

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 Global Equity Corporate Class F	1.5%	4.3%	5.6%	11.0%	7.6%	8.4%

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 1.5% during the quarter. Performance was driven by holdings in the technology and the consumer discretionary sectors. Within technology, shares of Electronic Arts and Wix.com performed well. 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. 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. Shares in the company were up over 25% during the quarter.

The quarter also included some detractors, particularly in consumer staples where Philip Morris International and Walgreens Boots Alliance ended lower. Philip Morris was negatively impacted when the company lowered growth expectations for a new product that reduces the health risks associated with tobacco products. While 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	13.9%	16.8%	-2.9%
Consumer staples	7.4%	12.4%	-5.0%
Energy	2.3%	3.0%	-0.7%
Financials	11.1%	10.5%	0.6%
Health care	10.9%	8.7%	2.2%
Industrials	14.6%	14.9%	-0.3%
Information technology	18.5%	15.4%	3.1%
Materials	7.4%	6.9%	0.5%
Real Estate	0.0%	1.1%	-1.1%
Telecommunications	2.1%	3.4%	-1.3%
Utilities	0.0%	1.6%	-1.6%
Cash	11.8%	5.2%	6.6%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
United States	68.0%	59.3%	8.7%
United Kingdom	9.3%	14.6%	-5.3%
Canada	3.1%	5.4%	-2.3%
Japan	2.9%	6.9%	-4.0%
Brazil	2.8%	3.1%	-0.3%
Switzerland	2.0%	4.1%	-2.1%
Denmark	0.0%	1.0%	-1.0%
Sweden	0.0%	0.4%	-0.4%
Cash	11.8%	5.2%	6.6%

Top 10 holdings

	Country	Sector	Weight
Athene Holding Ltd.	United States	Financials	5.37%
CSX Corp.	United States	Industrials	5.26%
Anthem	United States	Health care	4.57%
Gilead Sciences Inc.	United States	Health care	4.33%
Melrose Industries PLC	United Kingdom	Industrials	3.99%
Praxair Inc.	United States	Materials	3.93%
Alphabet Inc.	United States	Information technology	3.49%
Crown Holdings Inc.	United States	Materials	3.28%
Restaurant Brands International Inc.	United States	Consumer discretionary	3.12%
CBOE Holdings Inc.	United States	Financials	3.10%

Contributors and detractors

Contributors	Detractors
Electronic Arts Inc.	Philip Morris International Inc.
Wix.com Ltd.	Walgreens Boots Alliance Inc.
Activision Blizzard Inc.	British American Tobacco 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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