

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 Global Dividend Fund Class F	2.1%	7.7%	9.1%	N/A	N/A	11.6%

Inception Date: July 31, 2013

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 2.1% during the quarter. Performance was driven by holdings in the energy and consumer discretionary sectors. Within energy, Viper Energy Partners, Black Stone Minerals and Canadian Natural Resources were strong performers as rising oil prices drove the shares higher on the expectation of higher future cash flows. Within consumer discretionary, U.K.-based holdings in Whitbread and Compass Group performed well.

The quarter also included some detractors, particularly in consumer staples where Walgreens Boots ended lower. Walgreens was negatively impacted after Amazon announced a more aggressive push into the pharmacy industry with the \$1B purchase of a business called Pillpack. Amazon’s health care push has been rumored for some time and Walgreens’ strategy remains the same – to focus on improving the customer experience, develop deeper payor relationships, and drive 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	8.0%	10.4%	-2.4%
Consumer staples	16.6%	18.4%	-1.8%
Energy	12.9%	10.2%	2.7%
Financials	4.7%	3.7%	1.0%
Health care	9.4%	5.5%	3.9%
Industrials	12.7%	11.0%	1.7%
Information technology	8.5%	11.5%	-3.0%
Materials	10.6%	9.5%	1.1%
Real estate	3.5%	3.0%	0.5%
Telecommunications	5.4%	4.3%	1.1%
Utilities	2.1%	3.6%	-1.5%
Cash	5.6%	8.9%	-3.3%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
United States	59.3%	52.0%	7.3%
United Kingdom	14.3%	17.8%	-3.5%
Canada	4.3%	2.3%	2.0%
Belgium	3.4%	2.6%	0.8%
Switzerland	3.2%	3.2%	0.0%
Germany	2.7%	2.1%	0.6%
Australia	2.5%	2.6%	-0.1%
Austria	2.5%	2.1%	0.4%
Japan	1.5%	1.4%	0.1%
Brazil	0.7%	1.0%	-0.3%
Netherlands	0.0%	2.1%	-2.1%
Denmark	0.0%	1.9%	-1.9%
Cash	5.6%	8.9%	-3.3%

Top 10 holdings

	Country	Sector	Weight
Walgreens Boots Alliance Inc.	United States	Consumer staples	5.57%
Verizon Communications Inc.	United States	Telecommunications	5.37%
Black Stone Minerals LP	United States	Energy	4.87%
Symantec Corp.	United States	Information technology	3.70%
Viper Energy Partners LP	United States	Energy	3.55%
Crown Holdings Inc.	United States	Materials	3.48%
Store Capital Corp.	United States	Real estate	3.47%
Anheuser-Busch InBev SA	Belgium	Consumer staples	3.36%
Gilead Sciences Inc.	United States	Health care	3.29%
Praxair Inc.	United States	Materials	3.21%

Contributors and detractors

Contributors	Detractors
Viper Energy Partners LP	Symantec Corp.
Black Stone Minerals LP	Philip Morris International Inc.
Store Capital Corp.	Crown Holdings Inc.

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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