

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	3.0%	8.3%	7.8%	13.1%	8.1%	0.9%

Inception Date: July 17, 2000

PORTFOLIO COMMENTARY

We entered the quarter with a strong economic backdrop underpinned by accelerating corporate earnings, synchronized economic growth and the recent passage of tax reform legislation in the U.S. that is expected to stimulate capital spending and bolster growth in the world’s largest economy. While it was evident that the economic backdrop was constructive, investors began to focus more intently on risks around inflation pressures, trade negotiations and rising short-term interest rates that have led to increased volatility this year. This volatility has created opportunities to deploy cash into new and existing positions that met our investment process criteria and had reached our buy targets.

The portfolio delivered a positive return of 3.0% during the quarter. Performance was driven by holdings in the technology and industrials sectors. Within technology, Wix.com and Electronic Arts performed well with their shares up about 25% and 16% respectively. Wix.com is the leader in the do-it-yourself website market and recently launched a product called Wix Code – a website building tool that should expand its addressable market to also include professional developers. We believe it has a strong platform, management team and market opportunity. Gaming company Electronic Arts announced further efforts to become a subscription business which was received favourably by investors. The stock performed well following the correction it had in late 2017.

The quarter also included some holdings that detracted on an absolute basis, particularly within the consumer sector. Philip Morris was negatively impacted when the company lowered growth expectations for a new product that reduces the health risks associated with tobacco products. Walgreens was negatively impacted after Amazon announced a more aggressive push into the pharmacy industry with the \$1B purchase of a business called Pillpack. Walgreens remains focused on improving the customer experience, developing deeper payor relationships, and driving operational efficiencies. It also announced a \$10B buyback representing approximately 15% of its market cap, reflecting the company’s confidence in its strategy and competitive position.

Equity sector weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Consumer discretionary	5.7%	9.2%	-3.5%
Consumer staples	7.4%	12.6%	-5.2%
Energy	1.4%	0.0%	1.4%
Financials	17.7%	14.5%	3.2%
Health care	11.2%	8.8%	2.4%
Industrials	13.2%	8.7%	4.5%
Information technology	17.5%	20.0%	-2.5%
Materials	10.5%	12.6%	-2.1%
Real estate	1.8%	1.6%	0.2%
Telecommunications	3.9%	3.6%	0.3%
Utilities	0.0%	2.1%	-2.1%
Cash	9.7%	6.2%	3.5%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
United States	90.3%	91.3%	-3.5%
United Kingdom	0.0%	1.5%	-1.5%
Belgium	0.0%	1.0%	-1.0%
Cash	9.7%	6.2%	3.5%

Top 10 holdings

	Country	Sector	Weight
CSX Corp.	United States	Industrials	5.97%
Athene Holding Ltd.	United States	Financials	5.66%
Praxair Inc.	United States	Materials	5.02%
Gilead Sciences Inc.	United States	Health care	4.81%
Anthem Inc.	United States	Health care	4.63%
Verizon Communications Inc.	United States	Telecommunications	3.93%
LKQ Corp.	United States	Consumer discretionary	3.64%
Crown Holdings Inc.	United States	Materials	3.55%
CBOE Holdings Inc.	United States	Financials	3.53%
Alphabet Inc.	United States	Information technology	3.50%

Contributors and detractors

Contributors	Detractors
CSX Corp.	Symantec Corp.
Wix.com Ltd.	Philip Morris International Inc.
Electronic Arts Inc.	Middleby Corp.

We will remain disciplined to our bottom-up fundamental investment process that targets attractive risk-reward opportunities. When evaluating the investment merits of a business, we look at a broad range of scenarios to determine the potential upside as well as the potential downside in making an investment. This evaluation is an integral part of our investment process and helps us prepare for potential volatility. We will continue to monitor these developments and be ready to act if a compelling risk-adjusted return opportunity presents itself.

Unless otherwise noted, all information is provided as at June 30, 2018.

This commentary is published by CI Investments Inc. It is provided as a general source of information and should not be considered personal investment advice or an offer or solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this commentary is accurate at the time of publication. However, CI Investments Inc. cannot guarantee its accuracy or completeness and accepts no responsibility for any loss arising from any use of or reliance on the information contained herein. This commentary may contain forward-looking statements about the fund, its future performance, strategies or prospects, and possible future fund action. These statements reflect the portfolio managers' current beliefs and are based on information currently available to them. Forward-looking statements are not guarantees of future performance. We caution you not to place undue reliance on these statements as a number of factors could cause actual events or results to differ materially from those expressed in any forward-looking statement, including economic, political and market changes and other developments. Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. Unless otherwise indicated and except for returns for periods less than one year, the indicated rates of return are the historical annual compounded total returns including changes in security value. All performance data assume reinvestment of all distributions or dividends and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. ©CI Investments, the CI Investments design and logo and Cambridge are registered trademarks of CI Investments Inc. Cambridge Global Asset Management is a division of CI Investments Inc. Certain funds associated with Cambridge Global Asset Management are sub-advised by CI Global Investments Inc., a firm registered with the U.S. Securities and Exchange Commission and an affiliate of CI Investments Inc. Published July 2018.

The Brendan Wood TopGuns recognition is given to buy-side analysts through voting of sell-side professionals casting their ballots for the investors they personally believe to be the leaders of thought in the industry during the past year. TopGuns are those that garnered the upper decile of sell-side nominations. All TopGuns recognitions are subjective judgments and opinions, based on the experience of Brendan Wood and on information obtained by them from third parties on whose responses they have relied in good faith. There has been independent verification by Brendan Wood.

Morningstar Awards © Morningstar Inc. All Rights Reserved.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | www.ci.com

Head Office / Toronto
416-364-1145
1-800-268-9374

Calgary
403-205-4396
1-800-776-9027

Montreal
514-875-0090
1-800-268-1602

Vancouver
604-681-3346
1-800-665-6994

Client Services
English: 1-800-563-5181
French: 1-800-668-3528