

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	3.8%	7.2%	9.5%	10.2%	9.6%	8.6%

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 period higher. Performance was driven by strong security selection overall and positive contributions from holdings in the industrials and technology sectors.

Within industrials, the portfolio's holding in CSX contributed nicely to performance. CSX continued to make steady progress on its network efficiency plans, while the volume and pricing environment remained robust. The company also continued to sell non-core assets which has freed up capital to be returned to shareholders and improved asset turns. These ongoing operational enhancements will structurally improve the margin and cash flow profile of the business that will benefit the company well into the future.

Within technology, Atlassian was a strong performer during the quarter as shares advanced about 54%. The company designs and develops enterprise software that enables the communication and collaboration of teams across an organization. The company reported very strong growth during the period that surpassed expectations and was supported by about 40% billings growth. They continue to expand their product offering and will focus on penetrating IT teams to support future growth through workflow enhancements. The company generates +30% free cash flow margins, which continue to improve, and we believe they can continue to grow revenue at +30% through for the next few years.

The largest detractor within the portfolio was Facebook as shares declined about 15%. The company reported disappointing guidance during the quarter which called for a meaningful deceleration in revenue growth. This was coupled with continued operating expense growth and forecasted margin contraction in 2019. Given the scale of the business, we had been forecasting a slowing revenue trajectory and are encouraged that user engagement with the platform has remained strong.

Equity sector weight

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
Communication services	16.2%	13.0%	3.2%
Consumer discretionary	13.7%	13.9%	-0.2%
Consumer staples	5.2%	7.4%	-2.2%
Energy	0.0%	2.3%	-2.3%
Financials	11.8%	11.1%	0.7%
Health care	11.5%	10.9%	0.6%
Industrials	14.6%	14.6%	0.0%
Information technology	7.9%	7.6%	0.3%
Materials	6.8%	7.4%	-0.6%
Real Estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Cash	12.3%	11.8%	0.5%

Country weight

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
United States	71.5%	68.0%	3.5%
United Kingdom	8.5%	9.3%	-0.8%
Japan	3.3%	2.9%	0.4%
Switzerland	2.2%	2.0%	0.2%
Brazil	1.6%	2.8%	-0.8%
Canada	0.6%	3.1%	-2.5%
Cash	12.3%	11.8%	0.5%

Top 10 holdings

	Country	Sector	Weight
Athene Holding Ltd.	United States	Financials	5.71%
CSX Corp.	United States	Industrials	5.49%
Anthem	United States	Health care	5.18%
CBOE Holdings Inc.	United States	Financials	4.44%
Gilead Sciences Inc.	United States	Health care	4.14%
Melrose Industries PLC	United Kingdom	Industrials	4.09%
Facebook Inc.	United States	Communication services	4.04%
Praxair Inc.	United States	Materials	3.94%
Alphabet Inc.	United States	Communication services	3.68%
Subaru Corp.	Japan	Consumer discretionary	3.33%

Contributors and detractors

Contributors	Detractors
Atlassian Corp.	Facebook Inc.
Athene Holding Ltd.	Electronic Arts Inc.
CSX Corp.	Melrose Industries PLC

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.

Unless otherwise noted, all information is provided as at September 30, 2018.

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