

## PORTFOLIO MANAGERS



**Robert Swanson, CFA\***

Principal &  
Chief Market  
Strategist

Robert Swanson is the Lead Portfolio Manager of Cambridge High Income Fund and Cambridge Monthly Income Fund, and co-manager of Cambridge Asset Allocation Corporate Class. His 34-year career includes extensive experience managing equity, income and balanced portfolios. Prior to his current role, he was lead manager of several mutual funds at Fidelity Investments with combined assets under management exceeding \$20 billion.

Mr. Swanson holds a B.Sc. in finance from Northern Illinois University, an MBA from Northwestern University, and the Chartered Financial Analyst designation.



**Brandon Snow**

Principal & Chief  
Investment Officer

Brandon Snow is the Lead Portfolio Manager of Cambridge Canadian Equity Corporate Class and Cambridge Global Equity Corporate Class and co-manager of Cambridge Asset Allocation Corporate Class. Mr. Snow was named a Top 10 Investment Mind in 2014 and in 2015 was named as one of Canada's TopGun Investment Minds by Brendan Wood International Canadian investment rankings. Prior to joining CI in 2011, he was portfolio manager of two Canadian-focused equity funds at Fidelity Investments.

Mr. Snow received a BA in economics and financial management from Wilfrid Laurier University.

## PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Asset Allocation Corporate Class F	1.7%	3.5%	4.8%	6.9%	7.6%	6.5%

Inception Date: December 31, 2007

## PORTFOLIO COMMENTARY

Global financial markets were mixed during the quarter. Equity market leadership continued to narrow around the U.S., in contrast to international markets that broadly ended lower. Investors turned to rising trade tensions and concerns that global economic activity had peaked, which weighed on sentiment. The portfolio performed well in this environment, ending the quarter higher. The portfolio's overall conservative asset mix detracted slightly from performance but was more than compensated for by strong stock selection within equities. Specifically, positive contributions from equity holdings in the industrials and financials sectors drove performance during the quarter.

Within industrials, the portfolio's exposure to railroads CSX and Canadian Pacific contributed nicely. CSX made progress on its network efficiency plans, while the volume and pricing environment remained robust. The company continued to sell non-core assets which has freed up capital to be returned to shareholders and improved asset turns. CP also demonstrated robust volume growth in the quarter, driven by crude by rail contracts that are now in place as well as growth in merchandise volumes. Its management team presented encouraging commentary at its recent investor day and raised guidance tied to a stronger than anticipated growth outlook. The shares in each company were each up about 14% during the quarter.

Financials holding Athene performed well as the shares rallied about 16% over the period. The insurance company specializes in fixed annuities where it has been acquisitive in the past, which we expect will continue. The strong performance in the quarter was supported by increased confidence around the future tax treatment of Athene's operating cash flows, which helps the company maintain its current tax advantage.

The largest detractors within the portfolio included materials holding Franco- Nevada and industrials holding Melrose Industries. Franco-Nevada was negatively impacted by uncertainty around the continued development of its Cobre Panama project. If the project were to be suspended permanently it would be a blow to the company's future royalty stream earnings. The shares ended the quarter down about 16%. Shares of Melrose finished the quarter down about 6%. The company's management team failed to provide specific long-term guidance in recent interim results, which disappointed investors and caused some concern around the future value creation potential of the newly acquired GKN.

## Asset mix

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
Equity	54%	50%	4%
Fixed Income	44%	43%	1%
Cash	1%	1%	0.0%
Alternatives	1%	4%	-3%

## Country weight

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
Canada	66.2%	62.6%	3.6%
United States	29.4%	32.1%	-2.7%
United Kingdom	2.8%	3.4%	-0.6%
Germany	0.5%	0.5%	0.0%
Monaco	0.2%	0.2%	0.0%
Switzerland	0.1%	0.1%	0.0%
Belgium	0.0%	0.0%	0.0%
Cash	0.8%	1.1%	-0.3%

## Top 10 equity holdings

	Country	Sector	Weight
CSX Corp.	United States	Industrials	2.63%
Gilead Sciences Inc.	United States	Health care	2.26%
Tourmaline Oil Corp.	Canada	Energy	2.09%
Verizon Communications Inc.	United States	Communication services	2.09%
Athene Holding Ltd.	United States	Financials	1.91%
Emera Inc.	Canada	Utilities	1.91%
Canadian Pacific Railway Ltd.	Canada	Industrials	1.90%
George Weston Ltd.	Canada	Consumer staples	1.90%
Praxair Inc.	United States	Materials	1.90%
Finning International Inc.	Canada	Industrial	1.87%

## Contributors and detractors

Contributors	Detractors
CSX Corp.	Franco-Nevada Corp.
Athene Holding Ltd.	Melrose Industries PLC
Walgreens Boots Alliance Inc.	George Weston Ltd.

Our research efforts continue to focus on finding high-quality companies with identifiable competitive advantages at attractive prices. 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 apply our disciplined investment process with the objective to deliver strong risk-adjusted returns to clients over the long term.

\*Mr. Swanson is associated with CI Global Investments Inc., a firm registered with the U.S. Securities and Exchange Commission and an affiliate of CI Investments Inc. Certain funds associated with Cambridge Global Asset Management are sub-advised by CI Global Investments Inc.

Unless otherwise noted, all information is provided as at September 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 November 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.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://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