

PORTFOLIO MANAGER



Brandon Snow

Principal &
Chief Investment Officer

Brandon Snow leads the analyst team and directs the global research activities at Cambridge Global Asset Management. He is 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 Canadian Equity Corporate Class F	2.6%	4.3%	7.0%	10.0%	8.5%	9.0%

Inception Date: December 31, 2007

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 2.6% during the quarter. Performance was driven by holdings in the materials, energy and industrials sectors. Within materials, Nutrien performed well as the shares rebounded on the back of improved sentiment. The company's cash flow profile remains robust which should allow them to redeploy these proceeds into value creating projects. Within industrials, the portfolio's exposure to railroad companies was a key driver, particularly CSX. The company posted an impressive quarter that beat expectations and backed up the restructuring path set out in its February investor day. Volume growth has also continued to be better than expected throughout Q2 as carloads and pricing indicators have been strong.

The quarter also included some detractors such as industrials holding Middleby. The company announced a comprehensive restructuring of its supply chain that will deliver attractive returns in the long run but will reduce margins in the short term. This additional investment was exacerbated by an overall slowing in restaurant capital expenditure with many restaurant owners needing to absorb significantly higher minimum wages and being unable to spend as heavily on equipment. We see this as a transient issue and believe the long-term opportunity at Middleby is significant.

Equity sector weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Consumer discretionary	6.6%	7.9%	-1.3%
Consumer staples	7.3%	12.9%	-5.6%
Energy	11.0%	9.4%	1.6%
Financials	12.9%	12.6%	0.3%
Health care	7.7%	4.6%	3.1%
Industrials	16.1%	12.7%	3.4%
Information technology	8.7%	9.7%	-1.0%
Materials	13.0%	12.1%	0.9%
Real estate	1.0%	1.4%	-0.4%
Telecommunications	3.1%	1.8%	1.3%
Utilities	6.3%	6.5%	-0.2%
Cash	6.3%	8.4%	-2.1%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Canada	47.2%	48.8%	-1.6%
United States	44.0%	38.4%	5.6%
United Kingdom	2.5%	4.3%	-1.8%
Cash	6.3%	8.4%	-2.1%

Top 10 holdings

	Country	Sector	Weight
CSX Corp.	United States	Industrials	4.17%
Athene Holdings Ltd.	United States	Financials	3.93%
Anthem Inc.	United States	Health care	3.75%
Tourmaline Oil Corp.	Canada	Energy	3.72%
Nutrien Ltd.	Canada	Materials	3.62%
Praxair Inc.	United States	Materials	3.55%
Canadian Pacific Railway Ltd.	Canada	Industrials	3.44%
Gilead Sciences Inc.	United States	Health care	3.36%
Keyera Corp.	Canada	Energy	3.29%
Emera Inc.	Canada	Utilities	3.16%

Contributors and detractors

Contributors	Detractors
CSX Corp.	Philip Morris International Inc.
Nutrien Ltd.	Athene Holdings Ltd.
Electronic Arts Inc.	Melrose PLC

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.

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