

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	1.4%	10.3%	4.9%	4.8%	8.2%	9.2%

Inception Date: July 27, 2004

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 1.4% for the quarter. Anthem, Inc. and Canadian Natural Resources Limited contributed to performance. Anthem Inc. was a top contributor after fears over an abrupt move to a single-payor system in the U.S. subsided – candidates who proposed it early on have moderated their views in the face of the realities of implementation. Furthermore, the 2020 outlook was favourable for Anthem, with an expected improvement in its Medicaid business and outperformance from its new Pharmacy Benefit Manager relationship. Another top contributor was Canadian Natural Resources, a company that acquires, explores for, develops, and produces natural gas, crude oil and related products. The company contributed to performance over the quarter after demonstrating strong operational results, leading to significant free cash flow generation, and has focused on enhancing margins and investing in high return on capital projects.

Detractors over the quarter included Boeing Company and Viper Energy Partners LP. We initiated a position in Boeing in the second half of 2019. The company manufactures commercial airplanes and defence products. Shares were weak on the quarter on incremental bad news regarding delays to the 737 MAX return to service and a decline in wide body plane production rates. The company made the decision to replace its CEO during the quarter which we think is positive and should help improve relations with customers and regulators as it recertifies the 737 MAX and brings it back into service. Another detractor was Viper Energy Partners LP, a variable distribution master limited partnership. With direct mineral interest ownership in Midland County in the heart of the Permian Basin, Viper has no direct operating or capital expenditures. Across the energy sector, commodity prices have been volatile and macro headwinds have caused concerns about slowing demand. This has led to continued pressure across the sector. Operating results have been generally positive for the company.

Over the three-month period, the Fund eliminated holdings in Walgreens Boots and Great-West Lifeco Inc. and initiated positions in Gildan Activewear and CI Financial.

Asset mix

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Equity	38%	38%	0.0%
Fixed Income	61%	60%	1.0%
Cash	1%	2%	-1.0%

Holdings

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Cambridge Bond Fund Class I	44%	43%	1.0%
Cambridge Global Dividend Fund Class I	30%	30%	0.0%
Cambridge Canadian Short-Term Bond Pool Class I	12%	12%	0.0%
Cambridge Canadian Dividend Fund Class I	8%	8%	0.0%
Cambridge Canadian Long-Term Bond Pool Class I	5%	5%	0.0%
Cash	1%	2%	-1.0%

Top 10 equity holdings

	Country	Sector	Weight
Imperial Brands PLC	United Kingdom	Consumer Staples	1.84%
Verizon Communications Inc.	United States	Communication Services	1.79%
Gilead Sciences Inc.	United States	Health Care	1.33%
Black Stone Minerals LP	United States	Energy	1.32%
McKesson Corp.	United States	Health Care	1.31%
Anthem Inc.	United States	Health Care	1.28%
Canadian Natural Resources Ltd.	Canada	Energy	1.03%
Broadcom Inc.	United States	Information Technology	1.02%
BlackRock Inc.	United States	Financials	1.01%
Brenntag AG	Germany	Industrials	0.97%

Contributors and detractors

Contributors	Detractors
Anthem Inc.	Black Stone Minerals LP
Imperial Brands PLC	Viper Energy Partners LP
Canadian Natural Resources Ltd.	Boeing Co.

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.

We have taken a more cautious position in the portfolio than we had going into 2019. This means entering 2020 with more cash and a greater emphasis on buying businesses where we have more confidence in the downside. We remain cautiously optimistic that despite weaker economic growth around the world, there are still parts of the market that offer attractive investment opportunities. Within fixed income, we are optimistic about the Canadian preferred market as we enter 2020, where securities are priced attractively and have evolved to become a more material position within the portfolio. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

*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.

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

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.

The opinions expressed in the communication are solely those of the author and are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed. 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 February 10, 2020.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | 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