

PORTFOLIO MANAGERS



Robert Swanson, CFA
Principal & Portfolio Manager

Robert Swanson serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is the co-manager of Cambridge Asset Allocation, Cambridge Monthly Income Fund and Cambridge Global High Income Fund, and manages the Canadian equity strategies for Cambridge's Institutional clients.



Brandon Snow
Principal & Chief Investment Officer

Brandon Snow serves as the Principal and Chief Investment Officer at Cambridge Global Asset Management. He is responsible for leading the analyst team and directs the global research activities of the firm. Brandon is the Lead Portfolio Manager of Cambridge Canadian Equity Corporate Class and co-manager of Cambridge Asset Allocation Corporate Class and Cambridge Global Equity Corporate Class.



Paul Marcogliese, CFA
Fixed Income Portfolio Manager

Paul Marcogliese serves as a Fixed Income Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing Cambridge Bond Fund and is the co-manager of Cambridge Asset Allocation Corporate Class, Cambridge Global High Income and Cambridge Monthly Income Funds.

PERFORMANCE

Performance (%)	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception*
Cambridge Asset Allocation Corporate Class (Class F)	1.8	4.9	4.6	4.9	8.3	6.4

* Since-inception date: December 31, 2007.

PORTFOLIO COMMENTARY

Equity markets continued to rally during the second quarter of 2019, adding to the strong gains achieved during the first quarter. Risk assets performed well despite minor volatility and a pullback in May 2019 due to the ongoing trade tensions between the United States and China. This was supported by central banks' continuing dovish (i.e., cautious) monetary policies around the world. The strong rally in equities throughout the first half of 2019 has led to a more balanced risk/reward environment.

Over the second quarter of 2019, Class F of Cambridge Asset Allocation Corporate Class (the "Fund") returned 1.8%. (See the performance table above for other periods.)

Dollarama Inc., a Canadian value retailer, contributed to the Fund's performance over the quarter as the company improved its same-store sales growth and produced stable results that were better than forecast. Another contributor was Franco-Nevada Corp. The Canada-based mining company owns royalty streams in gold and other commodity-exposed businesses. Higher oil prices and increased production from Franco-Nevada's U.S. assets supported the company's share price. Another positive factor was its investment in an oil-and-gas royalty acquisition venture in Oklahoma with Continental Resources Inc.

A top detractor from Fund performance during the quarter was Alphabet Inc., a U.S.-based multinational conglomerate and parent company of Google Inc. Alphabet reported advertising-revenue growth during the quarter that was slightly below expectations.

We slightly reduced the equity weight in the Fund, while adding to fixed income.

Asset mix

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Equity	47	49	-2
Fixed Income	50	48	2
Cash	1	1	0
Alternatives	2	2	0

Country weight

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Canada	64.8	66.1	-1.3
United States	26.9	26.7	0.2
United Kingdom	5.4	4.7	0.7
Germany	0.5	0.7	-0.2
Bermuda	0.5	0.0	0.5
Monaco	0.4	0.3	0.1
France	0.3	0.1	0.2
Cash	1.2	1.3	-0.1

Top 10 equity holdings

	Country	Sector	Weight (%)
Keyera Corp.	Canada	Energy	2.49
Franco-Nevada Corp.	Canada	Materials	2.45
Athene Holding Ltd.	United States	Financials	2.13
McKesson Corp.	United States	Health care	2.12
CSX Corp.	United States	Industrials	2.11
Jacobs Engineering Group Inc.	United States	Industrials	2.06
Magna International Inc.	Canada	Consumer discretionary	1.98
Canadian Natural Resources Ltd.	Canada	Energy	1.97
Linde PLC	United States	Materials	1.82
Tourmaline Oil Corp.	Canada	Energy	1.81

Contributors and detractors

Contributors	Detractors
Dollarama Inc.	Tourmaline Oil Corp.
Franco-Nevada Corp.	Symantec Corp.
Canadian Pacific Railway Ltd.	Alphabet Inc.

The Fund's strategy during the quarter continued to reflect our belief that global economic growth is slowing. Leading economic indicators across Organisation for Economic Co-operation and Development countries showed signs of continuing deceleration over the quarter. Within the Fund's fixed-income portion, the yield curve is signalling a deteriorating backdrop and has quickly priced in interest-rate cuts. The Government of Canada bond's two-year yield has fallen significantly, to 1.47% at June 30, 2019 from 1.79% at March 31, 2019. Similarly, the U.S. two-year Treasury issue's yield dropped to 1.74% from 2.27% during the quarter. This was a dramatic change in the narrative that only six months ago expected further interest-rate hikes.

With the slowing macroeconomic backdrop, we continue to implement our bottom-up security selection process for the Fund. Given this environment, it has become more challenging to find attractively valued investment opportunities, and we have been trimming holdings from the Fund as they reach our risk/reward targets. As quality fundamental investors, our focus remains on identifying durable, compounding businesses through our disciplined bottom-up investment process to build resilient portfolios in areas that offer attractive compensation for the risk. Our process has been uncovering opportunities in areas of the market that have been impacted by the negative sentiment and where we believe the weaker macroeconomic environment is priced in.

At Cambridge Global Asset Management, we will remain disciplined according to our bottom-up, fundamental investment process that targets attractive risk/reward opportunities. When evaluating the merits of a business, we look at a broad range of scenarios to determine the potential upside as well as the downside in making an investment. This evaluation is an integral part of Cambridge's investment approach and helps prepare for possible volatility. We will continue to monitor these market developments, remain patient and be ready to act if compelling risk-adjusted return opportunities presents themselves.

Notes: Mr. Swanson is associated with CI Global Investments Inc., a firm registered with the U.S. Securities and Exchange Commission and an affiliate of CI Investments Inc. Certain funds associated with Cambridge Global Asset Management are sub-advised by CI Global Investments Inc.

Sources: Morningstar Research Inc. and Cambridge Global Asset Management, as at June 30, 2019.

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