

# CAMBRIDGE CANADIAN DIVIDEND FUND

## Q1-2021 Commentary



PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Canadian Dividend Fund, Series F*	49.0%	10.1%	9.6%	9.0%	8.4%
Benchmark: S&P/TSX Composite Total Return Index	44.3%	10.2%	10.1%	6.0%	6.5%

\* Inception date of Cambridge Canadian Dividend Fund Series F: June 12, 2006.

Source: CI Global Asset Management, as at March 31, 2021.

### PERFORMANCE SUMMARY

- Over the first quarter of 2021, Cambridge Canadian Dividend Fund Series F (the Fund) returned 12.8% compared with the S&P/TSX Composite Total Return Index, which returned 8.1%.
- The Fund outperformed its benchmark primarily as a result of stock selection.

### CONTRIBUTORS TO PERFORMANCE

The Fund's position in Fairfax Financial Holdings Ltd. contributed to performance. The company benefited from solid underwriting results and improved investment performance. This, combined with a major valuation discount versus its peers, resulted in strong share price performance. TFI International Inc. was another notable contributor to the Fund's performance. Early in the new year, TFI announced its acquisition of United Parcel Service Inc.'s freight business.

### DETRACTORS FROM PERFORMANCE

We have opted to own other financial companies instead of The Toronto-Dominion Bank. However, this lack of exposure detracted from the Fund's performance as banks, along with many other financial companies, performed strongly. A lack of ownership in the strongly performing Suncor Energy Inc. also detracted from the Fund's performance. We have opted to own other businesses, such as Canadian Natural Resources Ltd. and Tourmaline Oil Corp.

### PORTFOLIO ACTIVITY

We added a new holding in Loblaw Companies Ltd. because we believe that its efforts to improve operating performance combined with a meaningful valuation discount presented an attractive opportunity. This joins the Fund's many other consumer businesses, such as Dollarama Inc., Alimentation Couche-Tard Inc., Empire Co. Ltd. and The North West Company Inc. The Fund's position in Gildan Activewear Inc. was eliminated. It was originally purchased early in 2020 at a heavily discounted valuation. Following strong price performance on economic re-opening optimism, we sold the position.

## **MARKET OVERVIEW**

Equity market valuations have increased throughout 2020 and into 2021, but Canadian equities remain attractively valued, particularly relative to the United States. There are attractive pockets of opportunity across the market today, particularly in some sectors that remain ignored by the broader investing public. Areas of opportunities include businesses that are highly profitable and generate free cash flow, are run by prudent capital allocators and remain undervalued given the cash they generate. Conversely, we continue to see areas of risk and as such, will remain prudent.

Source: CI Global Asset Management

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The comparison presented is intended to illustrate the Mutual Fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes. There are various important differences that may exist between the Mutual Fund and the stated indexes that may affect the performance of each. The objectives and strategies of the Mutual Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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