

PORTFOLIO MANAGERS



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.



Danesh Rohinton

Portfolio Manager

Danesh Rohinton serves as a Portfolio Manager at Cambridge Global Asset Management. He is responsible for co-managing Cambridge Global Equity Corporate Class.

PERFORMANCE

Performance (%)	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Global Equity Corporate Class (Class F)	4.7	7.2	5.6	7.6	9.7	8.0

Inception date: December 31, 2007

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.

COVID-19 spread around the world and while it doesn't fall under the conventional definition of a 'macroeconomic' event, it nonetheless was the greatest macro event since the Great Depression. In a matter of weeks, unemployment in the U.S. went from a record low of 3.5% to 14.7%. This led us to conduct thorough reviews of the Fund's portfolio holdings to ensure we had a margin of safety in light of these events. In most cases we saw only a temporary impact to fundamentals, while in a handful of companies their fundamentals improved, especially the holdings oriented to the digital economy. There were also two examples of businesses directly impacted by COVID-19 in the travel industry, where we saw an ongoing impact, and we made adjustments to the Fund's position size in the case of one and exiting the position altogether for the other.

The Fund returned 4.7% for the three-month period ended September 30, 2020.

Over the quarter, the Fund's holdings in Varian Medical Systems, Inc. and Facebook, Inc. were top contributors. Varian Medical Systems develops and delivers innovative cancer-care technologies and solutions for its clinical partners around the globe, and its innovative and patient-centric culture has enabled it to become an iconic leader in radiotherapy and multidisciplinary cancer care, with a trusted global brand and strong customer loyalty. The company recently received clearance from the U.S. Food and Drug Administration for its Eclipse v16.1 treatment planning software for proton therapy, a sophisticated radiotherapy technology accelerated to about two-thirds the speed of light to destroy cancer cells while minimizing exposure to nearby healthy tissue. In August 2020, the company agreed to combine with Siemens Healthineers AG, valued at

US\$16.4 billion. The combination will create a multi-disciplinary global health care leader with the most comprehensive cancer-care portfolio in the industry. Facebook operates a social networking website. The company's platform allows people to communicate with their family, friends and coworkers and connect with people around the world. Facebook's share price broke through to an all-time high during the quarter as engagement in the company's online networking properties accelerated. The business demonstrated stability in ad revenues despite the economic volatility, and the company signalled a commitment to managing expenses to maintain margins in the future, which pleased investors.

The Fund's holding in Cboe Global Markets, Inc. was a top detractor from performance during the quarter. Cboe Global Markets provides trading and investment solutions to investors. The company has a durable moat on its proprietary products, which has allowed sustained pricing power in an otherwise highly competitive market. The current management team members are cost-focused operators, which supports high incremental margins going forward. The company's shares lagged in the quarter, but its strong competitive position supports its ability to compound value for shareholders into the future.

Equity sector weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
Communication services	24.6	24.4	0.2
Consumer discretionary	5.5	1.8	3.7
Consumer staples	7.2	7.6	-0.4
Energy	0.9	0.0	0.9
Financials	10.3	10.3	0.0
Health care	14.6	17.0	-2.4
Industrials	13.3	10.4	2.9
Information technology	8.3	6.1	2.2
Materials	13.0	13.3	-0.3
Real estate	0.0	0.0	0.0
Utilities	0.0	0.0	0.0
Cash and cash equivalents	2.3	9.1	-6.8

Country weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
United States	70.5	67.6	2.9
United Kingdom	12.7	10.1	2.6
Ireland	3.7	4.4	-0.7
China	4.5	3.5	1.0
Japan	3.6	2.8	0.8
Denmark	1.1	1.0	0.1
Canada	0.9	0.0	0.9
France	0.7	1.2	-0.5
Brazil	0.0	0.3	-0.3
Cash and cash equivalents	2.3	9.1	-6.8

Top 10 equity holdings

	Country	Sector	Weight
Facebook Inc.	United States	Communication services	5.07%
DuPont de Nemours Inc.	United States	Materials	5.02%
Anthem Inc.	United States	Health care	4.58%
McKesson Corp.	United States	Health care	4.51%
Alphabet Inc.	United States	Communication services	4.36%
Berry Global Group Inc.	United States	Materials	4.30%
Microsoft Corp.	United States	Information technology	3.99%
Linde PLC	United States	Materials	3.68%
Philip Morris International Inc.	United States	Consumer staples	3.63%
Imperial Brands PLC	United States	Consumer staples	3.59%

Contributors and detractors

Contributors	Detractors
Varian Medical Systems Inc.	Cboe Global Markets, Inc.
Nintendo Co. Ltd.	McKesson Corp.
Facebook Inc.	Imperial Brands PLC

Over the quarter, we initiated Fund positions in salesforce.com, inc. and Alibaba Group Holding Ltd., and we eliminated the position in Varian Medical Systems.

We have been continuing to find opportunities in businesses with strong fundamentals benefiting from the shift in consumer behaviour. As the budgets of consumers is shifting away from travel to improving their homes, companies such as Ferguson PLC have benefited as a distributor of home improvement products. We believe there are opportunities available today across the markets, from beneficiaries such as Ferguson to highly profitable businesses seeing a temporary slowdown in growth, such as Visa Inc. While this type of operating environment requires greater agility and flexibility on the application of our investment process, the underlying process remains consistent. The Fund continues to own a portfolio of quality businesses that have favourable future prospects, which we believe will result in strong risk-adjusted returns for our investors.

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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Published October 30, 2020.



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