

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 Global Smaller Companies Corporate Class F*	5.3%	3.7%	2.9%	7.3%	N/A	8.3%

* Since-inception date: July 31, 2014. Formerly Cambridge Growth Companies Corporate Class.

PORTFOLIO COMMENTARY

At Cambridge, we are monitoring the economy as uncertainty exists going into 2020. Although declines are slowing, leading indicators continue to point to a weaker economy and any prolonged economic slowdown could be amplified by the high leverage levels in the global economy.

The Fund returned 5.3% for the three months ending December 31, 2019.

Over the quarter, Smartsheet, Inc. and Numis Corporation PLC contributed to performance. Smartsheet Inc. is a project management software company that provides a cloud-based platform for work execution, enabling teams and organizations to plan, capture, manage, automate and report on work at a scale which results in more efficient processes and better business outcomes. The company delivered another quarter of over 50% billings growth. Another contributor was Numis, an independent institutional stockbroker and corporate advisor with its main headquarters in London, England. Increased optimism around capital market activity in the U.K. given the election aided in the increase in share price and contributed to performance over the quarter.

Detractors over the quarter included PrairieSky Royalty Ltd. and Etsy, Inc. PrairieSky Royalty Ltd. is an energy exposed business in Canada with a sizable and diversified royalty asset base. The company earns a percentage of production on its land without associated operating and capital costs, which enables a high free cash flow margin that can be returned to shareholders or used to acquire assets. The company offers high-quality exposure to energy. Another detractor was Etsy, an e-commerce website focused on handmade or vintage items and craft supplies. The company missed expectations due to several growth initiatives not going as smoothly as investors hoped.

Over the quarter, the portfolio eliminated positions in Athene and AMA Group Ltd., and initiated positions in Berry Global Group Inc. and Etsy.

Equity sector weight

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Communication services	4.8%	4.0%	0.8%
Consumer discretionary	27.3%	27.6%	-0.3%
Consumer staples	2.8%	3.6%	-0.8%
Energy	6.5%	7.6%	-1.1%
Financials	20.9%	20.9%	0.0%
Health care	1.9%	0.0%	1.9%
Industrials	14.9%	19.7%	-4.8%
Information technology	18.2%	14.1%	4.1%
Materials	2.3%	0.0%	2.3%
Real estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Cash	0.4%	2.5%	-2.1%

Country weight

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
United States	35.7%	30.3%	5.4%
United Kingdom	23.1%	24.3%	-1.2%
Canada	17.7%	15.6%	2.1%
Japan	5.9%	8.8%	-2.9%
France	4.4%	5.3%	-0.9%
Netherlands	4.1%	2.9%	1.2%
Australia	3.1%	3.9%	-0.8%
Sweden	2.2%	3.5%	-1.3%
Germany	2.1%	2.9%	-0.8%
Denmark	1.3%	0.0%	1.3%
Cash	0.4%	2.5%	-2.1%

Top 10 holdings

	Country	Sector	Weight (%)
Great Canadian Gaming Corp.	Canada	Consumer Discretionary	5.06%
CarGurus Inc.	United States	Communication Services	4.83%
B&M European Value Retail S.A.	United Kingdom	Consumer Discretionary	4.55%
Middleby Corp.	United States	Industrials	4.35%
Euronext N.V.	France	Financials	4.35%
Takeaway.com N.V.	Netherlands	Consumer Discretionary	4.06%
Seria Co Ltd.	Japan	Consumer Discretionary	3.96%
PrairieSky Royalty Ltd.	Canada	Energy	3.94%
Etsy Inc.	United States	Consumer Discretionary	3.72%
Burford Capital Ltd.	United Kingdom	Financials	3.60%

Contributors and detractors

Contributors	Detractors
Keyword Studios PLC	PrairieSky Royalty Ltd
Smartsheet Inc.	Ama Group Ltd.
Numis Corporation PLC	Etsy Inc.

In Canada, we continue to closely monitor elevated debt levels for the average Canadian within the current low interest-rate environment, coupled with rising personal insolvencies. We are noting an increase in debt loads which are directed into areas that benefit shorter-term economic activity (such as housing and consumer spending) but are not drivers of lasting productivity improvement (such as non-residential capital investment). Improving productivity is the key to long-term prosperity. Globally, we expect the easing trade tensions to benefit companies which have had to increase prices to offset rising costs from higher tariffs.

At Cambridge, we're building portfolios to endure any macro-economic environment by focusing on finding well-run businesses that generate strong cash flow growth at reasonable prices. Easing trade tensions will benefit select holdings which have had to increase prices to offset rising costs from higher tariffs (pricing power is important). Brexit finally occurring in early 2020 will improve capital flows into the U.K., which should benefit the businesses we own there. By way of discussion, we own domestic retailers, investment management companies and technology distributors who have robust business models that we believe will sustain any macro shock – we would be more concerned with how the macro movements unfold if we owned real estate, banks or regulated assets. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

Source: FactSet, as at December 31, 2019. Unless otherwise noted, all information is provided as at December 31, 2019.

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The Morningstar Awards identify the year's most exceptional funds and fund managers for investors around the world. The Breakout Fund Manager of the Year award, introduced in 2015, recognizes up-and-coming managers worthy of investors' attention.

The Brendan Wood TopGuns recognition is given to buy-side analysts through voting of sell-side professionals casting their ballots for the investors they personally believe to be the leaders of thought in the industry during the past year. TopGuns are those that garnered the upper decile of sell-side nominations. All TopGuns recognitions are subjective judgments and opinions, based on the experience of Brendan Wood and on information obtained by them from third parties on whose responses they have relied in good faith. There has been independent verification by Brendan Wood.

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