

PORTFOLIO MANAGER



Stephen Groff, CFA

Principal &
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.

Stephen's career in the investment industry began in 2007 and he joined Cambridge in 2011. He was co-winner of the 2015 Morningstar Breakout Fund Manager of the Year award and a TopGun Investment Mind in the Brendan Wood International Canadian investment rankings from 2015 to 2019.

Prior to joining Cambridge, Stephen served as a Research Analyst at Fidelity Investments where he also managed a portion of Fidelity Canadian Disciplined Equity Fund.

Stephen holds 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 Dividend Fund Class F	11.9%	-3.1%	3.7%	6.1%	8.7%

Inception Date: July 30, 2013

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

PORTFOLIO COMMENTARY

During the second quarter 2020, we saw a dramatic swing in sentiment that propelled equity and financial markets higher. Market participants reacted enthusiastically to the record levels of stimulus from government and monetary authorities around the world to support the global economy, which drove the comeback from the March lows. We were encouraged to see these broad-based policies to support growth 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 11.9% for the three months ending June 30, 2020.

Over the quarter, DuPont de Nemours Inc. and Brenntag AG were top contributors. DuPont de Nemours is a global chemical company. 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, and also develops and prepares specific chemical compounds, and offers analysis services. The company performed well during the quarter as it rebounded to new 2020 highs.

Detractors included 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.

Equity sector weight

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
Communication services	5.2%	6.1%	-0.9%
Consumer discretionary	2.2%	1.6%	0.6%
Consumer staples	10.7%	11.1%	-0.4%
Energy	8.1%	6.8%	1.3%
Financials	13.1%	13.7%	-0.6%
Health care	13.3%	16.0%	-2.7%
Industrials	13.0%	13.5%	-0.5%
Information technology	12.7%	11.5%	1.2%
Materials	10.1%	9.7%	0.4%
Real estate	1.8%	0.9%	0.9%
Utilities	5.1%	0.0%	5.1%
Cash	4.7%	9.1%	-4.4%

Country weight

	Q2 2020 (%)	Q1 2020 (%)	Change (+/-)
United States	61.7%	60.2%	1.5%
Canada	8.7%	7.8%	0.9%
United Kingdom	10.5%	7.9%	2.6%
France	4.9%	5.0%	-0.1%
Austria	2.9%	3.2%	-0.3%
Germany	2.3%	3.0%	-0.7%
Ireland	3.1%	2.7%	0.4%
Brazil	1.2%	1.1%	0.1%
Cash	4.7%	9.1%	-4.4%

Top 10 holdings

	Country	Sector	Weight
Imperial Brands PLC.	United Kingdom	Consumer staples	5.53%
McKesson Corp.	United States	Health care	5.39%
Anthem Inc.	United States	Health care	5.28%
Verizon Communications Inc.	United States	Communication services	5.24%
Philip Morris International Inc.	United States	Consumer staples	4.07%
Broadcom Inc.	United States	Information technology	3.90%
Capgemini SE	France	Information technology	3.76%
Linde plc	United States	Materials	3.13%
CMS Energy Corporation	United States	Utilities	3.09%
Wells Fargo & Co.	United States	Financials	3.00%

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, we eliminated a position in Boeing Co. and Athene Holding Ltd., and initiated a position in CMS Energy Corp. and Ferguson PLC.

Globally, we are finding pockets of opportunity in the market where COVID-19 is temporarily disrupting profitable business models with durable competitive advantages. The health care industry is ripe with examples of businesses that provide innovative and life-changing products for surgeries that were delayed due to pandemic. Our research has identified Boston Scientific Corp. as one of these durable businesses with life-saving products that should see a strong rebound as governments around the world ease restrictions on elective surgeries. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value over time, and this disruption is giving us plentiful opportunities find attractive businesses. We remain focused on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

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

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