

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.



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.



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 Asset Allocation Corporate Class F	2.3%	13.3%	4.0%	5.0%	7.4%	6.5%

Inception Date: December 31, 2007

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 2.3% for the three months ending December 31, 2019.

Over the quarter, Anthem, Inc. 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.

Detractors over the quarter were Boeing Company and George Weston Limited. 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 this quarter was George Weston, a company that processes and distributes food throughout North America to grocer wholesalers, warehouses, and independent grocers. George Weston detracted from performance during the quarter due to macro concerns and a weakening in consumption patterns for its core Canadian consumer. Competition was also highlighted by a competitor as intensifying, contributing to the share price weakness during the quarter.

Over the quarter, the portfolio eliminated positions in Verizon Communications and Electronic Arts and initiated positions in CI Financial Corp. and Power Corporation of Canada.

Asset mix

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Equity	47%	47%	0.0%
Fixed Income	50%	50%	0.0%
Cash	1%	1%	0.0%
Alternatives	2%	2%	0.0%

Country weight

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Canada	65.1%	62.6%	2.5%
United States	22.7%	28.0%	-5.3%
United Kingdom	6.6%	6.3%	0.3%
Japan	1.8%	0.4%	1.4%
Germany	0.8%	0.8%	0.0%
Bermuda	0.7%	0.0%	0.7%
Monaco	0.0%	0.4%	-0.4%
Cash	2.3%	1.5%	0.8%

Top 10 equity holdings

	Country	Sector	Weight
Tourmaline Oil Corp.	Canada	Energy	2.19%
Keyera Corp.	Canada	Energy	2.11%
Canadian Natural Resources Ltd	Canada	Energy	2.08%
Imperial Brands PLC	United Kingdom	Consumer Staples	2.05%
Enbridge Inc.	Canada	Energy	2.01%
Anthem Inc.	United States	Health Care	1.94%
McKesson Corp.	United States	Health Care	1.87%
Franco-Nevada Corp.	Canada	Materials	1.78%
CSX Corp.	United States	Industrials	1.76%
Canadian Pacific Railway Ltd.	Canada	Industrials	1.69%

Contributors and detractors

Contributors	Detractors
Anthem Inc.	Boeing Co.
Canadian Natural Resources Ltd.	George Weston Ltd.
Tourmaline Oil Corp.	Nutrien Ltd.

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.

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Published February 10, 2020.



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