CAMBRIDGE GLOBAL DIVIDEND FUND – Q4 2017

ACTIVE INSIGHT

Our investment process focuses on identifying value-creating businesses with durable competitive advantages. These advantages allow the companies to generate excess returns within their industries, in turn allowing them to reinvest in their business or distribute capital to shareholders above and beyond their peers. After identifying a value-creating business, the weight we hold in the fund is driven by the risk/reward that we see, because a great company can be a bad stock if purchased at the wrong price.

Over the last year, seven new companies have entered the top 10 holdings within the portfolio. These holdings have made it into the top 10 through our disciplined fundamental investment process and by rebalancing the portfolio into the most attractive risk/reward opportunities.

FUND COMMENTARY

Global financial markets extended their rally during the fourth quarter, capping a strong year. The synchronized global economic expansion gained momentum as the economic outlook improved throughout the year. In this healthy environment, the portfolio was up about 4% during the quarter.

Performance was driven by strong contribution from companies in the energy and industrials sectors. Within the energy sector, Viper Energy performed well as shares advanced 27% during the quarter. The energy complex was supported by resurgent oil prices that advanced nearly 16% as measured by the West Texas Intermediate oil price, which also supported energy sector holding Canadian Natural Resources. Within industrials, engineering and construction firm Fluor also contributed positively with shares advancing about 23% during the quarter. After a challenging first half of 2017, the company announced improved execution on challenging contracts that beat expectations. At the end of the year, we continued to own both companies and saw attractive risk/reward in the shares.

Although the portfolio delivered a positive return, it lagged the MSCI World Index largely due to holdings in the information technology sectors as well as the portfolio's cash position. Within technology, Symantec was a detractor, with the shares declining about 14% during the quarter. The weakness followed its quarterly earnings announcement of lower-than-expected revenue growth and margins within its enterprise segment. Despite these short-term results, Symantec remains a holding within the portfolio as the longer-term thesis of stabilization in its core businesses and the potential for additional capital allocation through mergers and acquisitions remains intact. The cash position was also a headwind to performance.

The cash level was relatively unchanged over the quarter and finished the year at about 23%. The portfolio finished the year with about 34% equity exposure to the U.S., 30% to Europe, 8% to Canada, and 5% to Asia-Pacific and South America. The portfolio's positioning and cash level are an outcome of changes to the risk/reward ratios in the underlying companies that we cover.

As we look forward, we remain focused on identifying attractive risk/reward opportunities in value-creating businesses. Market sentiment has improved significantly over the last year and valuations have expanded accordingly. We are comfortable taking on less risk than the market when risk appetite is high and opportunities are harder to find – a description that fits today's environment.

CAMBRIDGE®
GLOBAL ASSET MANAGEMENT

PERFORMANCE

Returns as of December 31, 2017 (in %)	YTD	1 Year	3 Year	5 Year	Since Inception (7/31/2013)
Cambridge Global Dividend Fund (Class F)	8.6	8.6	10.5	N/A	12.5