CAMBRIDGE GLOBAL EQUITY CORPORATE CLASS – 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, six 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 3% during the quarter.

Performance was driven by strong contribution from companies in the materials sectors. Within materials, Praxair was a strong contributor to performance as shares advanced 11% during the quarter. The company announced a strong quarter and continued to make progress on its merger efforts with Linde. Regulatory authorities are evaluating the proposed agreement with approvals expected to be granted in 2018, along with any required divestitures. At the end of the year, we continued to own the company and continued to see 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 as its shares declined about 14% during the quarter. The weakness followed the company's 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. Cash positions were also a headwind to relative performance.

The cash level declined slightly through the quarter and finished the year at about 14%. The portfolio finished the year with about 50% equity exposure to the U.S., 17% to Europe, 9% to Canada, and 9% 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	10 Year	Since Inception (12/31/2007)
Cambridge Global Equity Corp Class (Class F)	7.5	7.5	8.6	14.2	8.8	8.8