

PORTFOLIO MANAGER



Stephen Groff
Principal &
Portfolio Manager

Stephen Groff, Principal and Portfolio Manager, is Lead Portfolio Manager of the Cambridge dividend suite of funds, including Cambridge Canadian Dividend Fund, Cambridge U.S. Dividend Fund and Cambridge Global Dividend Fund. Mr. Groff has over 10 years of investment management experience and was award co-winner of the Morningstar Breakout Fund Manager of the Year in 2015 and a TopGun Investment Mind in the Brendan Wood International Canadian investment rankings for 2015, 2016, and 2017. Prior to joining CI Investments in 2011, he was a research analyst at Fidelity Investments, where he managed a portion of Fidelity Canadian Disciplined Equity Fund.

He holds a bachelor of business administration from Wilfrid Laurier University, and the Chartered Financial Analyst designation.

PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge American Equity Fund Class F	-1.5%	2.2%	5.8%	13.5%	7.9%	0.8%

Inception Date: July 17, 2000

PORTFOLIO COMMENTARY

The first quarter ushered in a renewed period of volatility for financial markets. Investor sentiment grew cautious as the prospects for future interest rate hikes rose along with inflation expectations. Rising trade tensions between the U.S. and China also caused further angst among investors. Although the economic backdrop improved and corporate earnings continued to grow during the period, the combination of elevated expectations and high valuations left little margin for error as the market narrative shifted towards inflation and trade.

Against this backdrop, the fund returned -1.5% during the quarter as the U.S. market – an area we are less exposed to – continued to be driven by growth and momentum factors. The volatility did create opportunities in the period and the fund was able to deploy cash into new or existing holdings at attractive levels. Cash positions declined to about 6% at quarter-end, a 17% decline from where we started the year. We deployed the cash broadly, establishing new positions or adding to existing holdings. On a sector basis, consumer staples, technology and financials saw the largest increase in weight.

The sector weights are a residual of our bottom-up investment research process. When evaluating the investment merits of a business, we look at a broad range of scenarios to determine the potential risk-reward of making an investment. This evaluation is part of our ongoing due diligence process and helps us prepare for potential volatility. We will be ready to act if a compelling risk-adjusted return opportunity presents itself.

Equity sector weight

	Q1 2018 (%)	Q4 2017 (%)	Change (+/-)
Consumer discretionary	9.2%	7.3%	1.9%
Consumer staples	12.6%	6.8%	5.9%
Energy	0.0%	4.7%	-4.7%
Financials	14.5%	9.0%	5.5%
Health care	8.8%	7.0%	1.8%
Industrials	8.7%	9.7%	-1.0%
Information technology	20.0%	14.4%	5.6%
Materials	12.6%	9.6%	3.0%
Real estate	1.6%	5.4%	-3.8%
Telecommunications	3.6%	0.0%	3.6%
Utilities	2.1%	2.9%	-0.7%
Cash	6.2%	23.2%	-17.0%

Country weight

	Q1 2018 (%)	Q4 2017 (%)	Change (+/-)
United States	89.3%	70.3%	19.0%
Canada	2.0%	5.1%	-3.1%
United Kingdom	1.5%	0.0%	1.5%
Belgium	1.0%	1.4%	-0.4%
Cash	6.2%	23.2%	-17.0%

Top 10 holdings

	Country	Sector	Weight
Athene Holding Ltd.	United States	Financials	5.84%
Walgreens Boots Alliance Inc.	United States	Consumer staples	4.81%
CSX Corp.	United States	Industrials	4.70%
Symantec Corp.	United States	Information technology	4.50%
Praxair Inc.	United States	Materials	4.25%
Gilead Sciences Inc.	United States	Health care	3.83%
Verizon Communications Inc.	United States	Telecommunications	3.58%
Crown Holdings Inc.	United States	Materials	3.35%
Chubb Inc.	United States	Industrials	3.12%
LKQ Corp.	United States	Consumer discretionary	3.02%

Contributors and detractors

Contributors	Detractors
Fluor Corp.	Walgreens Boots Alliance Inc.
Gilead Sciences Inc.	Athene Holding Ltd.
CSX Corp.	Canadian Natural Resources Ltd.

Unless otherwise noted, all information is provided as at March 31, 2018.

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