

## PORTFOLIO MANAGERS



**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.



**Stephen Groff, CFA**  
Principal and  
Portfolio Manager

Stephen Groff serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing the Cambridge dividend equity mandates as well as co-managing Cambridge Canadian Equity Fund and Cambridge Pure Canadian Equity Fund.

## PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Canadian Equity Corporate Class F	1.3%	2.2%	5.4%	6.8%	10.7%	8.6%

Inception Date: December 31, 2007

## PORTFOLIO COMMENTARY

Over the last quarter and throughout the year, economic growth around the world has slowed. Leading indicators are also continuing to trend lower, creating an environment that poses an elevated risk of recession. The latest round of data out of the U.S. has been disappointing, particularly readings on manufacturing and new order activity. This is disappointing given that the U.S. has been the best performing economy in the world but has slowed rapidly over the last few quarters.

The Fund returned 1.3% for the three months ending September 30, 2019. Over the quarter, the Fund initiated a position in Enbridge and eliminated a position in Imperial Brands PLC.

Over the quarter, Activision Blizzard Inc., Alphabet Inc. Class A and TMX Group were top contributors. Activision Blizzard Inc. is a U.S. video game and film holding company founded in 2008 through the merger of Activision and Vivendi Games. Excitement around the new Call of Duty game and the franchise's transition to a mobile platform created some excitement during the quarter. Expectations that the company will make additional announcements at Blizzcon also supported the stock during the quarter. Alphabet Inc. is a U.S. multinational conglomerate which was created through a corporate restructuring of Google in 2015 and became the parent company of Google and several former Google subsidiaries. During the quarter, the company demonstrated significant growth in its cloud business which surpassed expectations. Ruth Porat, Alphabet's Chief Financial Officer, said on the quarterly earnings call that the Google Cloud Platform remains one of the fastest-growing businesses in Alphabet. TMX Group, the leading Canadian stock exchange operator performed well during the quarter as it announced earnings that beat expectations, driven by strong revenue. The quarter demonstrated the resiliency of the business model which helped support a re-rating in the valuation of the business.

Detractors over the quarter were Tourmaline Oil Corp., Vermilion Energy Inc. and Anthem Inc. Canadian oil and natural gas company, Tourmaline Oil Corp. is focused on long-term growth through exploration and development. Vermilion Energy is an international oil and gas producer with operations in North America, Europe and Australia. Both companies have been impacted by volatile commodity prices and concerns about slowing economic growth which has led to continued pressure across the sector. Operating results have been generally positive for Tourmaline and Vermilion.

## Equity sector weight

	Q3 2019 (%)	Q2 2019 (%)	Change (+/-)
Communication services	11.0%	9.9%	1.1%
Consumer discretionary	7.8%	8.6%	-0.8%
Consumer staples	6.1%	3.0%	3.1%
Energy	17.5%	15.0%	2.5%
Financials	11.3%	13.0%	-1.7%
Health care	11.8%	11.4%	0.4%
Industrials	15.1%	16.6%	-1.5%
Information technology	0.0%	0.0%	0.0%
Materials	10.3%	11.6%	-1.3%
Real estate	0.0%	0.0%	0.0%
Utilities	0.0%	3.5%	-3.5%
Cash	9.1%	7.4%	1.7%

## Country weight

	Q3 2019 (%)	Q2 2019 (%)	Change (+/-)
Canada	42.9%	44.8%	-1.9%
United States	42.5%	44.5%	-2.3%
United Kingdom	5.5%	3.3%	2.2%
Cash	9.1%	7.4%	1.7%

## Top 10 holdings

	Country	Sector	Weight
Anthem Inc.	United States	Health care	4.55%
CSX Corp.	United States	Industrials	4.35%
Athene Holding Ltd	United States	Financials	4.20%
Franco-Nevada Corp.	Canada	Materials	4.18%
Canadian Natural Resources Inc.	Canada	Energy	4.01%
Keyera Corp.	Canada	Energy	3.96%
McKesson	Canada	Consumer discretionary	3.91%
Magna International Inc.	United States	Health care	3.47%
Activision Blizzard Inc.	United States	Communication services	3.40%
Gilead Sciences Inc.	United States	Health care	3.39%

## Contributors and detractors

Contributors	Detractors
TMX Group Ltd.	Tourmaline Oil Corp.
Franco-Nevada Corp.	Anthem Inc.
Alphabet Inc.	CSX Corp.

We continue to watch the consumer closely for signs of further slowing. We believe this will determine whether we are experiencing a soft patch in a low-growth environment or a more severe economic downturn. Equity markets were mixed as they digested the slowing economic news, with volatility picking up through the summer months and into September. Bond markets continued to rally around the world in response to the slowing job market. The 10-year bond yield in Canada fell to 1.36% at the end of September, down from 1.46% in June and 1.96% to start the year. We've seen a similar trend in the U.S. and Europe, with 10-year Treasury yields falling to 1.66% and German 10-years now yielding -0.58%. We will be watching macro and market developments closely and stand ready to adjust in response.

With the slowing macro backdrop, we continue to implement our bottom-up security selection process. As quality fundamental investors, our focus remains on identifying durable, compounding businesses through our disciplined bottom-up investment process to build resilient portfolios in companies that offer attractive risk/reward. When evaluating the merits of a business, we look at a broad range of scenarios to determine the potential upside as well as the potential downside in making an investment. This evaluation is an integral part of our investment process and helps prepare for potential volatility. It has also helped us uncover opportunities in areas of the market that have been impacted by negative sentiment and where we feel the weaker macro environment is priced in. We will continue to monitor these market developments, remain patient and be ready to act if a compelling risk-adjusted return opportunity presents itself.

Source: FactSet, as at September 30, 2019.

## IMPORTANT INFORMATION

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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