

**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	Since inception*
Cambridge Global Smaller Companies Corporate Class (Class F)	8.4	14.1	2.5	8.2	8.7

Inception date: July 31, 2014

Source: Cambridge Global Asset Management, as at September 30, 2020.

**PORTFOLIO COMMENTARY**

This year has been one of extremes, from the most rapid economic contraction on record, to record stimulus measures and a massive equity rally, to valuation disconnects reaching near extreme levels in different sections of the market. The V-shaped recovery experienced in the second and third quarters has now begun to moderate with the expiration of some of the fiscal stimulus measures, rising unemployment and uncertainty regarding the containment of the second wave of the COVID-19 pandemic. While the initial bounce in both economies and markets was impressive, the sustainability of that recovery is questionable. Much of the current market enthusiasm stems from the additional stimulus measures already taken and the prospect for further stimulus and continued positive economic momentum in the months to come.

While this type of operating environment requires greater agility and flexibility on the application of our investment process, the underlying process remains consistent. We continue to seek quality businesses that we believe have favourable future prospects, a process we believe will result in strong risk-adjusted returns for our investors. We are pleased with the resilience demonstrated by the underlying holdings in the Fund's portfolio and thus the portfolio as a whole. We believe we are through the worst of the uncertainty, and our decision to avoid bad balance sheets and companies at the eye of the COVID-19 storm has served clients well. As we exit this uncertainty it will not be smooth, and thus our focus remains on cash-generative, well-capitalized companies in growing end markets who are taking market share.

The Fund returned 8.4% for the three-month period ended September 30, 2020.

Over the quarter, the Fund's holdings in B&M European Value Retail S.A. ("B&M") and RH were top contributors. B&M operates as a general merchandise discount retailer selling a variety of products ranging from electronics to home goods. The retailer entered the U.K.'s benchmark stock index this month – following the departure of Marks & Spencer Group PLC last year – and has gained market share during the pandemic and related retail disruption. Despite Amazon.com driving an online boom, B&M saw big increases to both sales and traffic in the second quarter of 2020 and year to date. The company has also accelerated its store opening program, with 40-45 new stores set to open this year in the U.K. RH (formerly Restoration Hardware Holdings, Inc.) distributes high-end home furnishing products and is known for its beautiful showrooms. The

company is led by a long-time visionary CEO who owns a lot of the company's shares and is known to be eccentric and an original thinker. RH continues to demonstrate an increase in compounded revenue. The management team is focused on the long-term goal of building a US\$20-billion brand. In September 2020, the company reported its second-quarter 2020 earnings and saw strong demand for its products, leading to much-improved profitability.

The Fund's holdings in CarGurus, Inc. and Great Canadian Gaming Corp. were main detractors from performance during the quarter. CarGurus offers new and used vehicles and is the fastest-growing automotive shopping site in the U.K. The company experienced a rough quarter with its share price down 15% as auto sales weakened, but we continue to admire the company's competitive position and are monitoring the risk/reward opportunity of this holding. Great Canadian Gaming operates gaming facilities across Canada. The company has experienced a significant decline in revenues as it has been forced to close facilities and cancel events due to the global health crisis. The company has a strong balance sheet and recently received approval to reinstate its share buyback program as the company begins to reopen its facilities. Over the medium term, we see a great opportunity for Great Canadian Gaming to emerge from the pandemic and generate significant cash flow that can be distributed to shareholders.

## Equity sector weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
Communication services	1.3	2.3	-1.0
Consumer discretionary	21.5	22.4	-0.9
Consumer staples	6.8	3.8	3.0
Energy	1.7	2.3	-0.6
Financials	17.0	18.5	-1.5
Health care	5.0	4.0	1.0
Industrials	26.1	26.6	-0.5
Information technology	14.7	11.2	3.5
Materials	1.1	1.2	-0.1
Real estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Cash	4.9%	7.7%	-2.8%

## Country weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
United States	32.9	36.3	-3.4
United Kingdom	21.3	20.6	0.7
Canada	10.4	11.2	-0.8
Japan	6.9	4.7	2.2
Denmark	5.2	4.2	1.0
Netherlands	2.0	1.9	0.1
France	2.8	2.3	0.5
Sweden	2.8	1.5	1.3
Switzerland	4.8	3.7	1.1
Australia	2.8	3.0	-0.2
Ireland	3.3	2.9	0.4
Cash	4.9	7.7	-2.8

## Top 10 holdings

	Country	Sector	Weight
B&M European Value Retail S.A.	United Kingdom	Consumer discretionary	3.93%
AJ Bell PLC	United Kingdom	Financials	3.84%
Dalata Hotel Group PLC	Ireland	Consumer discretionary	3.29%
Electrocomponents PLC	United Kingdom	Industrials	3.24%
LivePerson, Inc.	United States	Information technology	3.20%
Seria Co., Ltd.	Japan	Consumer discretionary	3.18%
CSW Industrials, Inc.	United States	Industrials	3.06%
Great Canadian Gaming Corp.	Canada	Consumer discretionary	2.87%
Morningstar, Inc.	United States	Financials	2.83%
AMA Group Ltd.	Australia	Industrials	2.80%

## Contributors and detractors

Contributors	Detractors
B&M European Value Retail S.A.	CarGurus, Inc.
RH	Great Canadian Gaming Corp.
AJ Bell PLC	Dalata Hotel Group PLC

Over the quarter, we initiated Fund positions in SVMK Inc. and Medpace Holdings, Inc., and we eliminated a Fund position in Comfort Systems USA, Inc.

The team is busy speaking with roughly 100 companies each quarter to conduct diligence on these businesses that meet our investment criteria. Recently, those have predominantly been in the industrial, financial and software end markets and spread across a dozen countries. We are in the early cycle of this recovery, with employment data supportive of continued improvements in the economy. Small-capitalization companies tend to outperform during periods of economic expansion, and we are already seeing evidence of this. 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 Research Systems Inc., as at September 30, 2020. Unless otherwise noted, all information is provided as at Sept. 30, 2020.

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