

Snapshot of CI Portfolio Series Balanced Fund

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November 2009 - The Managers for the Portfolio Series Balanced Fund are selected by CI Investment Consulting and currently include Signature Global Advisors, Epoch Investment Partners, Altrinsic Global Advisors, Synergy Asset Management, Tetrem Capital Management, Trilogy Global Advisors and Harbour Advisors. In his third quarter 2009 review, Alfred Lam of CI Investment consulting gives us the following market overview and portfolio review.

The capital markets rebounded sharply over the last seven months as global economies responded positively to fiscal and monetary stimulus. The rally in crude oil and other commodities helped lift the value of the Canadian stock markets and the dollar.

Any investor expecting a market correction over the past two quarters has been disappointed. They have seen a consistent flow of cash into the capital markets from the sidelines, creating solid support at key levels. In general, they believe the equity markets are fairly valued based on today's fundamentals. They would not be surprised if the rally continues over the next six to 12 months, driven by positive cash flows and improving company fundamentals.

The Portfolio Series Balanced Fund held up better than the market during the decline and participated positively in the subsequent growth. Specifically, it gained 13.2 % in the last nine months.

In response to the rally in bond markets in 2009, Signature Global Advisors, the primary fixed income portfolio advisor, has been adjusting its holdings to a more conservative position. Cash levels in the equity portion of the portfolio have declined consistently since the last quarter. The portfolio managers continue to be cautious on the banking and consumer sectors with the view that they are in the early stages of a recovery. The portfolio's overall sector allocations have not changed significantly over the last three months, but the managers have been active in adjusting their holdings, taking profits and establishing new positions

A recent change is the decision to make an investment in emerging markets stocks. The target for emerging markets content in the Portfolio Series Balanced Fund by the end of the first quarter of 2010 is 2%. They have now started to build this position using cash flows into the fund to purchase units of CI Emerging Markets Corporate Class. By building this position gradually with new cash, they avoid rebalancing and spread the cost over several months.

They decided to make this change because the quality of emerging markets investments has improved significantly. Today, there is a better selection of companies and more importantly, many of them have stronger financials and superior products to their developed country counter parts. They believe that emerging markets will contribute strong risk-adjusting returns to the portfolio.

I hope this gives you a good picture of how the managers of the Portfolio Series Balanced fund have been working to maximize your investment in their portfolio. Please call me for any questions at 519-680-3043.

Your Financial Coach – Anne Leeson, CFP



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