

**PORTFOLIO MANAGER**



**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.

Paul's career in the investment industry began in 1999 and he joined Cambridge in 2016.

Prior to joining Cambridge, Paul worked as a Portfolio Manager at MFS Investment Management Canada managing Canadian and international fixed-income portfolios. Prior to that, he was a Partner and Fixed Income Portfolio Manager at McLean Budden Asset Management.

Paul holds a Bachelor of Mathematics from the University of Waterloo, 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	10 Year	Since inception
Cambridge Bond Fund Class F	5.5%	7.2%	N/A	N/A	N/A	9.5%

Inception Date: December 12, 2018

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

**PORTFOLIO COMMENTARY**

The global pandemic is far more than an economic event and our thoughts go out to all families effected by COVID-19. We thank all the front-line workers and hope everyone is staying safe and healthy. Global governments having to make the difficult decision to close business activities to contain the virus was a tremendous shock to the global economy. High leverage levels in the global economy entering 2020 made it even more vulnerable to this economic shock. Many economic indicators fell to levels never seen before, strong and immediate central bank action was needed and provided. Risk assets came roaring back after bottoming in late March as unprecedented liquidity was added by the central banks. It remains uncertain whether the strong market is a sign of estimated future growth or simply a liquidity rally.

The Fund returned 5.5% for the three months ending June 30, 2020.

Economic indicators have improved from very low levels, but it is still unclear if a sustainable economic recovery has begun. As such, we remain very cautious about the corporate names in the fixed-income portfolios, both the investment grade and high yield holdings. We maintain our long duration positioning with most of the duration risk now in U.S. Treasuries, as we have removed both British and German government bonds from the portfolio. We continue to feel that Canadian bank preferred shares offer great absolute and relative return opportunities and continue to own these issues.

## Portfolio Characteristics

	Q2 2020	Q1 2020
Average credit rating	A	A
Yield to maturity	2.0%	2.6%
Duration	8.9 years	9.0 years
Foreign content	27.4%	29.8%

## Sector Weight

	Q2 2020	Q1 2020	Change (+/-)
Federal bonds	37.4%	41.7%	-4.3%
Provincial bonds	11.2%	9.3%	1.9%
Municipal bonds	11.5%	11.9%	-0.4%
Corporate bonds	29.0%	27.9%	1.1%
Preferred shares	10.1%	8.9%	1.2%
Common equity	0.0%	0.0%	0.0%
Cash	0.8%	0.3%	0.5%

## Credit Rating Weight

	Q2 2020	Q1 2020	Change (+/-)
AAA	42.5%	41.9%	0.6%
AA	20.6%	24.2%	-3.6%
A	17.3%	15.0%	2.3%
BBB	11.6%	10.6%	1.0%
BB or below	6.1%	6.9%	-0.8%
Not rated/other	1.1%	1.1%	0.0%
Cash	0.8%	0.3%	0.5%

## Top 10 Holdings

	Weight
United States Treasury 2.63% 15-Feb-2029	9.80%
Canada Government 1.25% 01-Mar-2025	7.16%
Bank of Montreal 3.19% 01-Mar-2028	6.01%
Bank of Nova Scotia 3.1% 02-Feb-2028	5.49%
Canada Housing Trust No 1 2.55% 15-Dec-2023	4.71%
United States Treasury 3.0% 15-Aug-2048	4.60%
Canada Housing Trust No 1 2.25% 15-Dec-2025	3.71%
United States Treasury 1.5% 15-Feb-2030	3.25%
Constellation Software Inc. 8.75% 31-Mar-2040	2.47%
United States Treasury 2.0% 15-Feb-2050	2.30%

## Performance Attribution

Duration effect	-0.36%
Curve effect	-0.48%
Security selection effect	1.16%
Yield enhancement effect	0.10%
Currency effect	-0.20%

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

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