

# CAMBRIDGE CANADIAN EQUITY CORPORATE CLASS

## Q1-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Canadian Equity Corporate Class, Series F*	38.7%	8.1%	8.8%	9.7%	8.8%
Benchmark: S&P/TSX Composite Total Return Index	44.3%	10.2%	10.1%	6.0%	5.4%

\* Inception date of Cambridge Canadian Equity Corporate Class, Series F: December 31, 2007.

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

### PERFORMANCE SUMMARY

- Over the first quarter of 2021, Cambridge Canadian Equity Corporate Class, Series F (the Fund) returned 8.8% compared with the S&P/TSX Composite Total Return Index, which returned 8.1%.
- The Fund outperformed its benchmark primarily as a result of security selection. Exposure to the materials and energy sectors contributed to performance, while health care exposure detracted from the Fund's performance.

### 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. Tourmaline Oil Corp. also contributed to the Fund's performance. Strong cash flow generation driven by improved natural gas prices and excellent execution led to a re-evaluation of its shares.

### DETRACTORS FROM PERFORMANCE

Following a strong rebound throughout 2020, Berry Global Group Inc.'s share price weakened in January around concerns over rising input prices compressing margins in the shorter term. The Fund's underweight exposure to Canadian banks also detracted from performance as they outperformed.

### 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 McKesson Corp. was eliminated. We saw better opportunity in other U.S. health care businesses and opted to adjust our positioning accordingly.

## **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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