

# CAMBRIDGE GLOBAL SMALLER COMPANIES CORPORATE CLASS

## Q1-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Global Smaller Companies Corporate Class, Series F	72.6%	7.4%	12.4%	N/A	11.3%
Benchmark: MSCI World Small Cap Index	60.9%	11.1%	13.5%	13.3%	12.7%

\* Inception date of Cambridge Global Smaller Companies Corporate Class, Series F: July 31, 2014.

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

### PERFORMANCE SUMMARY

- In the first quarter of 2021, Cambridge Global Smaller Companies Corporate Class, Series F (the Fund) returned 1.6% compared with the MSCI World Small Cap Index, which returned 8.1%.
- The Fund underperformed its benchmark primarily as a result of stock selection in the financials and information technology sectors.

### CONTRIBUTORS TO PERFORMANCE

Individual contributors to the Fund's performance included CSW Industrials Inc. and Revolve Group Inc. CSW Industrials reported better-than-expected third-quarter results raising expectations for growth in the future. Its TRUaire acquisition is also going according to plan, which should drive significant earnings over the next year. Revolve reported better-than-expected fourth-quarter results and commented that year-to-date trends are tracking better than the market was anticipating. The company should benefit from people socializing again, and therefore, positive vaccination trends in the United States should be positive for the business.

### DETRACTORS FROM PERFORMANCE

Individual detractors from the Fund's performance included positions in AMA Group Ltd. and Asana Inc. AMA Group's CEO was fired after an investigation uncovered that he had charged personal expenses to the company. It also reported weaker-than-expected results as the business is taking longer than expected to return to pre-pandemic levels. Asana's stock sold off, along with much of the software industry, during the period.

### PORTFOLIO ACTIVITY

We added new positions in GrubHub Inc. and Asana during the quarter. GrubHub is in the midst of being acquired by Just Eat Takeaway.com NV in a stock merger. The combined entity should be a high-growth, profitable business, and is trading at over a 50% discount to Uber Technologies Inc. and DoorDash Inc. In addition, the company is run by a talented CEO who owns over US\$1 billion in its stock. We believe that its value is significantly above where the company is trading at today. Asana is a leader in the collaborative work management software space, a fast-growing market in which Asana is gaining share. The company is exhibiting strong unit economics, with 15-month paybacks on user acquisition. We believe Asana has a bright future.

A holding in B&M European Value Retail SA was eliminated as we shifted the Fund's consumer exposure to businesses that are expected to benefit from the re-opening of economies versus companies that benefited from the lockdown. CREATE SD CO. LTD. was eliminated in favour of other investment opportunities. Morningstar Inc., Etsy Inc. and Ambu AS, Class 'B' were sold as they exceeded our core market-capitalization range.

## **MARKET OVERVIEW**

The economic recovery we are seeing is expected to remain robust for the balance of this year and beyond. We continue to position the Fund in favour of companies that are gaining market share, and are led by strong management teams that have a proven ability to create value for shareholders. We have increased the Fund's exposure to companies negatively impacted by the COVID-19 pandemic as they should disproportionately benefit from the return to a normal living environment.

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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