

## 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.



**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 F	13.8%	-3.6%	1.7%	4.3%	10.3%	7.6%

Inception Date: December 31, 2007

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

## PORTFOLIO COMMENTARY

During the second quarter, we have seen a dramatic swing in sentiment that has propelled equity and financial markets higher. Market participants have reacted enthusiastically to the record levels of stimulus from government and monetary authorities around the world to support the global economy, which has driven the comeback from the lows in March. We were encouraged to see these broad-based policies to support growth and begin to repair the damage inflicted on economies around the world given the magnitude of business interruptions and layoffs experienced due to the COVID-19 pandemic. Economic growth is beginning to recover, but considerable uncertainty still exists along social, economic and political lines that will impact the pace of re-openings and the trajectory toward a sustainable and lasting recovery.

The Fund returned 13.8% for the three months ending June 30, 2020.

Over the quarter, Franco-Nevada Corp. and Keyera Corp. were top contributors. Franco-Nevada is a resource royalty and investment company, with interests primarily in gold royalties. The royalty business offers exposure to the underlying resource, with limited capital investment requirements that allows it to earn strong returns on capital. The company has performed well and rallied alongside gold prices as monetary policy has expanded significantly and investors hedge against future potential inflationary pressures. Keyera is an energy midstream business that engages in distribution, refining and marketing of finished petroleum products. The company is well positioned to weather the challenging operating environment as it has more visibility to revenues despite industry production levels forecasted to decline. The company has seen its share price recover meaningfully over the last month.

Enbridge Inc. detracted from performance. Enbridge provides energy transportation, distribution, and related services in North America and internationally. The company operates a crude oil and liquids pipeline system and is involved in natural gas transmission and midstream businesses. The nature of its business offers better revenue visibility than traditional energy businesses. It is well positioned to withstand a challenging environment and benefit from the economic rebound as it occurs.

## Equity sector weight

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
Communication services	5.1%	5.8%	-0.7%
Consumer discretionary	5.5%	5.4%	0.1%
Consumer staples	10.4%	10.0%	0.4%
Energy	8.7%	5.2%	3.5%
Financials	13.0%	16.8%	-3.8%
Health care	11.0%	11.0%	0.0%
Industrials	9.4%	11.6%	-2.2%
Information technology	5.3%	4.8%	0.5%
Materials	13.0%	14.5%	-1.5%
Real estate	0.0%	0.0%	0.0%
Utilities	6.9%	5.2%	1.7%
Cash	8.4%	9.7%	-1.3%
Other	3.3%	0.0%	3.3%

## Country weight

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
Canada	49.3%	45.4%	3.9%
United States	39.4%	40.0%	-0.6%
United Kingdom	2.9%	4.9%	-2.0%
Cash	8.4%	9.7%	-1.3%

## Top 10 holdings

	Country	Sector	Weight
Franco-Nevada Corp.	Canada	Materials	5.87%
Fortis Inc.	Canada	Utilities	4.45%
Alimentation Couche-Tard Inc.	Canada	Consumer staples	4.08%
Fairfax Financial Holdings Ltd.	Canada	Financials	3.85%
Dollarama Inc.	Canada	Consumer discretionary	3.64%
McKesson Corp.	United States	Health care	3.64%
Microsoft Corp.	United States	Information technology	3.31%
SPDR Gold Trust ETF (GLD)	United States	Exchange traded fund	3.25%
Anthem Inc.	United States	Health care	3.23%
Jacobs Engineering Group Inc.	United States	Industrials	3.09%

## Contributors and detractors

Contributors	Detractors
Franco-Nevada Corporation	Fortis Inc.
Keyera Corp.	Enbridge Inc.
DuPont de Nemours, Inc.	Wells Fargo & Co.

Over the quarter, the Fund eliminated a position in Enbridge Inc. and Canadian Natural Resources, and initiated a position in Emera Inc. and Empire Co.

In Canada, the difference between now and the end of March is night and day. Today, in many cases, the market is “looking through the valley” and assuming company fundamentals are “back to normal.” Contrast this with late March, when the market was very much staring down the valley and assuming we would only be going deeper into it. What a difference a quarter makes. Our approach remains consistent and while everyone was worried about these downside risks in March (prices were very low / concern was very high), today, prices have recovered meaningfully and instead of concern about fundamentals, investors are concerned with missing out. We have been taking advantage of this and have reduced positions where risks are elevated, and prices have improved (namely energy) as well as reduced positions in businesses with elevated multiples. We see opportunity in companies that are less economically sensitive and have internal drivers of operational performance, and where valuations are already implying a difficult end market, but we believe are well positioned over a medium-term horizon.

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

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