

MARRET INVESTMENT GRADE HEDGED STRATEGIES FUND

Monthly Commentary | March 2021

PERFORMANCE (As at March 31, 2021)

	MTD	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception
Marret Investment Grade Hedged Strategies Fund, Series F, CAD	0.00%	0.67%	19.49%	6.11%	5.81%	5.45%	5.35%

Date of Inception: October 1, 2010

Source: Marret Asset Management Inc., March 31, 2021

FUND SUMMARY

KEY FACTS	
NAV/unit (Series F)	\$13.9761
Distribution YTD	0.1049
Management fee (Series F)	100 bps
Performance fee	15%
Hurdle rate	5%
Yield to worst	2.31%
Average duration	0.77 years
Liquidity	Monthly
Series F Fund Code	CIG 44500 (C\$) CIG 46000 (US\$)

USE OF LEVERAGE

EXPOSURE	
Gross Exposure	267.9%
Net Exposure	30.1%

ASSET CLASS BREAKDOWN

ASSET CLASS	LONG	SHORT	NET
Cash & Equivalents	67.9%	-	67.9%
Accrued Interest	0.3%	-	0.3%
High Yield	7.7%	-	7.7%
High Grade	118.7%	-0.6%	118.1%
Government Debt	20.9%	-116.4%	-95.5%

Market Developments

Investment grade corporate credit spreads were pressured by 1) a significant rise in Government bond yields 2) heavy new issue corporate supply and 3) quarter-end weakness in equities. Based on the Bloomberg Barclays Aggregate Corporate Average OAS Indices, IG credit spreads widened 1, 8, 1 and 5 basis points in the U.S., Canada, Europe and UK respectively. Canada's underperformance in credit was due to wider spreads across the telecom sector as a merger between Rogers and Shaw as proposed, as well as, weakness in the pipeline and banking sectors.

Ten-year Government bond yields in the UK and Europe were close to unchanged over the period, as new economic lockdown measures were introduced. In the U.S. and Canada, ten-year Government bond yields were 33 and 20 basis points higher respectively.

Portfolio Performance

Based on the ICE BofA Corporate Indices, excess returns, that is the return from investment grade corporate credit spreads ex-duration, for the month were +14 basis points in the U.S. and -46 basis points in Canada. Utilizing these excess returns and adjusting for the Portfolio's geographic positioning (Canada 73% and U.S. 27%) and leverage (1.3x), the monthly return would have been approximately -39 basis points. Portfolio returns for the period were +1 basis point.

The Fund's outperformance relative to the excess return of the indices was due to 1) new issue trading gains 2) trading of interest rate overlays and 3) a recovery in the spread of long-dated corporate spreads, which detracted from returns last month.

FUND EXPOSURE

ISSUER COUNTRY	GROSS EXPOSURE
Canada	68.9%
United States	28.0%
Other	3.1%

TOP FIVE HOLDINGS

HOLDING	WEIGHT
T 1 3/8 01/31/25	10.9%
TII 0 1/2 01/15/28	5.2%
Wells Fargo & Company 2.493% 18Feb2027	3.8%
Dollarama Inc 3.55% 06Nov2023	3.5%
Bruce Power LP 4.746% 21Jun2049	2.7%

MATURITY PROFILE

YEARS TO MATURITY	GOVERNMENT BONDS	CORPORATE BONDS
0 to 3	-13.1%	23.3%
3 to 5	-18.5%	27.6%
5 to 10	-45.3%	45.6%
10+	-18.5%	29.3%

Source: Marret Asset Management Inc., March 31, 2021

Performance % | Series F, CAD

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC	YTD
2021	0.63%	0.03%	0.00%										0.67%
2020	0.66%	0.28%	(7.04%)	7.16%	1.85%	2.56%	2.00%	0.80%	(0.17%)	0.50%	2.01%	0.78%	11.38%

Source: Marret Asset Management Inc., March 31, 2021

IMPORTANT DISCLAIMERS

The offering of units of the Fund is made pursuant to its Offering Memorandum only to those investors who meet certain eligibility and minimum purchase requirements. Eligible investors should read the Fund's Offering Memorandum before investing. Investment funds are not guaranteed, their values change frequently, and past performance may not be repeated. Commissions, trailing commissions, management fees and expenses all may be associated with investment funds.

The indicated rates of return are the historical annual compound total returns net of fees (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns.

Market Outlook

Valuations in investment grade corporate credit remain very close to fully valued. As noted in past commentaries, strong technicals in credit markets and the economic recovery will underpin credit spreads. Nonetheless, until valuations are more attractive, we will maintain modest levels of exposure and an active trading strategy to generate returns.

A small valuation correction in credit spreads is likely in the months ahead as the economic recovery globally, begins to look less symmetric.

Sources: Marret Asset Management Inc., Bloomberg Finance L.P., FTSE Russell

Series F securities are generally only available to clients who have a fee-based account with their dealer. MAMI does not pay trailing commissions to dealers who sell Series F securities, which means MAMI can charge a lower management fee compared to Series A of the same Fund. A lower management fee may positively impact the performance data shown when compared to Series A.

This commentary has been prepared for Marret Asset Management Inc. is confidential and may not be redistributed. It is for general information purposes only and is not intended to provide personal investment advice. Investors should consult their own professional advisor for specific investment advice tailored to their needs and based on the latest available information.

The comparison presented is intended to illustrate the Fund's historical performance as compared with the historical performance of the FTSE Canada All Corporate Bond Index. There are various important differences that may exist between the Fund and the stated index that may affect the performance of each. The objectives and strategies of the Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indices. Indices are unmanaged, and their returns do not include any sales charges or fees. It is not possible to invest directly in market indices.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or an offer or a solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

All opinions, projections and estimates herein reflect the author's judgment as of the date of the document, may not be realized, and are subject to change without notice. The information contained in this document, including information relating to interest rates, market conditions, tax rules and other investment factors are subject to change without notice. Nothing in this document is or should be relied upon as a promise or representation as to the future.

Marret Asset Management Inc. is a majority owned subsidiary of CI Financial Corp. and an affiliate of CI Global Asset Management.

Source: Marret Asset Management Inc., March 31, 2021 Publication date: April 22, 2021