

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 Monthly Income Fund Class F	7.6%	2.1%	3.8%	3.8%	N/A	6.2%

Inception Date: January 9, 2012

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

PORTFOLIO COMMENTARY

It has been one of the most remarkable years. The economy and the market experienced the most dramatic pullback since the great depression, only to stage one of the biggest comebacks in decades. Given the advanced stage of the latest economic expansion, we entered the year with a cautious approach within our asset-allocation portfolios. The ensuing market sell-off in March validated our cautious positioning, only to prove us wrong just two short months later. Given the magnitude of the business interruption and layoffs, we have maintained our conservative positioning. The markets have reacted enthusiastically to the corresponding record level of monetary stimulus provided by central bankers around the world. While the path toward economic normality is uncertain, the markets have assumed the stimulus will have an immediate impact.

The Fund returned 7.6% for the three months ending June 30, 2020.

Over the quarter, DuPont de Nemours Inc. and Brenntag AG were top contributors. DuPont de Nemours operates as a global chemical company. Over the quarter, the firm benefitted from cost and productivity actions, while continuing to make investments in innovation and new product developments. The economic headwinds have led to weaker demand trends across most of its end markets, which has negatively impacted pricing of certain chemicals. Brenntag AG sells and distributes industrial and specialty chemicals. The company also develops and prepares specific chemical compounds and offers analysis services. Brenntag's customers include oil and gas, paint, cosmetic, pharmaceutical, and water treatment companies. The company performed well during the quarter as it rebounded to new 2020 highs. This is a quality business with a diversified customer base that is well positioned to withstand a weaker economic backdrop.

Detractors include Melrose Industries PLC and Philip Morris International Inc. Melrose Industries PLC operates as an investment company, acquiring and holding securities of underperforming businesses primarily in the manufacturing sector. The company owns businesses in the auto and aerospace industries—both areas that were negatively impacted by the pandemic. This has impacted its prospects in the near term, although the company has shown the ability to create significant shareholder value through improved operations over longer-term periods.

Philip Morris International operates as a holding company, producing, selling and distributing a wide range of branded cigarettes and tobacco products to customers worldwide. The company has seen slowing demand for its next-generation products, which negatively impacted guidance for the upcoming quarter. The shares offer tremendous value, and these issues should abate as economies reopen in their key markets.

Asset mix

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
Equity	31%	38%	-7%
Fixed Income	68%	60%	8%
Cash	1%	2%	-1%

Holdings

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
Cambridge Bond Fund Class I	48%	45%	3%
Cambridge Global Dividend Fund Class I	26%	30%	-4%
Cambridge Canadian Short-Term Bond Pool Class I	12%	10%	2%
Cambridge Canadian Long-Term Bond Pool Class I	7%	5%	2%
Cambridge Canadian Dividend Fund Class I	5%	8%	-3%
Cash	2%	2%	0%



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Top 10 equity holdings

	Country	Sector	Weight
Imperial Brands PLC	United Kingdom	Consumer Staples	1.67%
McKesson Corp.	United States	Health Care	1.58%
Anthem Inc.	United States	Health Care	1.54%
Verizon Communications Inc.	United States	Communication services	1.49%
Philip Morris International Inc.	United States	Consumer Staples	1.06%
Broadcom Inc.	United States	Information technology	1.01%
Capgemini SE	France	Information technology	0.98%
Linde PLC	United States	Materials	0.81%
CMS Energy Corp.	United States	Utilities	0.81%
Wells Fargo & Company	United States	Financials	0.78%

Contributors and detractors

Contributors	Detractors
DuPont de Nemours Inc.	Wells Fargo & Co.
Brenntag AG	Philip Morris International Inc.
Broadcom Inc.	Melrose Industries PLC

Over the quarter, the Fund eliminated a position in Boeing Co. and Athene Holding Ltd., and initiated a position in Ferguson PLC.

Given the uncertain nature of the COVID-19 virus and the timing of a vaccine, we anticipate that ongoing bouts of business interruption will lead to greater market volatility. The market has recovered to pre-COVID levels, in some cases exceeding those previous highs. Thus, it has likely priced in most of the good news coming from policy efforts to maintain economic and market stability. We would anticipate that the new normal economic growth rate will be slower than historical precedent, not unlike the pace we witnessed after the 2008-09 recession. While the valuation spread between defensive and cyclical issues is approaching extreme levels, we would not advocate rushing headlong into cyclical shares, but perhaps a gradual blending of more economically sensitive business into a core portfolio. From an asset-allocation perspective, we continue to adhere to a more conservative stock/bond blend. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

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Source: FactSet, as at June 30, 2020. Unless otherwise noted, all information is provided as at June 30, 2020.

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Published July 28, 2020.



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