

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1-800-563-5181, by writing to us at CI Investments Inc., 2 Queen Street East, Twentieth Floor, Toronto, ON, M5C 3G7 or by visiting our website at [www.ci.com](http://www.ci.com) or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

## INVESTMENT OBJECTIVE AND STRATEGIES

The objective of the Cambridge Bond Fund (the Fund) is to provide stability of capital and income with the potential for capital appreciation. The Fund aims to achieve its objective by investing primarily in a portfolio of fixed-income securities issued by Canadian and foreign governments and corporations.

The majority of the Fund's assets will be invested in a diversified portfolio of fixed income securities of any credit quality or term issued by Canadian, U.S. and other foreign governments and corporations. The Fund may also invest in asset-backed securities, mortgage-backed securities, bank loans and floating rate debt instruments.

The portfolio advisor may use techniques such as fundamental analysis to assess cash flow and growth potential. This means evaluating the financial condition and management of each issuer, its industry and the overall economy. As part of this evaluation, the portfolio advisor analyzes interest rates, the yield curve, credit ratings, credit risk, financial data and the quality of management.

## RISK

No changes affecting the overall level of risk associated with investing in the Fund were made during the year. The risks of the Fund remain as discussed in the Fund's most recently filed simplified prospectus or its amendments. The Manager reviews the risk rating for the Fund on an annual basis, at a minimum, based on the methodology mandated by the Canadian Securities Administrators to determine the risk level of the Fund. Any change to the risk rating made during the year was as a result of such review and was not a result of any change to the investment objective, strategies or management of the Fund.

## RESULTS OF OPERATIONS

The net asset value of the Fund increased by \$91.2 million to \$1,883.9 million from March 31, 2018 to March 31, 2019. The Fund had net sales of \$70.0 million during the year. The portfolio's performance increased assets by \$80.9 million. The Fund paid distributions totalling \$59.7 million. Class I units returned 4.9% after fees and expenses for the one-year period ended March 31, 2019. Over the same time period, the Fund's benchmark returned 8.3%. The benchmark is a combination of the Barclays Capital U.S. Aggregate Bond Total Return Index - 60%, the FTSE Canada Universe Bond Total Return Index - 20% and the iBoxx USD Liquid High Yield Total Return Index - 20%.

Although the global economy performed well throughout 2018, economic growth appeared to be slowing. While equities took their cue from a dovish pivot in monetary policy from the U.S. Federal Reserve (Fed) and other central banks globally, fixed-income markets focused on a slowing economic backdrop and risks to the global economy.

This was evident in Canada as several key indicators signalled a slowdown in the economy, including increased stock market volatility, an inverted yield curve (when yields on longer-term bonds are lower than yields on shorter-term bonds), weaker retail sales

and a decline in real estate investment. The Bank of Canada (BoC) raised its overnight rate twice during the year, from 1.25% to 1.75%, adding to the volatility in financial markets. Future interest rate increases by the BoC are uncertain given the projections for weaker economic performance in the months ahead.

In the United States, leading and lagging indicators pointed to a slowdown in mid-2018, which was also reflected in corporate profit growth for large-capitalization businesses. While this level of growth was still considered healthy, central banks around the world took note of the slowing trend.

The Fed raised interest rates three times over the year, from 1.75% to 2.50%. The Fed and other central banks signalled a pause in further tightening as the softer economic data was analyzed. This caused the yield curve to invert, which is typically considered to be an indicator of an upcoming recession. The Fed has been patient in raising interest rates and was expected to make data-dependent decisions about future monetary policy.

In Europe, economic strength was unclear given the ongoing uncertainty surrounding the United Kingdom's exit from the European Union (EU). Weaker economic data, trade policy uncertainty, political divisiveness and a strong U.S. dollar contributed to the significant underperformance of global equity markets. The economic deceleration in select economies outside of the United States, including China, was more pronounced in the latter part of the year.

The Fund underperformed its benchmark over the year owing in part to its security selection in preferred shares. Individual detractors from the Fund's performance included The Toronto-Dominion Bank Non-Cumulative Class A First Preferred Shares and Royal Bank of Canada Non-Cumulative First Redeemable Preferred Shares Series, which both underperformed as the banks' exposure to the Canadian consumer drew some concern.

The Fund's long duration (higher sensitivity to interest rate changes) relative to its benchmark and yield curve positioning contributed to its performance throughout the year. Individual contributors to the Fund's performance included TerraForm Power Operating LLC 5.0% bonds due January 31, 2028, which performed well as the company offered reasonable forecasts for future organic growth with good visibility over the next few years. Bank of Montreal 3.19% bonds due March 1, 2028 also contributed to performance as the company's continued strong execution caused spreads to narrow.

The Fund's duration was shortened throughout the year.

## RECENT DEVELOPMENTS

The economic slowdown in Canada is expected to continue given relatively low crude oil prices. Additionally, consumers are heavily indebted, which may weigh on consumer and real estate spending (namely household expenditures, automobile sales and mortgages) and put extended pressure on the economy. That said, the number of jobs has grown by

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

219,000 over the last 12 months, a net positive for consumer spending, which has been slowing as interest rates rise and many households work to pay down their debts. We will continue to monitor job growth as well as export numbers, which have been supported by foreign demand and a weak Canadian dollar.

The economic slowdown in the United States is expected to continue, and we believe the markets are vulnerable to investor concerns, even as the actual risk of a U.S. recession in 2019 appears low. We continue to monitor the impact of tax cuts, trade disputes, the yield curve and the stock market.

Given that the Fed lowered its expectations for U.S. economic growth amid signs of a global slowdown and volatility in financial markets, we continue to monitor U.S. President Donald Trump's promise to increase economic growth to a year-over-year rate of 4% for 2019, which some believe is more rapid than recommended.

Globally, the economic moderation is expected to continue amid uncertainties around the trade dispute between the United States and China, China's economic growth and unstable European politics. Global earnings growth is also set to moderate in 2019, reflecting a more subdued growth outlook. We continue to monitor the United Kingdom's exit from the EU as well as China's fiscal and monetary stimulus and the challenges China faces from high indebtedness, slowing property construction and poor demographics.

Given this backdrop, it is more challenging to find attractively valued investment opportunities. We are reviewing economic data for signs of stabilization or changes in trends that would affect economic prospects. We focus on finding investments in durable, compounding businesses through a disciplined investment process and on building a resilient portfolio in areas that offer attractive compensation for the risk.

## **New Accounting Standard – IFRS 9**

Effective April 1, 2018, the Fund retrospectively without restatement adopted IFRS 9, *Financial Instruments* (IFRS 9). The new standard requires financial assets to be either carried at amortized cost or at fair value with changes in fair value recognized in profit and loss (FVTPL) or in other comprehensive income (FVOCI) based on the Fund's business model for managing financial assets and the contractual cash flow characteristics of the financial assets. Upon transition to IFRS 9, the Fund's financial assets and financial liabilities previously designated as FVTPL or classified as held for trading under IAS 39, *Financial Instruments: Recognition and Measurement* (IAS 39) continue to be classified as FVTPL under IFRS 9. There were no changes in the measurement attributes for any of the Fund's financial assets and financial liabilities upon transition to IFRS 9.

Effective September 20, 2018, Tom Eisenhauer became a member of the Independent Review Committee (IRC) and effective October 15, 2018, Mary Robertson resigned as a member of the IRC.

## **RELATED PARTY TRANSACTIONS**

### **Manager, Portfolio Advisor, Trustee and Registrar**

CI Investments Inc. is the Manager, Portfolio Advisor, Trustee and Registrar of the Fund. CI Investments Inc. is a subsidiary of CI Financial Corp. The Manager, in consideration for management fees, provides management services required in the day-to-day operations of the Fund. The Manager bears all of the operating expenses of the Fund (other than taxes, borrowing costs and new governmental fees) in return for a fixed administration fee.

Management fee and fixed administration fee rates as at March 31, 2019, for each of the classes are shown below:

|                            | <b>Annual management fee rate (%)</b> | <b>Annual fixed administration fee rate (%)</b> |
|----------------------------|---------------------------------------|---|
| <b>Class A</b>             | 1.100                                 | 0.17  |
| <b>Class A1</b>            | 1.050                                 | 0.17  |
| <b>Class A2</b>            | 1.050                                 | 0.16  |
| <b>Class A3</b>            | 1.025                                 | 0.12  |
| <b>Class A4</b>            | 1.000                                 | 0.10  |
| <b>Class A5</b>            | 0.950                                 | 0.08  |
| <b>Class F</b>             | 0.600                                 | 0.17  |
| <b>Class F1</b>            | 0.550                                 | 0.17  |
| <b>Class F2</b>            | 0.550                                 | 0.16  |
| <b>Class F3</b>            | 0.525                                 | 0.12  |
| <b>Class F4</b>            | 0.500                                 | 0.10  |
| <b>Class F5</b>            | 0.450                                 | 0.08  |
| <b>Class I<sup>~</sup></b> | Paid directly by investor             | -   |
| <b>Class P</b>             | Paid directly by investor             | 0.17  |

<sup>~</sup>Effective December 31, 2017, Class C units were re-designated as Class I units.

The Manager received \$0.001 million in management fees for the year.

### **Management Fees**

Approximately 27% of total management fees were used to pay for sales and trailing commissions. The remaining 73% of management fees were used to pay for investment management and other general administration.

### **Portfolio Sub-Advisor**

CI Global Investments Inc., an affiliate of CI Investments Inc., provides investment advice to the Fund.

### **Inter-Fund Trading**

Inter-fund trading occurs when a Fund purchases or sells a security of any issuer from or to another Fund managed by the Manager. These transactions are executed through market intermediaries and under prevailing market terms and conditions. The Independent Review Committee reviews such transactions during scheduled meetings. During the year ended March 31, 2019 the Fund executed inter-fund trades.

### **Independent Review Committee**

The Fund received standing instructions from the Fund's Independent Review Committee with respect to the following related party transactions:

# Cambridge Bond Fund

*Management Report of Fund Performance for the year ended March 31, 2019*

---

- a) trades in securities of CI Financial Corp.; and
- b) purchases or sales of securities of an issuer from or to another investment fund managed by the Manager.

The applicable standing instructions require that related party transactions be conducted in accordance with the Manager's policies and procedures and that the Manager advise the IRC of any material breach of a condition of the standing instructions. The standing instructions require, among other things, that investment decisions in respect of related party transactions (a) are free from any influence by an entity related to the Manager and without taking into account any consideration relevant to an entity related to the Manager; (b) represent the business judgment of the Manager uninfluenced by considerations other than the best interests of the Fund; (c) are made in compliance with the Manager's policies and procedures; and (d) achieve a fair and reasonable result for the Fund. Transactions made by the Manager under the standing instructions are subsequently reviewed by the IRC on a quarterly basis to monitor compliance.

The Fund relied on the IRC's standing instructions regarding related party transactions during this reporting year.

Except as otherwise noted above, the Fund was not a party to any related party transactions during the year ended March 31, 2019.

---

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years, as applicable.

| Net Assets per Unit (\$) <sup>(1)(2)(4)*</sup> | Increase (decrease) from operations:               |               |  |                                      |  | Distributions:   |  |                |                    |   | Net assets at the end of the year shown <sup>(2)</sup> |                                       |
|--|--|---------------|--|--------------------------------------|--|--|--|----------------|--------------------|---|--|---------------------------------------|
|  | Net assets at the beginning of year <sup>(2)</sup> | Total revenue | Total expenses (excluding distributions) | Realized gains (losses) for the year | Unrealized gains (losses) for the year | Total increase (decrease) from operations <sup>(2)</sup> | From net investment income (excluding dividends) | From dividends | From capital gains | Return of capital distributions <sup>(2)(3)</sup> |  | Total distributions <sup>(2)(3)</sup> |
|  | \$   | \$            | \$                                       | \$                                   | \$                                     | \$   | \$   | \$             | \$                 | \$  | \$   | \$                                    |
| <b>Class A</b>                                 |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.08          | (0.04)                                   | 0.06                                 | 0.32                                   | 0.42   | -  | -              | -                  | -   | -  | 10.46                                 |
| <b>Class A1</b>                                |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.10          | (0.04)                                   | 0.05                                 | 0.55                                   | 0.66   | -  | -              | -                  | -   | -  | 10.47                                 |
| <b>Class A2</b>                                |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.10          | (0.04)                                   | 0.01                                 | 0.39                                   | 0.46   | -  | -              | -                  | -   | -  | 10.47                                 |
| <b>Class A3</b>                                |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.10          | (0.04)                                   | 0.02                                 | 0.43                                   | 0.51   | -  | -              | -                  | -   | -  | 10.47                                 |
| <b>Class A4</b>                                |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.10          | (0.04)                                   | 0.01                                 | 0.39                                   | 0.46   | -  | -              | -                  | -   | -  | 10.47                                 |
| <b>Class A5</b>                                |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Commencement of operations December 12, 2018   |  |               |  |                                      |  |  |  |                |                    |   |  |                                       |
| Mar. 31, 2019                                  | 10.00  | 0.10          | (0.03)                                   | 0.01                                 | 0.39                                   | 0.47   | -  | -              | -                  | -   | -  | 10.47                                 |

\*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS (cont'd)

Net Assets per Unit (\$) <sup>(1) (2) (4) \*</sup>

| Net assets at the beginning of year <sup>(2)</sup> | Increase (decrease) from operations: |  |                                      |  |  | Distributions:                                   |                |                    |                   |                                      | Net assets at the end of the year shown <sup>(2)</sup> |       |
|--|--------------------------------------|--|--------------------------------------|--|--|--|----------------|--------------------|-------------------|--------------------------------------|--|-------|
|  | Total revenue                        | Total expenses (excluding distributions) | Realized gains (losses) for the year | Unrealized gains (losses) for the year | Total increase (decrease) from operations <sup>(2)</sup> | From net investment income (excluding dividends) | From dividends | From capital gains | Return of capital | Total distributions <sup>(2,3)</sup> |  |       |
| \$   | \$                                   | \$                                       | \$                                   | \$                                     | \$   | \$   | \$             | \$                 | \$                | \$                                   | \$   |       |
| <b>Class F</b>                                     |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.03)                               | 0.04                                   | 0.39   | 0.50   | -              | -                  | -                 | -                                    | -  | 10.48 |
| <b>Class F1</b>                                    |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.02)                               | 0.05                                   | 0.43   | 0.56   | -              | -                  | -                 | -                                    | -  | 10.49 |
| <b>Class F2</b>                                    |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.02)                               | 0.05                                   | 0.40   | 0.53   | -              | -                  | -                 | -                                    | -  | 10.49 |
| <b>Class F3</b>                                    |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.02)                               | 0.01                                   | 0.39   | 0.48   | -              | -                  | -                 | -                                    | -  | 10.49 |
| <b>Class F4</b>                                    |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.02)                               | 0.02                                   | 0.40   | 0.50   | -              | -                  | -                 | -                                    | -  | 10.49 |
| <b>Class F5</b>                                    |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Commencement of operations December 12, 2018       |                                      |  |                                      |  |  |  |                |                    |                   |                                      |  |       |
| Mar. 31, 2019                                      | 10.00                                | 0.10                                     | (0.02)                               | 0.02                                   | 0.39   | 0.49   | -              | -                  | -                 | -                                    | -  | 10.49 |

\*Footnotes for the tables are found at the end of the Net Assets per Unit section of the Financial Highlights.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS (cont'd)

| Net Assets per Unit (\$) <sup>(1)(2)(4)</sup> | Increase (decrease) from operations:               |               |  |                                      |  | Distributions:   |  |                |                    |                   | Net assets at the end of the year shown <sup>(2)</sup> |  |
|---|--|---------------|--|--------------------------------------|--|--|--|----------------|--------------------|-------------------|--|--|
|   | Net assets at the beginning of year <sup>(2)</sup> | Total revenue | Total expenses (excluding distributions) | Realized gains (losses) for the year | Unrealized gains (losses) for the year | Total increase (decrease) from operations <sup>(2)</sup> | From net investment income (excluding dividends) | From dividends | From capital gains | Return of capital |  | Total distributions <sup>(2),(3)</sup> |
|   | \$   | \$            | \$                                       | \$                                   | \$                                     | \$   | \$   | \$             | \$                 | \$                | \$   | \$                                     |
| <b>Class I</b>                                |  |               |  |                                      |  |  |  |                |                    |                   |  |  |
| Commencement of operations March 30, 2015     |  |               |  |                                      |  |  |  |                |                    |                   |  |  |
| Mar. 31, 2019                                 | 9.50   | 0.32          | -  | (0.13)                               | 0.24                                   | 0.43   | (0.34)   | (0.02)         | -                  | -                 | (0.36)   | 9.60                                   |
| Mar. 31, 2018                                 | 9.57   | 0.31          | -  | -                                    | (0.11)                                 | 0.20   | (0.28)   | (0.01)         | -                  | -                 | (0.29)   | 9.50                                   |
| Mar. 31, 2017                                 | 9.40   | 0.38          | -  | 0.02                                 | 0.10                                   | 0.50   | (0.32)   | (0.01)         | -                  | -                 | (0.33)   | 9.57                                   |
| Mar. 31, 2016                                 | 10.00  | 0.47          | -  | (0.60)                               | (0.06)                                 | (0.19)   | (0.33)   | (0.01)         | -                  | -                 | (0.34)   | 9.40                                   |
| Mar. 31, 2015                                 | 10.00  | -             | -  | -                                    | -                                      | -  | -  | -              | -                  | -                 | -  | 10.00                                  |
| <b>Class P</b>                                |  |               |  |                                      |  |  |  |                |                    |                   |  |  |
| Commencement of operations December 12, 2018  |  |               |  |                                      |  |  |  |                |                    |                   |  |  |
| Mar. 31, 2019                                 | 10.00  | 0.09          | (0.01)                                   | 0.05                                 | 0.64                                   | 0.77   | -  | -              | -                  | -                 | -  | 10.50                                  |

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets per unit and distributions per unit are based on the actual number of units outstanding for the relevant class at the relevant time. The increase (decrease) in net assets from operations per unit is based on the weighted average number of units outstanding for the relevant class over the fiscal year.

(3) Distributions are automatically reinvested in additional units of the Fund.

(4) This information is provided for the years ended March 31.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1) (5) \*</sup>

|  | Total net<br>assets <sup>(1)</sup><br>\$000's | Number<br>of units<br>outstanding <sup>(5)</sup><br>000's | Management<br>expense ratio<br>before taxes <sup>(2)</sup><br>% | Harmonized<br>sales tax <sup>(3)</sup><br>% | Management<br>expense ratio<br>after taxes <sup>(2)</sup><br>% | Effective HST<br>rate for the<br>year <sup>(2)</sup><br>% | Trading<br>expense ratio <sup>(4)</sup><br>% | Portfolio<br>turnover rate <sup>(4)</sup><br>% |
|--|---|---|---|---|--|---|--|--|
| <b>Class A</b>                               |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 1,044   | 100   | 1.27  | 0.16  | 1.43   | 13.00   | 0.01   | 96.77  |
| <b>Class A1</b>                              |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 215   | 21  | 1.22  | 0.16  | 1.38   | 13.00   | 0.01   | 96.77  |
| <b>Class A2</b>                              |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 91  | 9   | 1.20  | 0.17  | 1.37   | 13.00   | 0.01   | 96.77  |
| <b>Class A3</b>                              |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 21  | 2   | 1.14  | 0.15  | 1.29   | 13.00   | 0.01   | 96.77  |
| <b>Class A4</b>                              |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 10  | 1   | 1.10  | 0.14  | 1.24   | 13.00   | 0.01   | 96.77  |
| <b>Class A5</b>                              |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 10  | 1   | 1.03  | 0.13  | 1.16   | 13.00   | 0.01   | 96.77  |

\*Footnotes for the tables are found at the end of the Financial Highlights section.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1) (2) \*</sup>

|  | Total net assets <sup>(1)</sup><br>\$000's | Number of units outstanding <sup>(1)</sup><br>000's | Management expense ratio before taxes <sup>(2)</sup><br>% | Harmonized sales tax <sup>(2)</sup><br>% | Management expense ratio after taxes <sup>(2)</sup><br>% | Effective HST rate for the year <sup>(2)</sup><br>% | Trading expense ratio <sup>(3)</sup><br>% | Portfolio turnover rate <sup>(4)</sup><br>% |
|--|--|---|---|--|--|---|---|---|
| <b>Class F</b>                               |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 286  | 27  | 0.77  | 0.10                                     | 0.87   | 13.00   | 0.01                                      | 96.77                                       |
| <b>Class F1</b>                              |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 145  | 14  | 0.72  | 0.09                                     | 0.81   | 13.00   | 0.01                                      | 96.77                                       |
| <b>Class F2</b>                              |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 120  | 11  | 0.71  | 0.09                                     | 0.80   | 13.00   | 0.01                                      | 96.77                                       |
| <b>Class F3</b>                              |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 10   | 1   | 0.64  | 0.08                                     | 0.72   | 13.00   | 0.01                                      | 96.77                                       |
| <b>Class F4</b>                              |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 13   | 1   | 0.60  | 0.07                                     | 0.67   | 13.00   | 0.01                                      | 96.77                                       |
| <b>Class F5</b>                              |  |   |   |  |  |   |   |   |
| Commencement of operations December 12, 2018 |  |   |   |  |  |   |   |   |
| Mar. 31, 2019                                | 12   | 1   | 0.53  | 0.07                                     | 0.60   | 13.00   | 0.01                                      | 96.77                                       |

\*Footnotes for the tables are found at the end of the Financial Highlights section.



# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## FINANCIAL HIGHLIGHTS (cont'd)

### Ratios and Supplemental Data <sup>(1)(5)</sup>

|  | Total net<br>assets <sup>(1)</sup><br>\$000's | Number<br>of units<br>outstanding <sup>(1)</sup><br>000's | Management<br>expense ratio<br>before taxes <sup>(2)</sup><br>% | Harmonized<br>sales tax <sup>(2)</sup><br>% | Management<br>expense ratio<br>after taxes <sup>(2)</sup><br>% | Effective HST<br>rate for the<br>year <sup>(2)</sup><br>% | Trading<br>expense ratio <sup>(3)</sup><br>% | Portfolio<br>turnover rate <sup>(4)</sup><br>% |
|--|---|---|---|---|--|---|--|--|
| <b>Class I</b>                               |   |   |   |   |  |   |  |  |
| Commencement of operations March 30, 2015    |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 1,881,840                                     | 196,038   | -   | -   | -  | -   | 0.01   | 96.77  |
| Mar. 31, 2018                                | 1,792,730                                     | 188,666   | -   | -   | -  | -   | -  | 129.86   |
| Mar. 31, 2017                                | 1,452,516                                     | 151,740   | -   | -   | -  | -   | 0.03   | 134.88   |
| Mar. 31, 2016                                | 1,053,131                                     | 112,012   | -   | -   | -  | -   | 0.01   | 77.78  |
| Mar. 31, 2015                                | 150   | 15  | -   | -   | -  | -   | -  | -  |
| <b>Class P</b>                               |   |   |   |   |  |   |  |  |
| Commencement of operations December 12, 2018 |   |   |   |   |  |   |  |  |
| Mar. 31, 2019                                | 90  | 9   | 0.17  | 0.02  | 0.19   | 13.00   | 0.01   | 96.77  |

(1) This information is derived from the Fund's audited annual financial statements.

(2) Management expense ratio is calculated based on expenses charged to the Fund (excluding commissions and other portfolio transaction costs) and is expressed as an annualized percentage of daily average net assets for the year, including the Fund's proportionate share of any underlying fund(s) expenses, if applicable. The Effective HST tax rate is calculated using the attribution percentage for each province based on unitholder residency and can be different from 13%.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net assets during the year, including the Fund's proportionate share of such expenses of any underlying fund(s), if applicable.

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the fiscal year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a higher turnover rate and the performance of a Fund. Portfolio turnover rate is calculated by dividing the lesser of the cost of purchases and the proceeds of sales of portfolio securities for the year, and excluding cash and short-term investments maturing in less than one year, and before assets acquired from a merger, if applicable, by the average of the monthly fair value of investments during the year.

(5) This information is provided for the years ended March 31.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

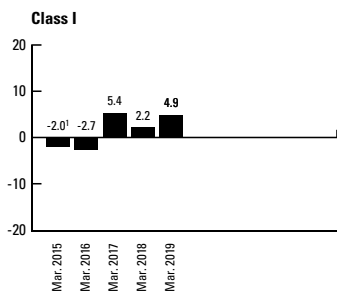
---

## PAST PERFORMANCE

This section describes how the Fund has performed in the past. Remember, past returns do not indicate how the Fund will perform in the future. The information shown assumes that distributions made by the Fund in the years shown were reinvested in additional units of the relevant classes of the Fund. In addition, the information does not take into account sales, redemption, distribution or other optional charges that would have reduced returns or performance.

### Year-by-Year Returns

The following chart shows the Fund's annual performance for each of the years shown and illustrates how the Fund's performance has changed from year to year. In percentage terms, the chart shows how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.



<sup>1</sup> 2015 return is for the period from March 30, 2015 to March 31, 2015.

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

---

## Annual Compound Returns

The following table shows the Fund's annual compound returns for each year indicated, compared to the Blended Index composed of: (60% - Barclays Capital U.S. Aggregate Bond Total Return Index, 20% - FTSE Canada Universe Bond Total Return Index and 20% - iBoxx USD Liquid High Yield Total Return Index); the Barclays Capital U.S. Aggregate Bond Total Return Index, the FTSE Canada Universe Bond Total Return Index and the iBoxx USD Liquid High Yield Total Return Index.

The Barclays Capital U.S. Aggregate Bond Index tracks the performance of the U.S. dollar-denominated, investment-grade, fixed-rate bonds. The Index includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS and CMBS sectors. The Index is a component of the Barclays U.S. Universal Index.

The FTSE Canada Universe Bond Index is a market capitalization weighted index that measures the performance of the Canadian investment-grade fixed income market. The Index consists of fixed rate bonds denominated in Canadian dollars, with a remaining effective term to maturity of at least one year, rated BBB or higher. The Index is comprised of four main credit or borrower categories: bonds issued by the Government of Canada (including Crown Corporations), Provincial bonds (including provincially-guaranteed securities), Municipal bonds and Corporate bonds. The Corporate sector is further divided into sub-sectors based on major industry groups: Financial, Communication, Industrial, Energy, Infrastructure, Real Estate and Securitization. The Corporate sector is also divided into sub-indices based on credit rating: a combined AAA/AA sector, a single A sector and a BBB sector.

The iBoxx USD Liquid High Yield Index is designed to reflect the performance of U.S. dollar-denominated corporate bonds that: (i) are issued by companies domiciled in the U.S., Canada, Western Europe or Japan; (ii) are rated sub-investment grade by Fitch, Moody's or S&P; (iii) have at least \$200 million of outstanding face value; and (iv) are less than five years old and have at least three years to maturity. Eligible bonds are chosen using an approach that is designed to provide a balanced representation of the U.S. dollar high-yield corporate market by means of the 50 most liquid high-yield bonds available. Eligible bonds also are assigned a liquidity score based on float, age and other factors.

A discussion of the performance of the Fund as compared to the benchmark is found in the Results of Operations section of this report.

|   | One Year (%) | Three Years (%) | Five Years (%) | Ten Years (%) | Since Inception (%) |
|---|--------------|-----------------|----------------|---------------|---------------------|
| <b>Class I</b>  | 4.9          | 4.2             | n/a            | n/a           | 2.4                 |
| Blended Index   | 8.3          | 2.7             | n/a            | n/a           | 2.7                 |
| Barclays Capital U.S. Aggregate Bond Total Return Index | 8.4          | 0.6             | n/a            | n/a           | 1.6                 |
| FTSE Canada Universe Bond Total Return Index            | 5.3          | 2.7             | n/a            | n/a           | 2.2                 |
| iBoxx USD Liquid High Yield Total Return Index          | 11.0         | 8.9             | n/a            | n/a           | 6.1                 |

---

# Cambridge Bond Fund

Management Report of Fund Performance for the year ended March 31, 2019

## SUMMARY OF INVESTMENT PORTFOLIO as at March 31, 2019

| Category                                 | % of Net Assets | Category                                 | % of Net Assets | Top 25 Holdings  | % of Net Assets    |
|--|-----------------|--|-----------------|--|--------------------|
| <b>Country allocation</b>                |                 | <b>Sector allocation</b>                 |                 |  |                    |
| Canada .....                             | 81.0            | Corporate Bonds .....                    | 36.6            | Bank of Montreal 3.19% 03/01/2028 .....                  | 6.4                |
| U.S.A. ....                              | 7.8             | Canadian Government Bonds .....          | 21.6            | Canada Housing Trust No.1, 2.55% 12/15/2023 .....        | 4.9                |
| U.K. ....                                | 5.8             | Provincial Bonds .....                   | 11.9            | Canada Housing Trust No.1, 1.15% 12/15/2021 .....        | 4.7                |
| Marshall Islands .....                   | 1.9             | Foreign Government Bonds .....           | 11.4            | Government of Canada 1.25% 02/01/2020 .....              | 4.2                |
| Germany .....                            | 1.8             | Municipal Bonds .....                    | 10.2            | The Bank of Nova Scotia 3.1% 02/02/2028 .....            | 3.9                |
| Other Net Assets (Liabilities) .....     | 0.9             | Financials .....                         | 5.0             | United States Treasury Note/Bond 3% 08/15/2048 .....     | 2.9                |
| France .....                             | 0.8             | Consumer Staples .....                   | 1.3             | United Kingdom Gilt 1% 04/22/2024 .....                  | 2.8                |
| Foreign Currency Forward Contracts ..... | 0.0             | Energy .....                             | 1.0             | PSP Capital Inc., 1.73% 06/21/2022 .....                 | 2.7                |
| Cash & Equivalents .....                 | 0.0             | Other Net Assets (Liabilities) .....     | 0.9             | Canada Housing Trust No.1, 2.25% 12/15/2025 .....        | 2.7                |
|  |                 | Utilities .....                          | 0.1             | The Bank of Nova Scotia 2.62% 12/02/2026 .....           | 2.7                |
|  |                 | Foreign Currency Forward Contracts ..... | 0.0             | Constellation Software Inc., 7.6% 03/31/2040 .....       | 2.3                |
|  |                 | Cash & Equivalents .....                 | 0.0             | United Kingdom Gilt 1.5% 07/22/2047 .....                | 2.3                |
|  |                 |  |                 | Province of British Columbia 3.7% 12/18/2020 .....       | 2.2                |
|  |                 |  |                 | TerraForm Power Operating LLC 5% 01/31/2028 .....        | 2.1                |
|  |                 |  |                 | Superior Plus L.P., 5.125% 08/27/2025 .....              | 2.0                |
|  |                 |  |                 | TransCanada PipeLines Ltd., 4.89375% 05/15/2067 .....    | 1.8                |
|  |                 |  |                 | Bundesrepublik Deutschland 2.5% 08/15/2046 .....         | 1.8                |
|  |                 |  |                 | Canadian Imperial Bank of Commerce 3.3% 05/26/2025 ..... | 1.7                |
|  |                 |  |                 | Royal Bank of Canada, Preferred 3.9%, Series BB .....    | 1.6                |
|  |                 |  |                 | City of Toronto 2.4% 06/07/2027 .....                    | 1.6                |
|  |                 |  |                 | Toronto-Dominion Bank, Preferred 3.9%, Series 1 .....    | 1.5                |
|  |                 |  |                 | City of Montreal 3% 09/01/2027 .....                     | 1.5                |
|  |                 |  |                 | Province of Manitoba 3.4% 09/05/2048 .....               | 1.5                |
|  |                 |  |                 | Government of Canada 3.5% 12/01/2045 .....               | 1.4                |
|  |                 |  |                 | 407 International Inc., 3.72% 05/11/2048 .....           | 1.4                |
|  |                 |  |                 | <b>Total Net Assets (in \$000's)</b>                     | <b>\$1,883,907</b> |

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund and updates will be available on a quarterly basis.

## A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, its future performance, strategies or prospects, and possible future Fund action. The words "may," "could," "should," "would," "suspect," "outlook," "believe," "plan," "anticipate," "estimate," "expect," "intend," "forecast," "objective," and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are not guarantees of future performance. Forward-looking statements involve inherent risks and uncertainties, both about the Fund and general economic factors, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any

forward-looking statement made by the Fund. These factors include, but are not limited to, general economic, political and market factors in Canada, the United States and internationally, interest and foreign exchanges rates, global equity and capital markets, business competition, technological changes, changes in laws and regulations, judicial or regulatory judgments, legal proceedings and catastrophic events.

The above list of important factors that may affect future results is not exhaustive. Before making any investment decisions, we encourage you to consider these and other factors carefully. All opinions contained in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.