

PORTRFOIO 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.



**Stephen Groff,
CFA**

Principal and
Portfolio Manager

Stephen Groff serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing the Cambridge dividend equity mandates as well as co-managing Cambridge Canadian Equity Fund and Cambridge Pure Canadian Equity Fund.

PERFORMANCE

Performance (%)	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Canadian Equity Corporate Class (Class F)	4.6	-0.5	2.7	5.9	9.9	7.8

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 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 in the months to come.

Markets continued to rebound in the third quarter, driven in Canada by the industrials, materials and financials sectors. These sectors benefited from the continued cyclical recovery as economies reopened from a near standstill early in the second quarter. While markets have cheered the unprecedented level of intervention by central banks to support the global economy, the recovery has begun to slow, coinciding with a resurgence in COVID-19 cases and slowing employment gains. We have continued to focus on durable businesses that are generating cash flows and can withstand a challenging and uncertain operating environment, while priced attractively relative to their future growth prospects.

The Fund returned 4.6% for the three-month period ended September 30, 2020.

Over the quarter, the Fund's holdings in Tourmaline Oil Corp. and Topaz Energy Corp. were top contributors. Tourmaline Oil engages in the acquisition, exploration and development of natural gas properties. The company has recovered off its lows in March 2020, and we reduced the Fund's position in it as it rebounded. The company had strong second-quarter results where its cash flow beat expectations. The company also realized value in the spin-out of Topaz Energy, a gas-focused royalty business. With Tourmaline Oil's share price appreciating in the quarter, we trimmed the Fund's position in the company as the risk/reward opportunity had become less attractive. Topaz Energy is a royalty and infrastructure company with a business strategy to provide shareholders with consistent yield and growth. This is a private business held in the Fund's portfolio that plans to go public. The company has established strategic business relationships

with two high-quality Canadian oil and gas producers and expects to grow its business through future acquisition opportunities with current and additional high-quality counterparties.

Detractors from performance included Fund holdings in Great Canadian Gaming Corp. and McKesson Corp. Great Canadian Gaming, which operates gaming facilities across Canada, has experienced a significant decline in revenues as the company 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. McKesson is a distributor of health care pharmaceuticals and medical supplies in the U.S. The company is an integral supplier to the health care industry and benefited as hospitals stocked up on medical supplies to combat COVID-19. Although McKesson's shares underperformed in the quarter, the company is well positioned to weather a slowing economy as its distribution infrastructure remains in demand.

Equity sector weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
Communication services	4.4	5.1	-0.7
Consumer discretionary	5.0	5.5	-0.5
Consumer staples	10.5	10.4	0.1
Energy	8.2	8.7	-0.5
Financials	12.6	13.0	-0.4
Health care	10.9	11.0	-0.1
Industrials	13.3	9.4	3.9
Information technology	6.3	5.3	1.0
Materials	12.9	13.0	-0.1
Real estate	0.0	0.0	0.0
Utilities	7.8%	6.9	0.9
Cash	4.7	8.4	-3.7
Other	3.4	3.3	0.1

Country weight

	Q3 2020 (%)	Q2 2020 (%)	Change (+/-)
Canada	56.5	49.3	7.2
United States	35.3	39.4	-4.1
United Kingdom	3.5	2.9	0.6
Cash	4.7	8.4	-3.7

Top 10 holdings

	Country	Sector	Weight
Franco-Nevada Corp.	Canada	Materials	5.40%
Fortis Inc.	Canada	Utilities	4.71%
Alimentation Couche-Tard Inc.	Canada	Consumer staples	4.42%
Tourmaline Oil Corp.	Canada	Energy	3.62%
Fairfax Financial Holdings Ltd.	Canada	Financials	3.58%
McKesson Corp.	United States	Health care	3.53%
DuPont de Nemours Inc.	United States	Materials	3.47%
SPDR Gold Trust	United States	Exchange-traded fund	3.35%
Jacobs Engineering Group Inc.	United States	Industrials	3.29%
Dollarama Inc.	Canada	Consumer discretionary	3.27%

Contributors and detractors

Contributors	Detractors
Tourmaline Oil Corp.	McKesson Corp.
Topaz Energy Corp.	Great Canadian Gaming Corp.
Empire Co. Ltd.	Fairfax Financial Holdings Ltd.

Over the quarter, we eliminated the Fund's position in Cboe Global Markets, Inc. and initiated Fund positions in Royal Bank of Canada and CGI Inc.

The final quarter of 2020 is likely to be an interesting one. There are major variables (the path of COVID-19, the U.S. election process and outcome, COVID-19 economic aftershock impact) to which the outcome remains unknowable at this time. We have found numerous investment opportunities, which we believe are well positioned for any realistic scenario that is likely to play out over the coming years and are priced in ways that provide an attractive risk/reward skew. That all being said, volatility in the coming months would not be unexpected, and we fully intend to apply our investment philosophy and framework to take advantage of any dislocations that could arise.

Source: FactSet Research Systems Inc., as at September 30, 2020. Unless otherwise noted, all information is provided as at September 30, 2020.

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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