Conviction, Flexibility and Capital Protection: Profiting in 2018
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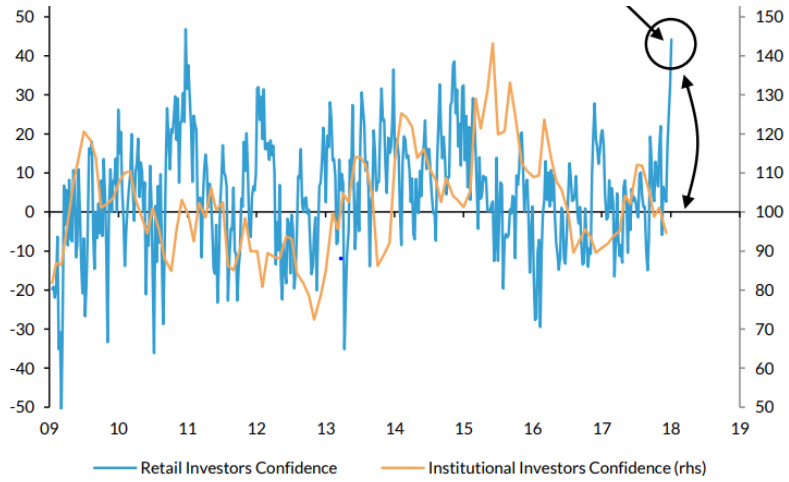
January 23, 2018

- Cambridge builds portfolios for the long-term by looking at value, competitive advantage and the best risk/reward opportunities. The team's philosophy is based on three pillars:

  1. Active management: Cambridge does not follow its peers or the benchmark, but uses a bottom-up analysis to construct portfolios.
  2. Capital preservation: The team focuses on absolute returns and compounding over time, and is very careful when taking on risk.
  3. Ownership: Cambridge puts its clients first and are meaningful unitholders themselves.

Market update:

Retail vs. institutional investor confidence



Retail Investors Confidence ▪ American Association of Individual Investors: Bull Bear Spread (weekly. Last data ▪ week of January 4, 2018)
Institutional Investors Confidence ▪ State Street Investor Confidence for North America (monthly. Last data ▪ December 2017)

- 2017 finished with one of the most expensive equity markets in history and with record-low volatility, making it a tough year to manage according to the team's philosophy
- This resulted in fewer opportunities that both fit with Cambridge's bottom-up approach and ensured downside protection
- With positive fundamentals and stock market momentum carrying forward, investors are more likely to take on speculative risk and are not seeking out active management
- There is no way to know how long this will last, but the team is ready to take advantage when opportunities arise
- The portfolio managers continue their research and are patiently waiting for better opportunities to invest.

The Cambridge small and mid-cap equity suite

- The top concern for investors used to be capital loss, but now the focus is on higher capital gains
- There are two ways a stock can go up; by growing its earnings or its multiple of earnings. Cambridge seeks companies where earnings are growing and will create value for the business, and avoids those where it needs buyers to be willing to pay more
- The team's bottom-up approach starts by focusing on the key drivers of a business, forecasting with high confidence where the business will go over the long term, and then paying less than it's worth
- Cambridge takes the time to understand small and mid-cap company management teams and their incentives, and invests alongside them, in keeping with its ownership mentality
- Cambridge believes it's never been more important to remain consistent and stay with its value proposition.

Investment process – fundamental approach

1. Focus on the industry and competitive analysis; does the business create value?
2. Look at cash flow, not just earnings to determine the value.
3. Find management that creates value for investors.
4. Pay less than its worth.

Cambridge Growth Companies Corporate Class

- A global fund that invests in companies within a $500 million to $10 billion market cap
- This fund provides the best opportunity to own quality smaller companies with a global universe over the long term.

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