

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	-9.6%	-5.6%	4.5%	6.0%	9.8%	7.4%

Inception Date: December 31, 2007

PORTFOLIO COMMENTARY

The year ended with a bout of volatility as sentiment deteriorated rapidly and investors focused on the downside risks to the global economy. The market quickly extrapolated the lagged impact of headwinds stemming from rising interest rates, trade tariffs, Brexit and the U.S. government shutdown as volatility returned. While economic growth may have peaked, the silver lining to the pullback is that risk assets have become more attractive. The portfolio was not immune to the pullback and ended the period lower in absolute terms, slightly underperforming its benchmark, the MSCI World Index, which returned -8.6% (in Canadian dollar terms). On a company level, performance was driven by CBOE Global Markets and BK Brazil, while Activision Blizzard and EA Sports were the top detractors.

CBOE Global Markets operates a financial options trading platform. The company saw its shares rise about 8% during the quarter (in Canadian dollar terms), as financial market volatility rose. Some of the company's revenues are driven by contracts on the VIX Index which are correlated to market volatility. Consumer sector holding BK Brasil was a standout performer during the quarter. Shares of the Brazilian fast food operator were up nearly 70% as sentiment recovered sharply during the quarter after a challenging year. The weakness earlier in the year was driven by a challenging macro backdrop in Brazil, but a change in political leadership in the second half of 2018 was well received by markets. Despite the environment, fundamentals remained intact as the fast food chain was able to grow same store sales over 8% in the quarter compared to the previous year. The company also remained on track to achieve its expansion target of 100 stores in 2018.

The largest detractors in the portfolio were Activision Blizzard and EA Sports which saw their shares declined about 44% and 34% respectively during the period. Although Activision announced good results, guidance into the final quarter of the year was weaker than expected. Both Activision and EA Sports were impacted by concerns around user engagement and the impact of rising competition. We believe that each company has strong gaming franchises and sentiment will improve with time. Both holdings remained in the portfolio at year end and we added to our positions during the quarter.

Equity sector weight

	Q4 2018 (%)	Q3 2018 (%)	Change (+/-)
Communication services	18.5%	16.2%	2.3%
Consumer discretionary	6.8%	13.7%	-6.9%
Consumer staples	3.0%	5.2%	-2.2%
Energy	0.0%	0.0%	0.0%
Financials	11.7%	11.8%	-0.1%
Health care	13.8%	11.5%	2.3%
Industrials	16.4%	14.6%	1.8%
Information technology	6.1%	7.9%	-1.8%
Materials	8.0%	6.8%	1.2%
Real Estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Cash	15.7%	12.3%	3.4%

Country weight

	Q4 2018 (%)	Q3 2018 (%)	Change (+/-)
United States	70.9%	71.5%	-0.6%
United Kingdom	8.1%	8.5%	-0.4%
Canada	2.7%	0.6%	2.1%
Denmark	2.1%	0.0%	2.1%
Brazil	0.5%	1.6%	-1.1%
Switzerland	0.0%	2.2%	-2.2%
Japan	0.0%	3.3%	-3.3%
Cash	15.7%	12.3%	3.4%

Top 10 holdings

	Country	Sector	Weight
Athene Holding Ltd.	United States	Financials	5.69%
CBOE Holdings Inc.	United States	Financials	5.50%
Anthem Inc.	United States	Health care	5.39%
Melrose Industries PLC	United Kingdom	Industrials	5.26%
Linde PLC	United States	Materials	4.99%
CSX Corp.	United States	Industrials	4.92%
Activision Blizzard Inc.	United States	Communication services	4.55%
Alphabet Inc.	United States	Communication services	4.39%
Gilead Sciences Inc.	United States	Health care	4.03%
Facebook Inc.	United States	Communication services	3.88%

Contributors and detractors

Contributors	Detractors
CBOE Holdings Inc.	Activision Blizzard Inc.
BK Brasil	Electronic Arts Inc.
Verizon Communications Inc.	Athene Holding Ltd.

As quality fundamental investors, our focus remains on identifying durable, compounding businesses through our disciplined bottom-up investment process. Overall, equity valuations have normalized in recognition of slowing economic growth, central bank tightening and the late stage economy which has raised concerns regarding future economic growth prospects. This has created opportunities to apply our fundamental research process to identify attractive risk/reward opportunities. Following the market volatility last year and particularly in the fourth quarter of 2018, companies with higher cyclical exposure have begun to look more attractive. We will continue to monitor these developments, remain patient and be ready to act if a compelling risk-adjusted return opportunity presents itself.

Unless otherwise noted, all information is provided as at December 31, 2018.

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