

## PORTFOLIO MANAGER



**Greg Dean, CFA**  
Principal &  
Portfolio Manager

Greg Dean serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing Cambridge's small and mid-cap equity funds, including Cambridge Growth Companies Corporate Class, Cambridge Canadian Growth Companies Fund and Cambridge Pure Canadian Equity Fund.

Greg's career in the investment industry began in 2008 and he joined Cambridge in 2011. He was co-winner of the Breakout Fund Manager of the Year at the Morningstar Awards for 2015 and was named a TopGun Investment Mind (Platinum Class) in the Brendan Wood International Canadian investment rankings from 2012 to 2019.

Prior to joining Cambridge, Greg was a research analyst at Fidelity Investments where he managed a portion of Fidelity Canadian Disciplined Equity Fund.

Greg holds a Bachelor of Mathematics from the University of Waterloo, a Bachelor of Business Administration from Wilfrid Laurier University, and the Chartered Financial Analyst designation.

## PERFORMANCE

Performance (%)	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception*
Cambridge Canadian Growth Companies Fund (Class F)	0.3	0.7	9.5	6.0	N/A	15.2

\* Since-inception date: February 15, 2011.

## PORTFOLIO COMMENTARY

Equity markets continued to rally during the second quarter of 2019, adding to the first quarter's strong gains. 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 around the world continuing to signal a shift to a more cautious posture on monetary policy. The strong rally in equities throughout the first half of the year has led to a more balanced risk/reward environment.

Over the second quarter of 2019, Class F of Cambridge Canadian Growth Companies Fund (the "Fund") returned 0.3%. (See performance table above for other periods.)

A top contributor to Fund performance was Boyd Group Income Fund, one of the largest operators of collision repair centres in North America. The company delivered strong financial performance over the quarter. Boyd Group remains focused on its strategy to double the size of its business over the five-year period ending 2020, while continuing to improve operating efficiency. Dollarama Inc., a Canadian value retailer, also contributed to the Fund's performance over the quarter as the company improved same-store sales growth and produced stable results.

A top detractor from Fund performance was B&M European Value Retail S.A., one of the leading variety retailers in the United Kingdom. The company detracted from overall performance during the quarter as it restructured its international operations, which dampened 2019 profit growth.

We deployed some cash as we identified companies that offered attractive risk-adjusted return potential. The cash weight in the Fund's portfolio is a residual of our bottom-up security selection process.

## Equity sector weight

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Communication services	1.9	0.0	1.9
Consumer discretionary	20.9	17.6	3.3
Consumer staples	6.3	5.8	0.5
Energy	19.5	13.9	5.6
Financials	17.8	19.5	-1.7
Health care	1.2	1.2	0.0
Industrials	17.3	21.4	-4.1
Information technology	7.4	8.1	-0.7
Materials	2.5	4.0	-1.5
Real estate	0.0	0.0	0.0
Utilities	0.0	0.0	0.0
Cash	5.2	8.5	-3.3

## Country weight

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Canada	50.5	50.7	-0.2
United States	33.3	29.9	3.4
United Kingdom	7.9	8.4	-0.5
Sweden	3.1	2.5	0.6
Cash	5.2	8.5	-3.3

## Top 10 holdings

	Country	Sector	Weight (%)
LendingTree, Inc.	United States	Financials	5.41
Great Canadian Gaming Corp.	Canada	Consumer discretionary	5.02
Premium Brands Holdings Corp.	Canada	Consumer staples	4.40
PrairiesSky Royalty Ltd.	Canada	Energy	4.16
Teekay Offshore Partners L.P.	United States	Energy	4.09
TFI International Inc.	Canada	Industrials	3.90
Keyera Corp.	Canada	Energy	3.72
Dollarama Inc.	Canada	Consumer discretionary	3.63
Brookfield Business Partners L.P.	Canada	Industrials	3.51
Boyd Group Income Fund	Canada	Industrials	3.43

## Contributors and detractors

Contributors	Detractors
Boyd Group Income Fund	Tourmaline Oil Corp.
Dollarama Inc.	Alfa Financial Software Holdings PLC
LendingTree, Inc.	B&M European Value Retail S.A.

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.

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

## Important Disclaimers

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns), including changes in security value and reinvestment of all dividends/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. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

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