

**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.



**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 Global High Income Fund Class F	1.6%	7.0%	4.5%	4.8%	8.9%	9.2%

Inception Date: July 27, 2004

**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. Trade policy uncertainty and fears of further escalation with China have slowed export activity and negatively impacted business confidence and their willingness to make investments. Although manufacturing is only a small portion of the overall U.S. economy – about 10% of gross domestic product – the knock-on effect and potential impact on the labour market is of greater concern.

The Fund returned 1.6% for the three months ending September 30, 2019. Over the quarter, the Fund initiated a position in Great-West Lifeco Inc. and exited its position in Symantec Corp.

Over the quarter, Verizon Communications Inc. and McKesson Corporation were top contributors. Verizon Communications Inc. is a U.S.-based telecommunications conglomerate. The company performed well over the year and quarter as investors were attracted to the stability of the cash flow stream. Continued concerns over the slowing economic environment supported valuation multiples in stable businesses, like Verizon. Another contributor was McKesson Corporation, a health care pharmaceutical distribution company, with a leading footprint in the U.S. The company showed continued earnings stabilization during the quarter. The margins in its pharmaceutical segment also provided some upside to expectations as it continued to take cost out of the business.

Detractors over the quarter were Gilead Sciences Inc. and Anthem Inc. Gilead Sciences is a U.S. biotechnology company that researches, develops and commercializes drugs. The company focuses primarily on antiviral drugs used in the treatment of HIV, hepatitis and other diseases. The shares were weak on U.S. drug pricing concerns. Investors have hoped for swifter actions from the new CEO, who has not made any major mergers and acquisition deals with its net cash balance sheet. Another detractor was Anthem, the largest for-profit managed health care company in the Blue Cross Blue Shield Association.

## Asset mix

	Q3 2019 (%)	Q2 2019 (%)	Change (+/-)
Equity	38%	38%	0%
Fixed Income	60%	60%	0%
Cash	2%	2%	0%

## Holdings

	Q3 2019 (%)	Q2 2019 (%)	Change (+/-)
Cambridge Bond Fund Class I	43%	39%	4%
Cambridge Global Dividend Fund Class I	30%	30%	0%
Cambridge Canadian Short-Term Bond Pool Class I	12%	17%	-5%
Cambridge Canadian Dividend Fund Class I	8%	8%	0%
Cambridge Canadian Long-Term Bond Pool Class I	5%	4%	1%
Cash	2%	2%	0%

## Top 10 equity holdings

	Country	Sector	Weight
Verizon Communications Inc.	United States	Communication services	1.83%
Black Stone Minerals LP	United States	Energy	1.56%
Gilead Sciences Inc.	United States	Health care	1.35%
McKesson Corp.	United States	Health care	1.34%
Imperial Brands PLC	United Kingdom	Consumer staples	1.18%
Anthem Inc.	United States	Health care	1.06%
Walgreens Boots Alliance Inc.	United States	Consumer staples	1.02%
Wells Fargo & Co.	United States	Financials	0.97%
Andritz AG	Austria	Industrials	0.94%
BlackRock Inc.	United States	Consumer staples	0.93%

## Contributors and detractors

Contributors	Detractors
Verizon Communications Inc.	Vermillion Energy Inc.
Andritz AG	Anthem Inc.
Activision Blizzard Inc.	Black Stone Minerals LP

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.

\*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.

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.

The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. 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. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise

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.

Certain statements contained in this communication are based in whole or in part on information provided by third parties and CI Investments Inc. has taken reasonable steps to ensure their accuracy. Market conditions may change which may impact the information contained in this document.

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

CI Investments® and the CI Investments design are registered trademarks of CI Investments Inc

Published November 1, 2019.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://www.ci.com)

**Head Office / Toronto**  
416-364-1145  
1-800-268-9374

**Calgary**  
403-205-4396  
1-800-776-9027

**Montreal**  
514-875-0090  
1-800-268-1602

**Vancouver**  
604-681-3346  
1-800-665-6994

**Client Services**  
English: 1-800-563-5181  
French: 1-800-668-3528