

SSQ CI Corporate Bond GIF

About the fund manager

CI Global Asset Management, is a Toronto-based investment team. CI's advantage is its approach in which portfolio managers and analysts specializing in each asset class and sector combine their research to develop a comprehensive picture of a company and its securities.

A diversified solution to overcome low interest rates

Why invest in corporate bonds?

In an uncertain environment plagued by **low interest rates and looming rate increases** by central banks, investment grade bonds provide **more attractive current yields** than government bonds of the same maturity. This allows the SSQ CI Corporate Bond GIF to provide the potential for good capital protection as well as a stable income. High-yield bonds, on the other hand, are less sensitive to interest rate fluctuations, and thus provide better **protection in the event of interest rate hikes**. However, they do tend to react more strongly to changes in the fundamentals of the issuing company. Investors therefore accept the risk that companies may not be able to make interest payments and repay the principal in return for a higher coupon rate. Given the asymmetric risk profile (higher coupon versus risk of losing capital), a rigorous risk management process is essential in obtaining a higher total return in the long term (when compared to traditional bond funds).



Asset allocation

The SSQ CI Corporate Bond GIF holds a diversified corporate credit portfolio and has the flexibility to respond tactically to shifting market conditions and find the best opportunities within investment grade and high-yield bonds to add risk-adjusted alpha. This fund offers investors:

- An enhanced yield over traditional bond funds.
- A prudent mix of corporate bonds to offer optimal performance.
- A risk/return profile that lies between a fixed income fund and an equity fund.

Flexibility			SSQ CI Corporate Bond GIF
Investment grade bonds	0 to 100%	>	
High-yield bonds	0 to 100%	>	
Equity (mostly preferred shares)	0 to 5%	>	
Other: <ul style="list-style-type: none">• Cash• Government bonds• Bank loans	0 to 20%	>	

Investment philosophy

The management team's philosophy is that **global markets are interconnected**, and that the investment approach should be as well. This, combined with bottom-up fundamental analysis, is what defines CI's investment process and what allows the team to identify opportunities on a global scale.

Investment strategy

The portfolio managers select securities whose **fundamental value**, they believe, is not reflected in the credit rating and current yield. First, they identify companies that have the ability to generate sufficient long-term cash flow for debt repayment and reinvestment. They also consider the impact of economic trends on interest rates and economic growth. Moreover, the managers have great flexibility when it comes to portfolio construction; thus, they can use many different levers to create value.

Asset class specialists

CI has extensive experience investing in global government debt and corporate credit markets. Each asset class has a dedicated team: investment grade bonds, high-yield corporate bonds and interest rates. The fund also benefits from CI's integrated asset class and sector specialist expertise, as well as the views of macroeconomic strategists on currencies, countries and sectors. This adds up to around 50 investment professionals who work closely together.

Risk management

Risk is mitigated by **research**, **credit analysis** and **diversification**. For example, targeted issuers represent a lower credit risk than the benchmark, which has helped the underlying fund obtain historically lower default rates than the index and the median of similar funds.

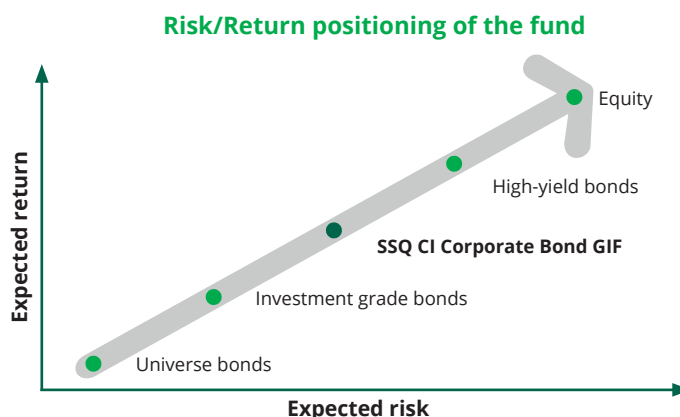
Portfolio diversification is made on several levels:

- asset class
- number of stocks
- sector
- duration

Furthermore, CI uses its expertise in currency management to **dynamically hedge its foreign currency exposure**. The target hedge ratio is 80%, but it may vary from 60% to 100% (as the manager deems appropriate). This ratio is based in part on the asset allocation team's macroeconomic views, in collaboration with the management team.

Who should invest in this fund?

- An investor seeking to improve his current yield on fixed-income securities without assuming stock market risk.
- An investor looking to diversify his bond portfolio. The Canadian market is concentrated in the financial sector (almost half of the benchmark) and this fund helps provide better diversification by investing nearly 50% in foreign bonds that offer a better risk-return ratio.
- An investor who is ready to accept a higher risk than that associated with traditional bond funds.



Advantages of the SSQ CI Corporate Bond GIF

Higher current yield

The fund offers higher current yield, regardless of market conditions, by investing primarily in fixed-income securities of North American issuers, but also of non-North American issuers.

Access to a wide range of corporate bonds

The fund invests in a wide range of corporate bonds; this includes high-yield bonds, which are less sensitive to interest rate fluctuations than investment grade bonds.

Geographical diversification

The fund focuses on geographical diversification from bonds that react differently to changes in the monetary policy, the domestic bond market and equity market sectors.

Experienced and specialized team

The fund benefits from the expertise of asset class specialists working together within a major renowned firm.

Careful risk management

The fund provides diligent risk management and increased portfolio diversification.

Variety of value added sources

Value added comes from security selection, asset allocation, sector selection and active management of currency hedging.



**For further details, please refer to the
"Fund Facts" available on ssq.ca**