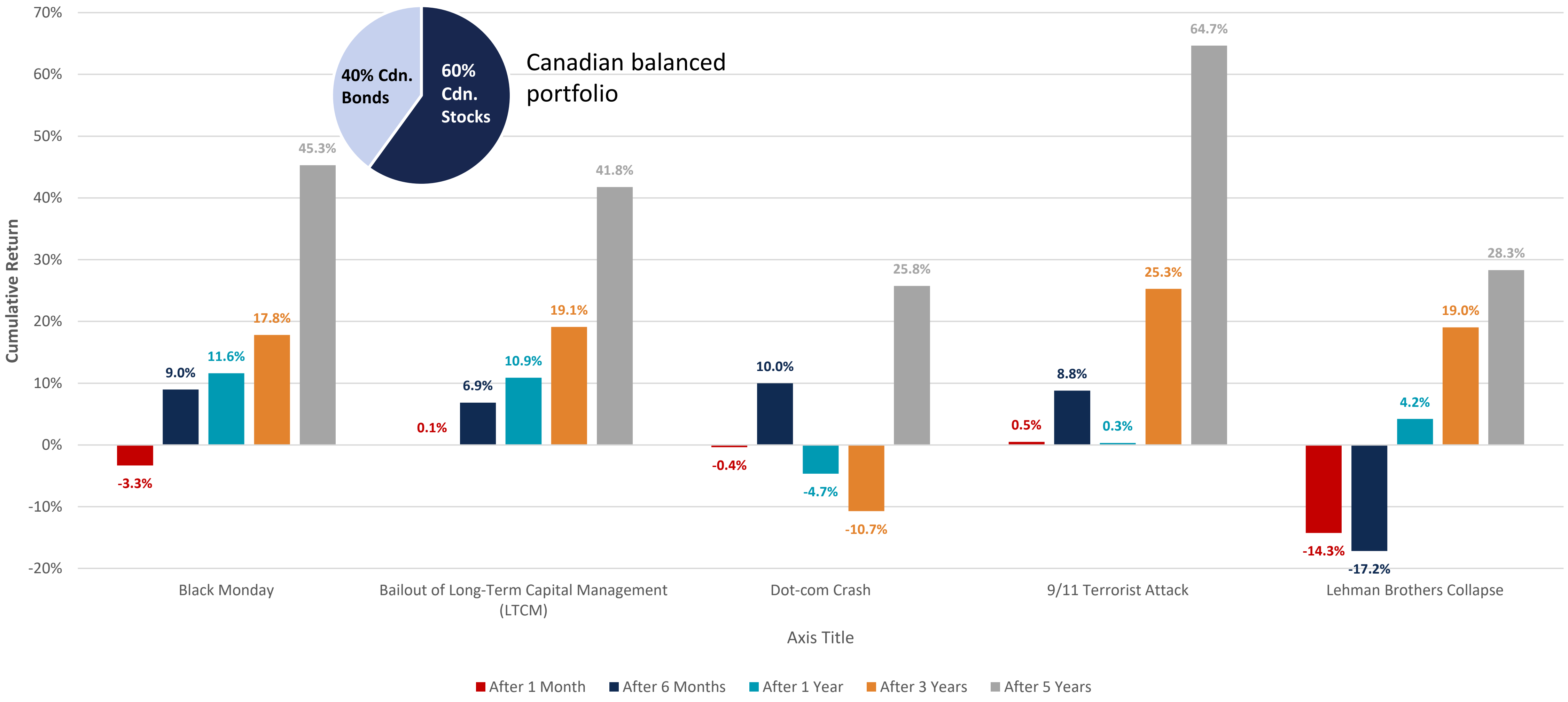
Fast recovery: Staying invested pays off



Source: Morningstar Research Inc., CI Global Asset Management. December 31, 2020. Returns are in index base currencies. Canadian Equities = S&P/TSX Composite TR; U.S. Equities = S&P 500 TR USD; International Equities = MSCI EAFE GR USD. All three indexes experienced a bottom on March 9, 2009. Waiting 1 year assumes you leave the market at the bottom and re-enter 1 year later on March 9, 2010. S&P 500: 122% required gain to recover from peak on October 9, 2007. If you stayed invested you recovered on April 2, 2012. If you left the market you recover on November 21, 2016. S&P/TSX: 94% gain to recover from peak on June 18, 2008. If you stayed invested you recovered on February 14, 2011. If you left the market you would have recovered on January 13, 2020. MSCI EAFE: 96% gain to recover from peak on October 31, 2007. If you stayed invested you recovered on January 13 2011. If you left the market you would recovered on December 21, 2020.

Investing for the Long Term

Recovery of Canadian balanced portfolio after crises



Source: Morningstar Research Inc., CI Global Asset Management (December 2020). The Canadian portfolios = S&P/TSX Composite TR (60%) & FTSE Canada Universe Bond TR (40%). Black Monday occurred October 19, 1987; bailout of Long-Term Capital Management (LTCM) occurred on September 23, 1998; Dot-com Crash assumed to have started after the NASDAQ peaked, March 11, 2000; 9/11 Terrorist Attack occurred on September 11, 2001; Lehman Brothers Collapse occurred on September 15, 2008

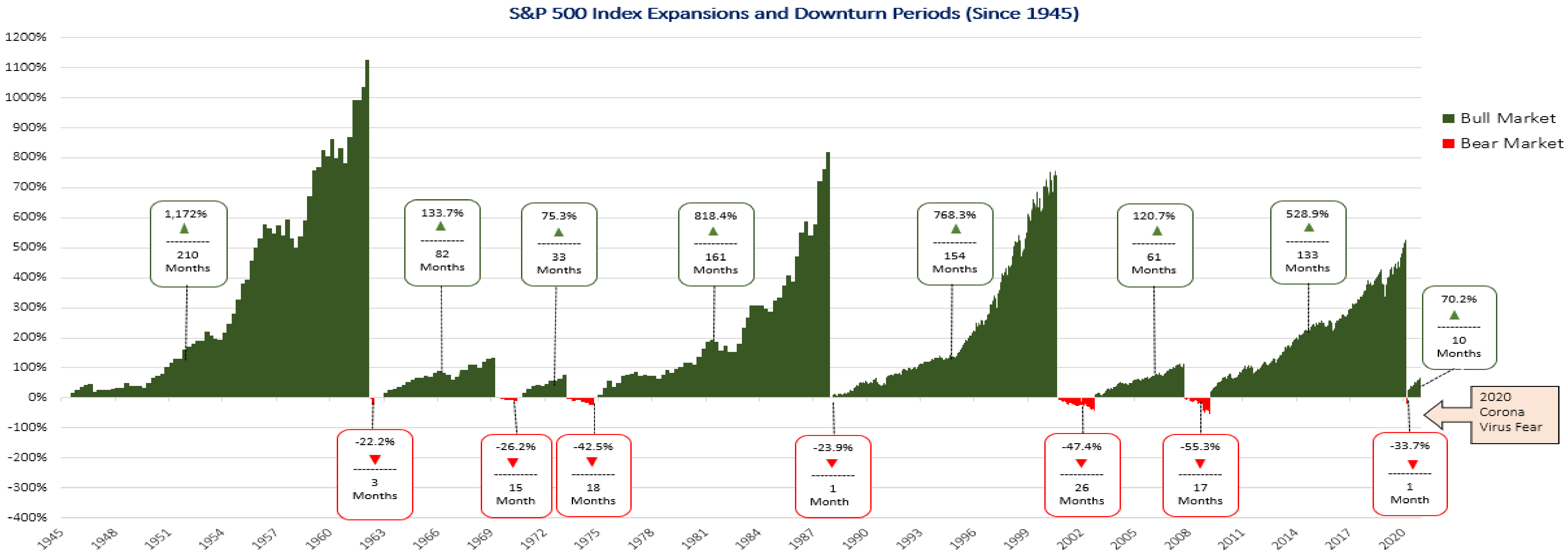
6. Historical recessions, crises & bear markets

Historical Recessions, Crises & Bear Markets

Historical Recessions, Crises & Bear Markets

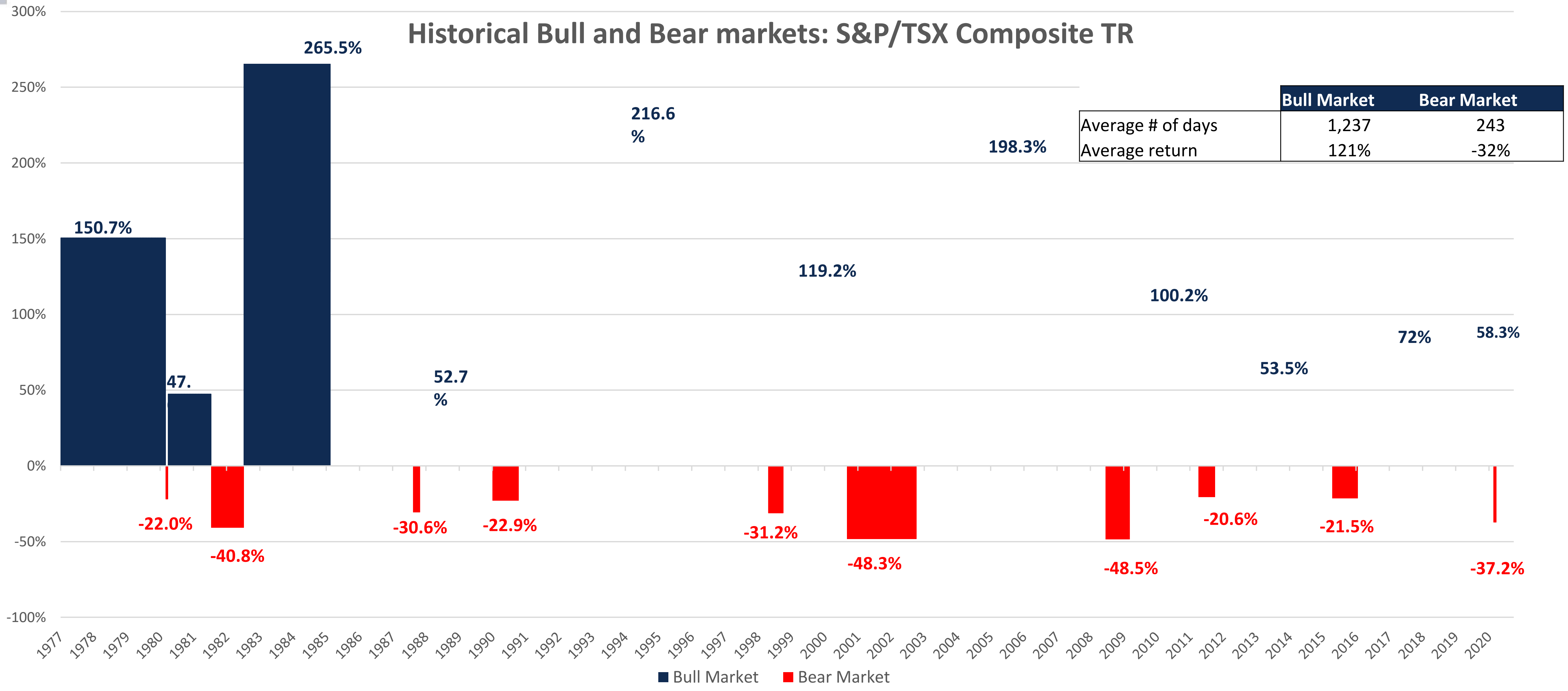
● Over the past 12 years, market expansions have lasted longer (30 months on average) than market downturns (8 months on average) and have more than made up for the periodic market decline.

● The best strategy is to commit and stay invested over a long-term period to capture the market upside fully. Timing the market exposes investors to missing most of market rallies over the long term.



Source: Morningstar Research Inc., CI Global Asset Management. S&P 500 TR USD as of December 31, 2020.

Historical Recessions, Crises & Bear Markets

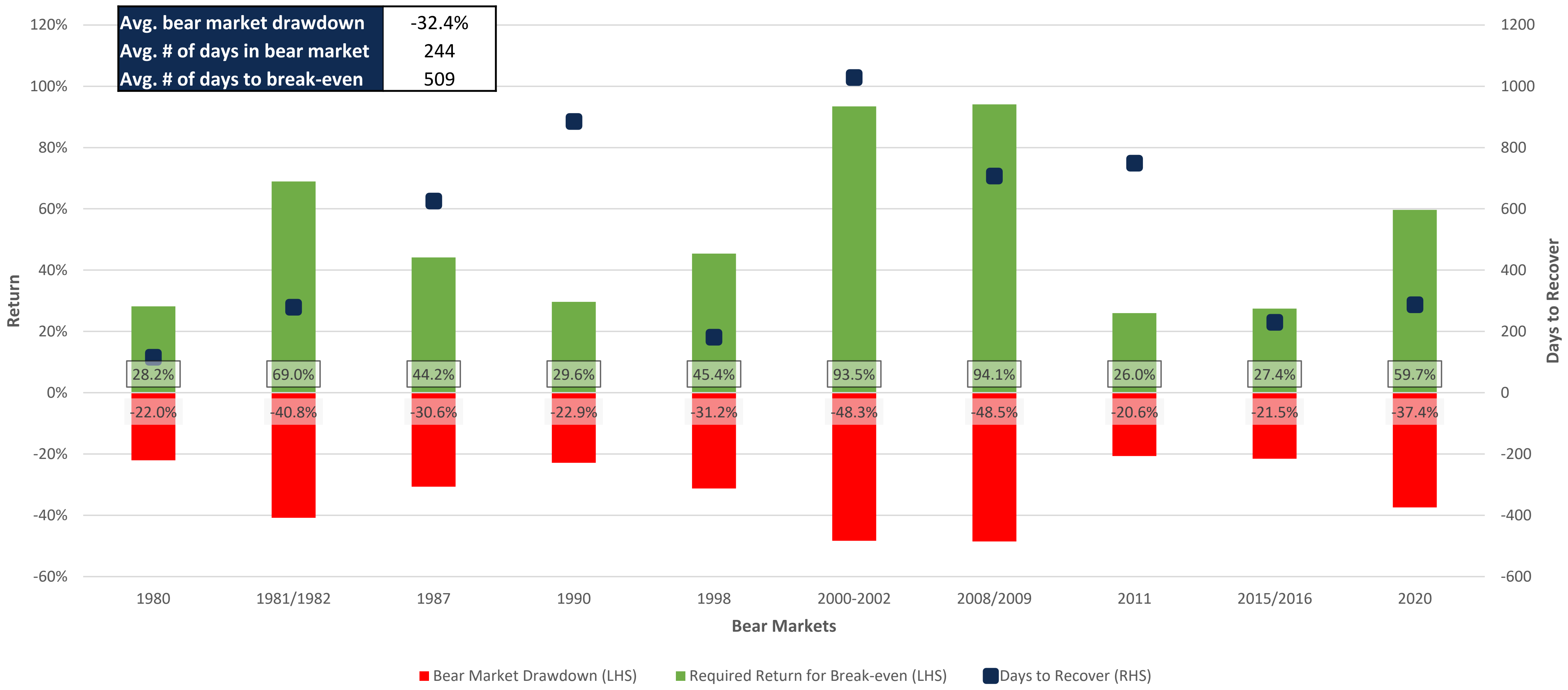


	Bull Market	Bear Market
Average # of days	1,237	243
Average return	121%	-32%

Source: Morningstar Research Inc., CI Global Asset Management.. January 1, 1977 – December 31, 2020. This chart shows the periods in which the S&P/TSX Composite TR incurred a drawdown of -20% or more, and the subsequent bull markets.

Historical Recessions, Crises & Bear Markets

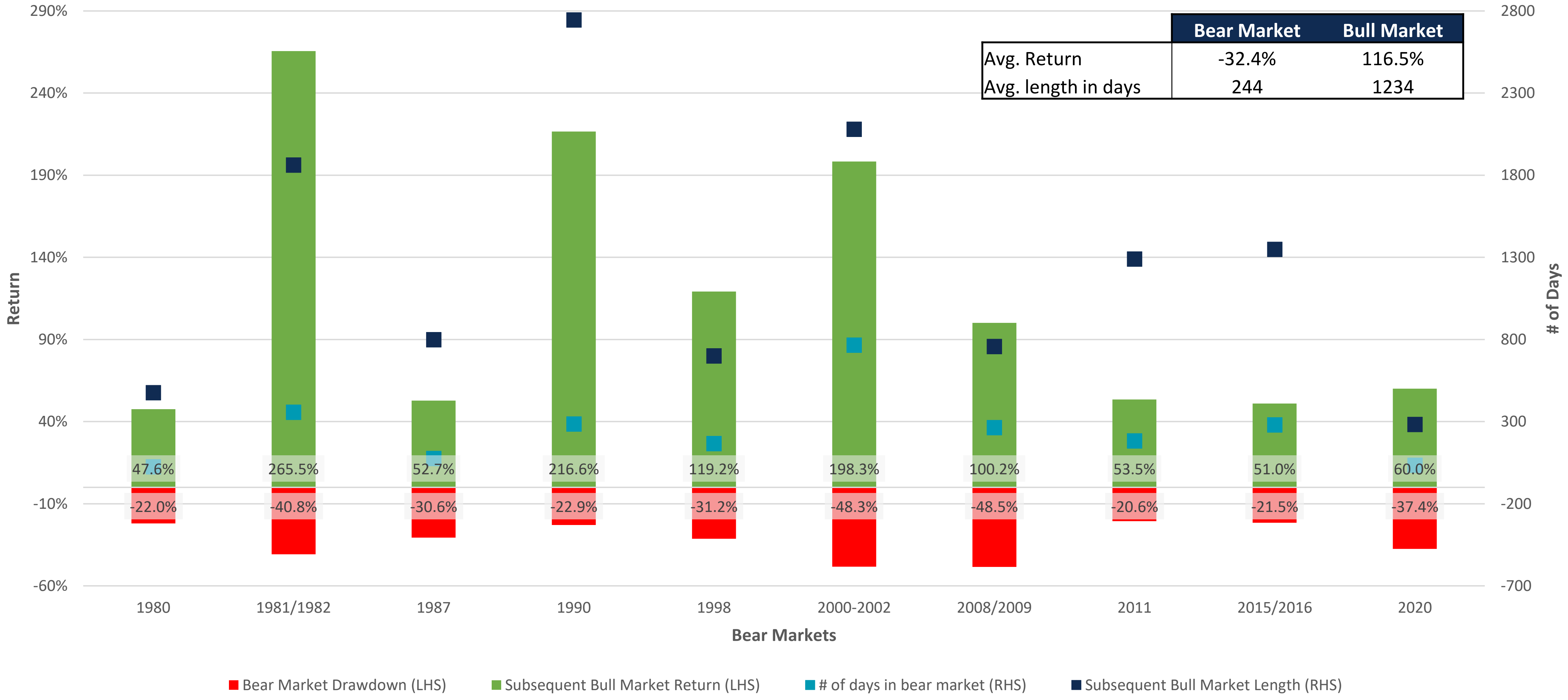
Historical bear markets and required return to break-even: S&P/TSX Composite TR



Source: Morningstar Research Inc., CI Global Asset Management. S&P/TSX Composite TR using daily returns. March 3, 1980 – December 31, 2020.
Bear markets are defined as drawdowns of at least -20% from peak to trough.

Historical Recessions, Crises & Bear Markets

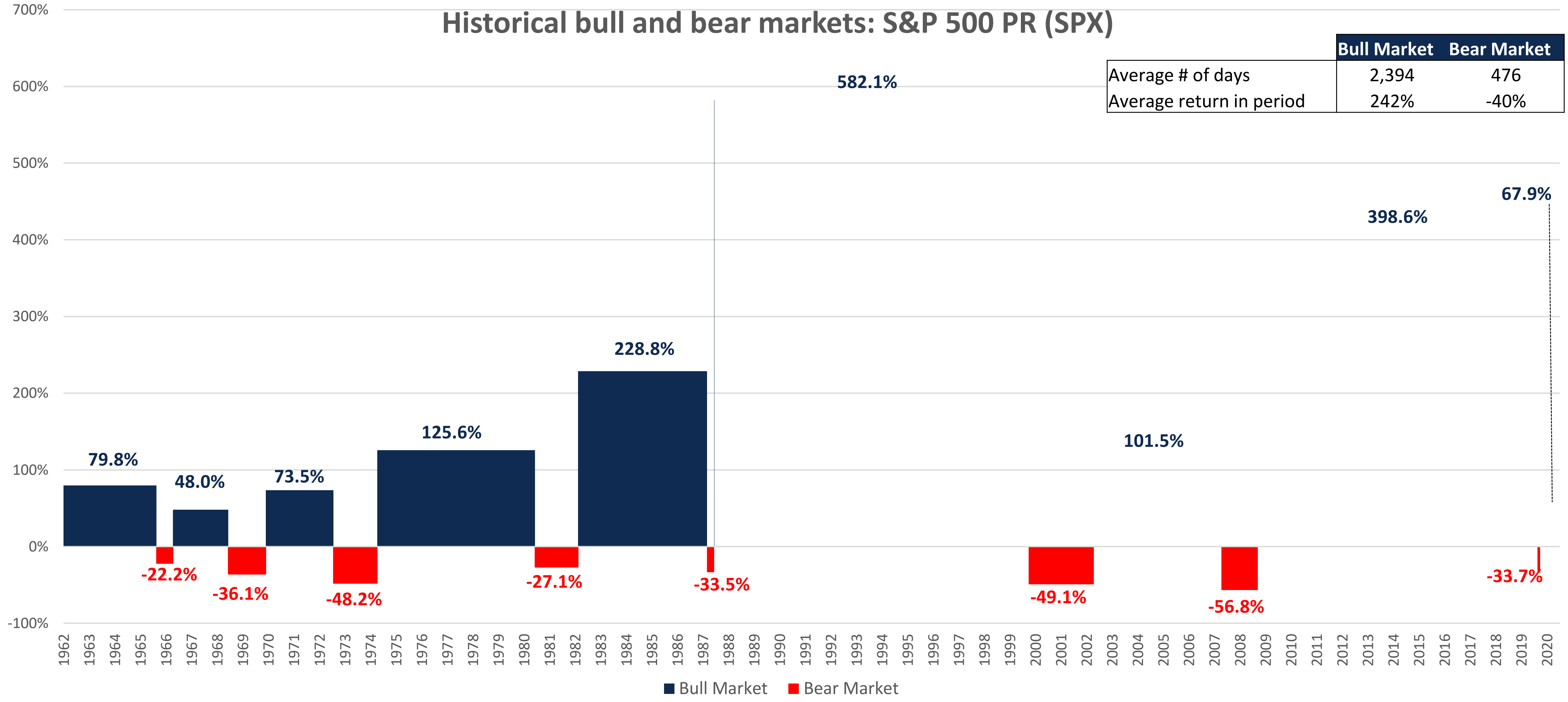
Historical bear and bull markets summary: S&P/TSX Composite TR



	Bear Market	Bull Market
Avg. Return	-32.4%	116.5%
Avg. length in days	244	1234

Source: Morningstar Research Inc., CI Global Asset Management. S&P/TSX Composite TR using daily returns. March 3, 1980 – December 31, 2020.
Bear markets are defined as drawdowns of at least -20% from peak to trough.

Historical Recessions, Crises & Bear Markets

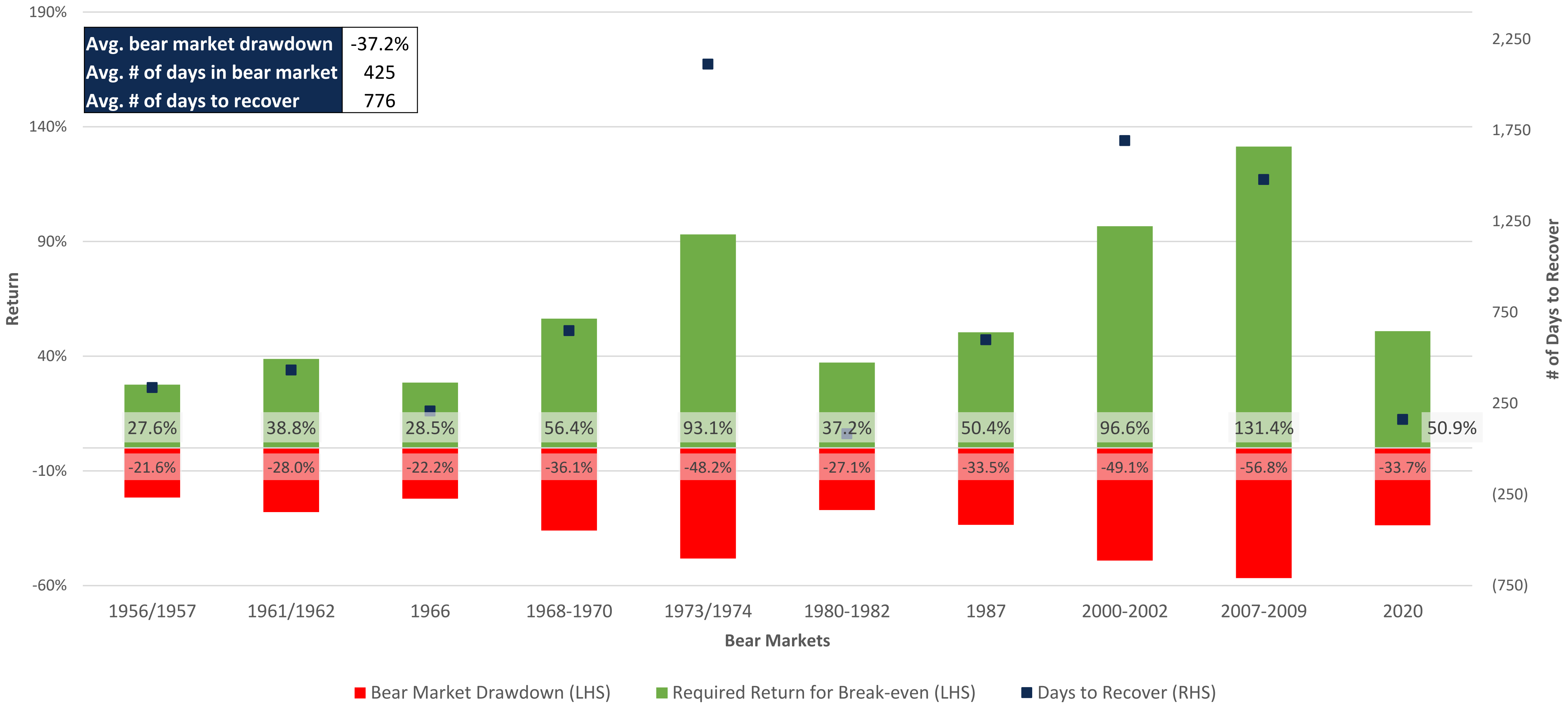


	Bull Market	Bear Market
Average # of days	2,394	476
Average return in period	242%	-40%

Source: Morningstar Research Inc., CI Global Asset Management. June 2019. June 27, 1962 – December 31, 2020.
This chart shows the periods in which the S&P 500 PR incurred a drawdown of -20% or more, and the subsequent bull markets.

Historical Recessions, Crises & Bear Markets

Historical bear markets and required return to break-even: S&P 500 PR (SPX)

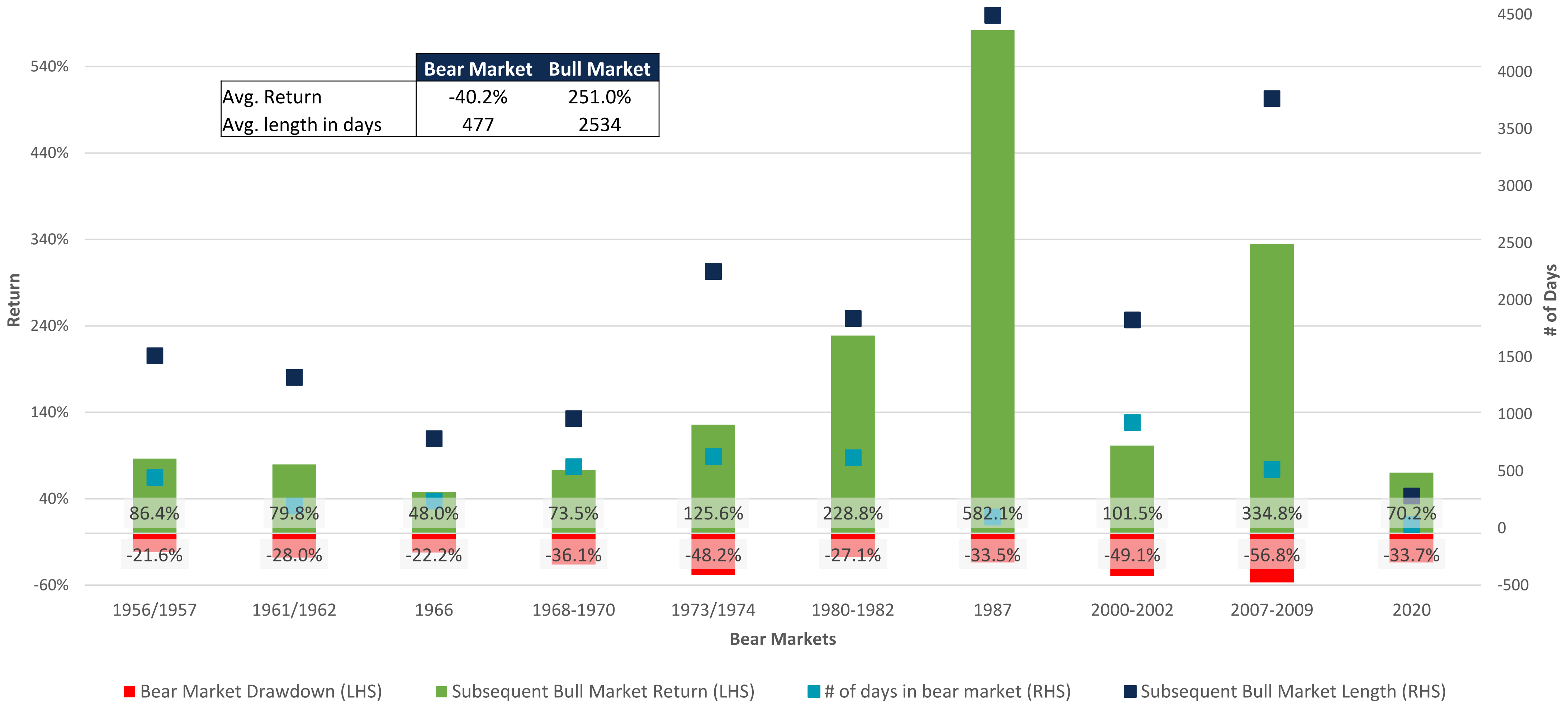


Source: Morningstar Research Inc., CI Global Asset Management. S&P 500 PR using daily returns. August 3, 1956 – December 31, 2020.
Bear markets are defined as drawdowns of at least -20% from peak to trough.

Historical Recessions, Crises & Bear Markets

Historical bear markets and required return to break-even: S&P 500 PR (SPX)

	Bear Market	Bull Market
Avg. Return	-40.2%	251.0%
Avg. length in days	477	2534



Source: Morningstar Research Inc., CI Global Asset Management. S&P 500 PR using daily returns. August 3, 1956 – December 31, 2020. Bear markets are defined as drawdowns of at least -20% from peak to trough.

7. The case for diversification

The Case for Diversification

Because winning stocks and sectors generally rotate, the optimal solution for investors to protect their portfolios and mitigate the unsystematic risk is to broadly diversify. Historical data demonstrates that diversification helps in achieving consistent returns over time and reducing the overall investment risk.

As depicted in following slides, it is hard to consistently pick the winners and a bet on the wrong asset or sector can be costly.

The Case for Diversification

Annual ranking of core asset classes since 2008

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Best	Gold 23.7%	US Equity 31.5%	Canadian Bonds 1.4%	Emerging Markets Equity 31.0%	Oil 52.4%	International Equity 5.8%	Global Infrastructure 23.3%	US Equity 32.4%	Global Real Estate 23.7%	Oil 13.6%	Gold 27.3%	Oil 79.3%	Canadian Bonds 6.4%
	Emerging Markets Equity 19.5%	Global Infrastructure 27.0%	Global Infrastructure 0.6%	US Equity 21.8%	Canadian Equity 21.1%	Canadian Bonds 3.5%	Global Real Estate 22.8%	International Equity 27.5%	International Equity 17.9%	Gold 11.2%	Global Real Estate 23.4%	Emerging Markets Equity 62.8%	Gold 3.0%
	US Equity 18.4%	Global Real Estate 24.5%	Gold -1.5%	Oil 17.7%	High Yield Bonds 17.5%	US Equity 1.4%	US Equity 13.7%	Global Infrastructure 20.5%	Emerging Markets Equity 17.4%	Canadian Bonds 9.7%	Oil 20.9%	High Yield Bonds 57.5%	Global Bonds -8.6%
	Balanced Portfolio 14.5%	Canadian Equity 22.9%	High Yield Bonds -2.3%	Balanced Portfolio 17.3%	Global Infrastructure 12.6%	Global Real Estate 0.6%	Canadian Equity 10.6%	Balanced Portfolio 15.9%	US Equity 16.0%	Global Infrastructure 6.9%	Canadian Equity 17.6%	Canadian Equity 35.1%	Liquid Alternative -12.1%
	Liquid Alternative 12.8%	Oil 22.7%	Global Bonds -3.6%	International Equity 15.8%	US Equity 12.0%	Liquid Alternative -0.8%	Canadian Bonds 8.8%	Canadian Equity 13.0%	High Yield Bonds 15.6%	Preferred Shares 5.8%	High Yield Bonds 15.2%	Global Real Estate 33.7%	Preferred Shares -16.9%
	Global Bonds 10.4%	International Equity 22.3%	US Equity -4.4%	Global Infrastructure 15.3%	Emerging Markets Equity 10.1%	Balanced Portfolio -1.4%	Preferred Shares 6.8%	High Yield Bonds 7.4%	Balanced Portfolio 14.5%	High Yield Bonds 4.4%	Emerging Markets Equity 14.4%	Gold 27.1%	High Yield Bonds -26.4%
	Canadian Bonds 8.7%	Balanced Portfolio 21.6%	Liquid Alternative -4.6%	Preferred Shares 13.6%	Gold 8.7%	Global Bonds -3.6%	International Equity 6.0%	Liquid Alternative 7.3%	Global Infrastructure 12.0%	Global Bonds 4.3%	US Equity 15.1%	Preferred Shares 27.0%	Global Infrastructure -27.2%
	High Yield Bonds 6.2%	Emerging Markets Equity 18.5%	Global Real Estate -4.8%	Gold 11.4%	Preferred Shares 7.0%	High Yield Bonds -4.6%	Emerging Markets Equity 6.4%	Emerging Markets Equity 3.8%	Global Bonds 11.2%	US Equity 2.1%	Balanced Portfolio 10.0%	US Equity 26.5%	Balanced Portfolio -28.9%
	Preferred Shares 6.2%	Gold 18.4%	Balanced Portfolio -6.2%	Canadian Equity 9.1%	Global Real Estate 6.9%	Global Infrastructure -4.6%	Balanced Portfolio 4.6%	Global Real Estate 2.8%	Canadian Equity 7.2%	Global Real Estate 1.7%	Liquid Alternative 8.2%	Balanced Portfolio 26.4%	Canadian Equity -33.0%
	Canadian Equity 5.6%	High Yield Bonds 14.4%	Preferred Shares -7.9%	Global Bonds 9.0%	Balanced Portfolio 6.7%	Emerging Markets Equity -5.4%	Liquid Alternative 3.6%	Global Bonds 0.3%	Preferred Shares 5.5%	Liquid Alternative -0.1%	Preferred Shares 8.2%	International Equity 25.4%	US Equity -37.0%
	International Equity 1.3%	Global Bonds 11.5%	Canadian Equity -8.9%	Global Real Estate 8.6%	International Equity 5.9%	Canadian Equity -8.3%	Global Bonds 3.1%	Oil 0.1%	Gold 5.3%	Balanced Portfolio -1.2%	Global Infrastructure 7.7%	Global Bonds 19.2%	International Equity -39.9%
	Global Infrastructure -2.7%	Liquid Alternative 8.1%	Emerging Markets Equity -9.7%	High Yield Bonds 7.5%	Liquid Alternative 5.0%	Gold -11.8%	High Yield Bonds 2.5%	Canadian Bonds -1.2%	Canadian Bonds 3.6%	Canadian Equity -8.7%	Canadian Bonds 6.7%	Global Infrastructure 15.2%	Global Real Estate 45.0%
Worst	Global Real Estate -8.1%	Canadian Bonds 6.9%	International Equity -10.5%	Liquid Alternative 4.6%	Global Bonds 4.3%	Preferred Shares -14.9%	Gold -0.6%	Preferred Shares -2.6%	Liquid Alternative 3.2%	International Equity -11.7%	Global Bonds 5.8%	Liquid Alternative 13.3%	Emerging Markets Equity -45.7%
	Oil -21.5%	Preferred Shares 3.5%	Oil -19.5%	Canadian Bonds 2.5%	Canadian Bonds 1.7%	Oil -35.0%	Oil -48.2%	Gold -28.1%	Oil 2.6%	Emerging Markets Equity -12.5%	International Equity 5.3%	Canadian Bonds 5.4%	Oil -53.9%
Spread between the best and worst Classes	**45%**	**28%**	**21%**	**28%**	**51%**	**41%**	**71%**	**60%**	**21%**	**26%**	**22%**	**74%**	**60%**

Source: Morningstar Research Inc., as of December 31, 2020.

US Equity: S&P 500 Index (TR-USD), Canadian Equity: S&P/TSX Composite Index (TR-CAD), International Equity: MSCI EAFE Index (GR-LCL), Emerging Markets Equity: MSCI Emerging Markets Index (GR-LCL), Global Real Estate: S&P Global REIT Index (TR-USD), Global Infrastructure: MSCI World Core Infrastructure Index (GR-LCL), Canadian Fixed Income: FTSE Canada Universe Bond Index (CAD), US High Yield Fixed Income: ICE Bank of America Merrill Lynch US High Yield Index (TR-USD), Global Bond: BBgBarc Gbl Agg Corp (TR-USD), Liquid Alternative: Credit Suisse Liquid Alternative Index (TR-USD), Gold: SPDR Gold Shares ETF, Oil: Oil Price Brent Crude Index.

The Case for Diversification

Annual ranking of S&P 500 sectors since 2008

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Best	IT 43.9%	IT 50.3%	Health Care 6.5%	IT 38.8%	Energy 27.4%	Cons. Disc. 10.1%	Real Estate 30.2%	Cons. Disc. 43.1%	Financials 28.8%	Utilities 19.9%	Real Estate 32.3%	IT 61.7%	Cons. Staples -15.4%
	Cons. Disc. 33.3%	Comm. Serv. 32.7%	Utilities 4.1%	Materials 23.8%	Comm. Serv. 23.5%	Health Care 6.9%	Utilities 29.0%	Health Care 41.5%	Cons. Disc. 23.9%	Cons. Staples 14.0%	Cons. Disc. 27.7%	Materials 48.6%	Health Care -22.8%
	Comm. Serv. 23.6%	Financials 32.1%	Cons. Disc. 0.8%	Cons. Disc. 23.0%	Financials 22.8%	Cons. Staples 6.6%	Health Care 25.3%	Industrials 40.7%	Real Estate 19.7%	Health Care 12.7%	Industrials 26.7%	Cons. Disc. 41.3%	Utilities -29.0%
	Materials 20.7%	S&P 500 31.5%	IT -0.3%	Financials 22.2%	Industrials 18.9%	IT 5.9%	IT 20.1%	Financials 35.6%	Comm. Serv. 18.3%	Real Estate 11.4%	Materials 22.2%	Real Estate 27.1%	Comm. Serv. -30.5%
	S&P 500 18.4%	Industrials 29.4%	Real Estate -2.2%	Health Care 22.1%	Materials 16.7%	Real Estate 4.7%	Cons. Staples 16.0%	S&P 500 32.4%	Health Care 17.9%	Comm. Serv. 6.3%	Energy 20.5%	S&P 500 26.5%	Cons. Disc. -33.5%
	Health Care 13.4%	Real Estate 29.0%	S&P 500 -4.4%	S&P 500 21.8%	Utilities 16.3%	Comm. Serv. 3.4%	Financials 15.2%	IT 28.4%	S&P 500 16.0%	Cons. Disc. 6.1%	Comm. Serv. 19.0%	Industrials 20.9%	Energy -34.9%
	Industrials 11.1%	Cons. Disc. 27.9%	Cons. Staples -8.4%	Industrials 21.0%	IT 13.8%	S&P 500 1.4%	S&P 500 13.7%	Cons. Staples 26.1%	Industrials 15.3%	Energy 4.7%	S&P 500 15.1%	Health Care 19.7%	S&P 500 -37.0%
	Cons. Staples 10.7%	Cons. Staples 27.6%	Comm. Serv. -12.5%	Cons. Staples 13.5%	S&P 500 12.0%	Financials -1.5%	Industrials 9.8%	Materials 25.6%	Materials 15.0%	IT 2.4%	Cons. Staples 14.1%	Financials 17.2%	Industrials -39.9%
	Utilities 0.5%	Utilities 26.4%	Financials -13.0%	Utilities 12.1%	Cons. Disc. 6.0%	Industrials -2.5%	Cons. Disc. 9.7%	Energy 25.1%	IT 14.8%	S&P 500 2.1%	Financials 12.1%	Cons. Staples 14.9%	IT -43.1%
	Real Estate -2.2%	Materials 24.6%	Industrials -13.3%	Real Estate 10.8%	Cons. Staples 5.4%	Utilities -4.8%	Materials 6.9%	Utilities 13.2%	Cons. Staples 10.8%	Industrials -0.6%	IT 10.2%	Energy 13.8%	Real Estate -42.3%
	Financials -2.4%	Health Care 20.8%	Materials -14.7%	Energy -1.0%	Real Estate 3.4%	Materials -8.4%	Comm. Serv. 3.0%	Comm. Serv. 11.5%	Energy 4.6%	Materials -9.8%	Utilities 5.5%	Utilities 11.9%	Materials -45.7%
Worst	Energy -33.7%	Energy 11.8%	Energy -18.1%	Comm. Serv. -1.3%	Health Care -2.7%	Energy -21.1%	Energy -7.8%	Real Estate 1.6%	Utilities 1.3%	Financials -17.1%	Health Care 2.9%	Comm. Serv. 8.9%	Financials -55.3%
Spread between the best and worst Classes	**77.6%**	**38.5%**	**24.6%**	**40.1%**	**30.1%**	**31.2%**	**38.0%**	**41.5%**	**27.5%**	**37.0%**	**29.4%**	**52.8%**	**39.9%**

Source: Morningstar Research Inc., CI Global Asset Management as of December 31, 2020 in USD. The S&P 500 is composed of 11 sectors, as defined by the Global Industry Classification Standard (GICS). They are energy, materials, industrials, consumer discretionary, consumer staples, health care, financials, information technology, communication services, utilities and real estate.

The Case for Diversification

Annual ranking of countries since 2008

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Best	Korea 43%	Netherlands 26.0%	Brazil 8.8%	China 44.2%	Brazil 61.0%	Japan 31.8%	India 35.0%	Germany 41.3%	Germany 29.2%	U.S. 4.6%	Mexico 21.0%	Brazil 94.1%	Japan -11.3%
	China 27.4%	U.S. 24.8%	U.S. 4.2%	Korea 38%	Canada 21.1%	Italy 23.5%	U.S. 23.9%	U.S. 41.3%	Mexico 26.2%	U.K. -0.1%	Korea 21%	India 72.2%	U.S. -21.2%
	Netherlands 22.3%	Canada 22.9%	India 1.0%	India 29.6%	U.S. 8.1%	Netherlands 22.0%	China 18.0%	Spain 41%	India 23.2%	Australia -8.6%	Canada 17.6%	Australia 50.1%	Spain -25%
	U.S. 16.3%	Italy 22.2%	Australia -3.9%	Netherlands 24.0%	Australia 7.8%	U.S. 21.6%	Canada 10.6%	Netherlands 40.6%	China 20.4%	Canada -8.7%	India 14.6%	Korea 46%	France -28.3%
	India 13.9%	France 20.5%	France -4.0%	France 21.4%	Korea 5%	France 20.9%	Netherlands 5.5%	France 36.2%	France 20.1%	Spain -9%	Japan 9.6%	China 38.1%	Mexico -28.6%
	Japan 12.9%	Brazil 20.3%	Japan -4.7%	Italy 21.0%	France 2.4%	Germany 18.4%	Australia 5.5%	Japan 35.9%	Australia 19.6%	Netherlands -9.5%	U.S. 9.1%	Canada 35.1%	Germany -31.8%
	Germany 10.3%	China 17.4%	Netherlands -4.9%	Germany 20.1%	Netherlands 1.6%	India 12.6%	Japan 5.0%	Italy 29.5%	Korea 19%	Korea -10%	Australia 8.7%	Mexico 33.0%	Canada -33.0%
	Australia 7.0%	Australia 16.9%	U.K. -6.4%	Spain 19%	Germany -0.1%	Korea 12%	Spain 4%	U.K. 28.8%	Netherlands 18.5%	Mexico -9.9%	Germany 3.6%	Spain 23%	Netherlands -34.8%
	Canada 5.6%	Germany 15.5%	Mexico -7.7%	Brazil 16.3%	Japan -0.8%	U.K. 10.9%	U.K. 3.2%	Canada 13.0%	U.S. 13.4%	Japan -12.1%	U.K. 3.1%	U.K. 21.8%	U.K. -35.4%
	France 2.9%	U.K. 15.0%	Spain -8%	Japan 16.2%	China -2.4%	China 10.8%	France -0.8%	Australia 11.3%	U.K. 12.7%	France -13.9%	Brazil 1.2%	Netherlands 21.5%	Italy -36.5%
	Italy 0.6%	Japan 14.0%	Canada -8.9%	U.K. 14.3%	U.K. -3.5%	Australia 8.2%	Italy -0.8%	Korea 11%	Italy 10.9%	Germany -15.4%	China -0.6%	France 13.2%	Australia -37.4%
	Mexico -3.3%	Korea 7%	Italy -9.5%	U.S. 13.8%	Spain -4%	Mexico 2.9%	Mexico -1.1%	China 10.9%	Canada 7.2%	China -16.2%	Netherlands -3.2%	Italy 8.7%	China -38.5%
	Spain -6.2%	Spain 7%	China -11.4%	Australia 12.3%	India -4.8%	Spain 1%	Germany -1.6%	Mexico 6.9%	Japan 6.0%	Brazil -19.6%	France -8.3%	Germany 7.5%	Korea -44%
Worst	U.K. -12.0%	Mexico 6.1%	Korea -13%	Canada 9.1%	Mexico -12.1%	Canada -8.3%	Korea -3%	India 2.6%	Spain 2%	Italy -20.3%	Italy -18.6%	U.S. 7.4%	Brazil -45.0%
	Brazil -20.3%	India 2.1%	Germany -14.6%	Mexico 8.6%	Italy -12.6%	Brazil -29.5%	Brazil -6.0%	Brazil -10.1%	Brazil -1.9%	India -35.6%	Spain -25%	Japan -9.7%	India -55.8%
Spread between the best and worst	63%	24%	23%	36%	74%	61%	41%	51%	31%	40%	46%	104%	44%

Source: Morningstar Research Inc., CI Global Asset Management in CAD as of December 31, 2020. Each country return, except for Canada and the U.S.A., is represented by the MSCI country index, which covers approximately 85% of each country's equity universe. For example, Germany is represented by the MSCI Germany Index, which covers approximately 85% of the equity universe in Germany. Canada is represented by the S&P/TSX Composite Total Return Index. U.S.A. is represented by the S&P 500 Total Return Index (CAD).

The Case for Diversification

10-year correlation of core asset classes

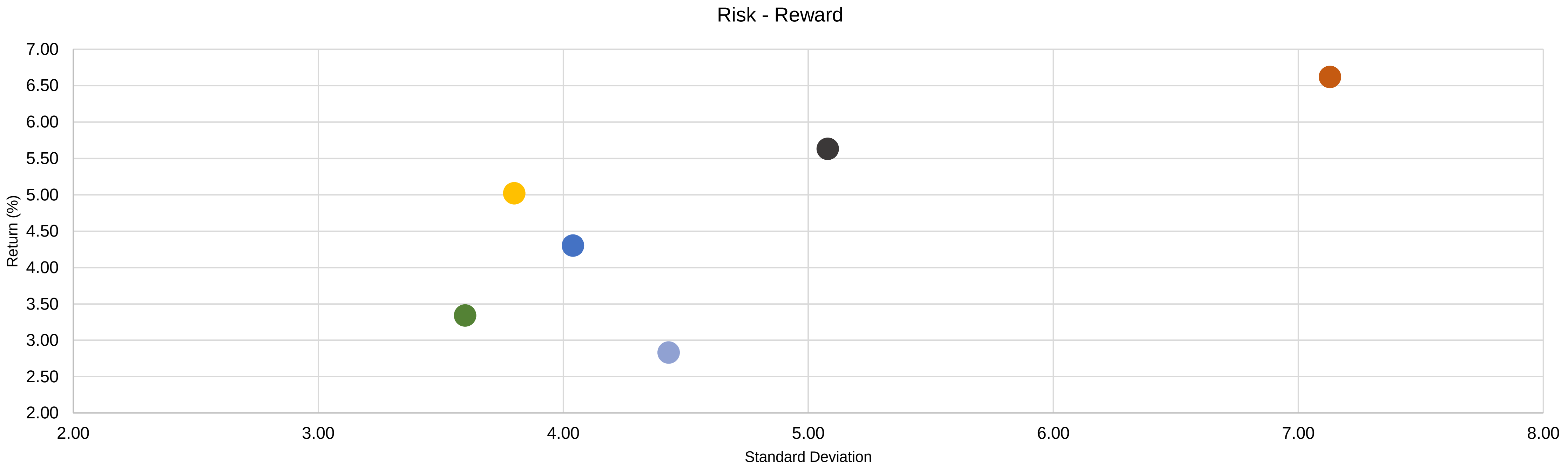
Certain asset classes have low or negative correlations over the long term, which helps to diversify and reduce risk when those asset classes are combined in an investment portfolio

Investment	1	2	3	4	5	6	7	8	9	10	11	12
1 Canadian Government Bonds	1.00											
2 Canadian Corporate Bonds	0.85	1.00										
3 U.S. Treasury	0.03	0.04	1.00									
4 U.S. Corporate Bonds	0.02	0.01	0.82	1.00								
5 U.S. High Yield Bonds	0.01	0.00	-0.22	0.26	1.00							
6 Global Bonds	0.04	0.05	0.54	0.57	0.10	1.00						
7 Canadian Equities	-0.01	-0.04	-0.33	-0.06	0.53	-0.03	1.00					
8 Canadian Small Cap Equities	0.00	-0.02	-0.22	0.04	0.51	0.09	0.85	1.00				
9 U.S. Equities	0.00	0.01	-0.42	-0.16	0.51	-0.08	0.80	0.65	1.00			
10 U.S. Small Cap Equities	-0.01	-0.02	-0.39	-0.16	0.46	-0.07	0.76	0.67	0.90	1.00		
11 International Equities	0.01	0.00	-0.29	0.01	0.62	0.23	0.59	0.55	0.57	0.54	1.00	
12 Emerging Market Equities	0.01	-0.01	-0.26	0.03	0.60	0.12	0.53	0.52	0.49	0.45	0.76	1.00

Source: Morningstar Research Inc. using daily returns in index base currency. Trailing 10 years as of December 31, 2020. Canadian Government Bonds = FTSE TMX Canada All Government Bond; Canadian Corporate Bonds = FTSE TMX Canada All Corporate Bond, U.S. Treasury = Bloomberg Barclays U.S. Treasury TR USD; U.S. Corporate Bonds = Bloomberg Barclays U.S. Corporate Bond TR USD; U.S. High Yield Bonds = ICE BofA U.S. High Yield TR USD; Global Bonds = Bloomberg Barclays Global Aggregate TR USD; Canadian Equities = S&P/TSX Composite TR; Canadian Small Cap Equities = S&P/TSX Small Cap TR; U.S. Equities = S&P 500 TR USD; U.S. Small Cap Equities = Russell 2000 TR USD; International Equities = MSCI EAFE GR USD; Emerging Market Equities = MSCI Emerging Market GR USD

The Case for Diversification

10-year risk-reward of core asset classes (fixed income)

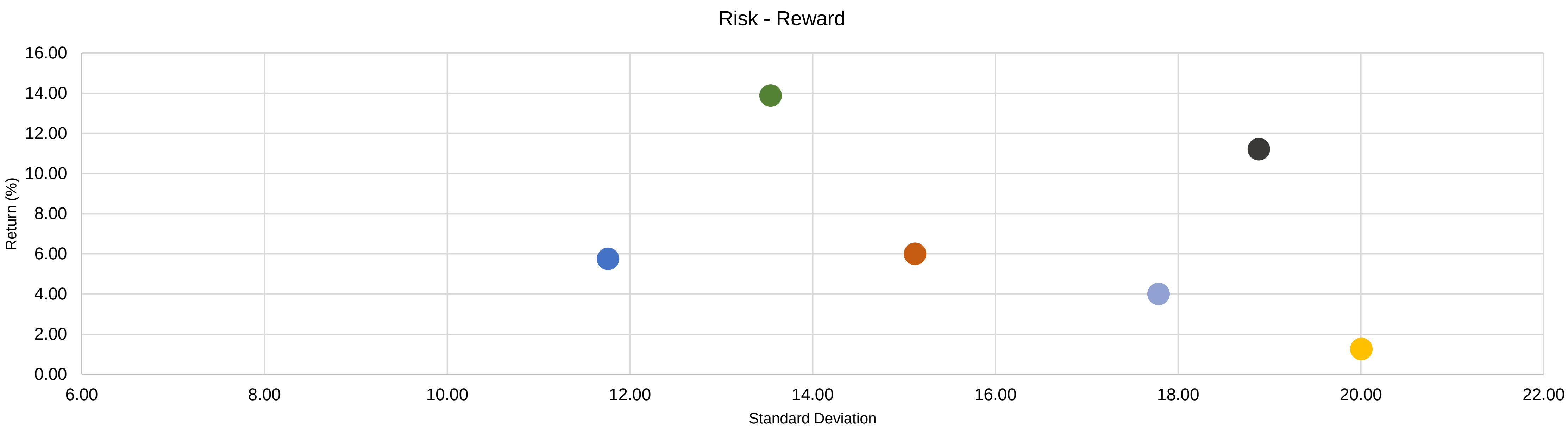


	Return	Standard Deviation	Sharpe Ratio
Canadian Government Bonds	4.30	4.04	0.83
Canadian Corporate Bonds	5.02	3.80	1.07
U.S. Treasury	3.34	3.60	1.35
U.S. Corporate Bonds	5.63	5.08	1.41
U.S. High Yield Bonds	6.62	7.13	1.14
Global Bonds	2.83	4.43	0.98

Source: Morningstar Research Inc. using index base currency. Trailing 10 years as of December 31, 2020. Canadian Government Bonds = FTSE TMX Canada All Government Bond; Canadian Corporate Bonds = FTSE TMX Canada All Corporate Bond, U.S. Treasury = Bloomberg Barclays U.S. Treasury TR USD; U.S. Corporate Bonds = Bloomberg Barclays U.S. Corporate Bond TR USD; U.S. High Yield Bonds = ICE BofA U.S. High Yield TR USD; Global Bonds = Bloomberg Barclays Global Aggregate TR USD; Monthly returns from 1/1/20101to 12/31/2020.

The Case for Diversification

10-year risk-reward of core asset classes (equity)



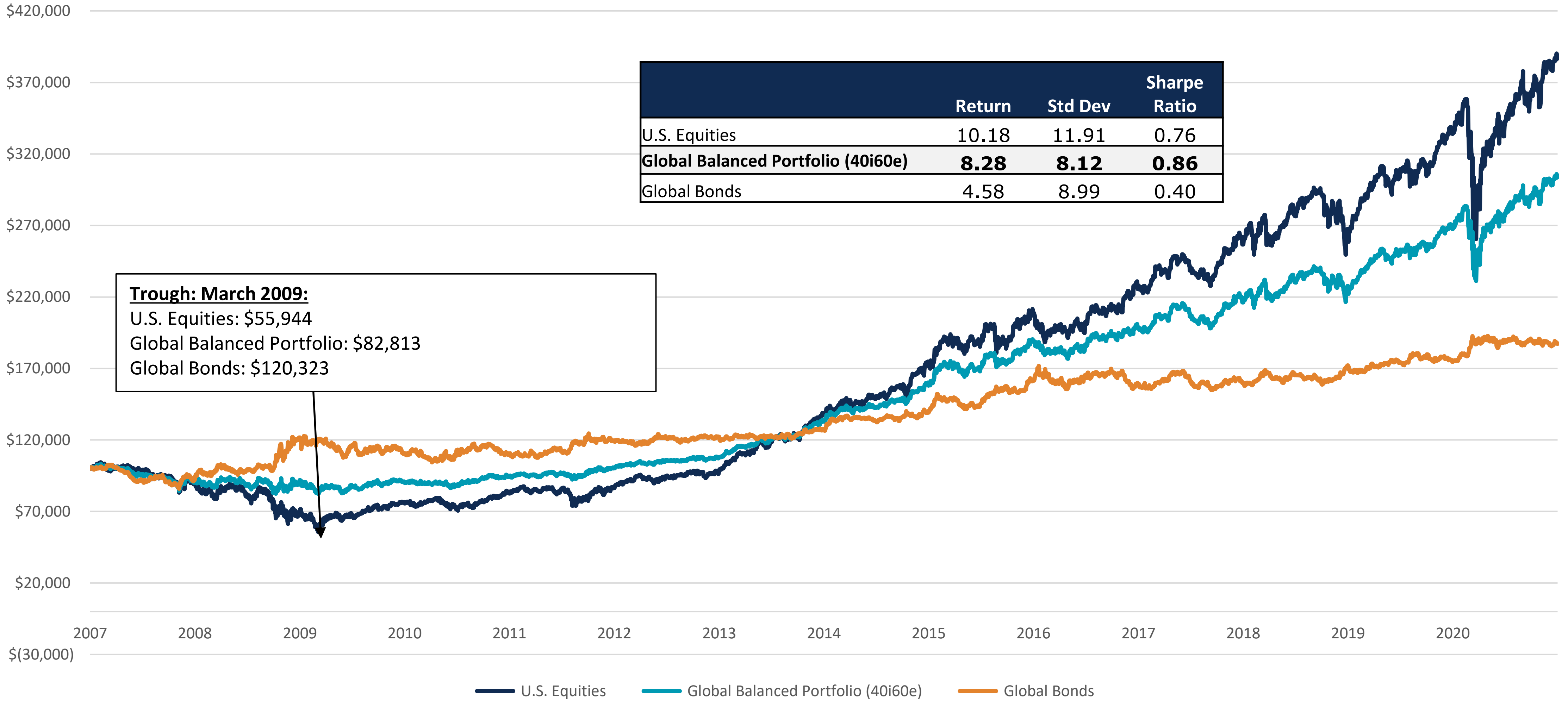
	Return	Standard Deviation	Sharpe Ratio
Canadian Equities	5.76	11.76	0.41
Canadian Small Cap Equities	1.26	20.01	0.02
U.S. Equities	13.88	13.54	1.14
U.S. Small Cap Equities	11.20	18.88	0.67
International Equities	6.00	15.12	0.50
Emerging Market Equities	4.00	17.79	0.31

Source: Morningstar Research Inc. using index base currency. Trailing 10 years as of December 31, 2020. Canadian Equities = S&P/TSX Composite TR; Canadian Small Cap Equities = S&P/TSX Small Cap TR; U.S. Equities = S&P 500 TR USD; U.S. Small Cap Equities = Russell 2000 TR USD; International Equities = MSCI EAFE GR USD; Emerging Market Equities = MSCI Emerging Market GR USD. Monthly returns from 1/1/2011 to 12/31/2020.

The Case for Diversification

A global balanced portfolio produces a smoother ride

	Return	Std Dev	Sharpe Ratio
U.S. Equities	10.18	11.91	0.76
Global Balanced Portfolio (40i60e)	**8.28**	**8.12**	**0.86**
Global Bonds	4.58	8.99	0.40



Source: Morningstar Research Inc. using daily returns in CAD. As of December 31, 2020. U.S. Equities = S&P 500 TR CAD; Global Balanced Portfolio = S&P 500 TR CAD (60%) + Bloomberg Barclays Global Aggregate Bond TR CAD (40%); Global Bonds = Bloomberg Barclays Global Aggregate Bond TR CAD

Glossary of Terms

Correlation: A statistical measure of how two securities move in relation to one another. Positive correlation indicates similar movements, up or down, while negative correlation indicates opposite movements (when one rises, the other falls). Historically speaking, Canadian stocks and Canadian government bonds have been negatively correlated, while Canadian stocks and U.S. stocks have been positively correlated.

Drawdown: Measures the peak-to-trough decline of an investment or, in other words, the difference between the highest and lowest price over a given timeframe.

Sharpe Ratio: The Sharpe Ratio is a risk-adjusted return measure developed by Nobel Laureate William Sharpe. It is calculated by using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe Ratio, the better the portfolio's historical risk-adjusted performance.

Standard Deviation: Standard deviation is widely used to measure risk in terms of the volatility of returns. It represents the historical level of volatility in returns over set periods. A lower standard deviation means the returns have historically been less volatile and vice-versa. Historical volatility may not be indicative of future volatility. There are other types of risks associated with the investments presented. Please read each fund's prospectus for further information on the specific risks related to the fund.

Volatility: Measures how much the price of a security, derivative, or index fluctuates. The most commonly used measure of volatility when it comes to investment funds is standard deviation.

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