

### 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, five new companies have entered the top 10 equity holdings within the portfolio. These equity 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 economic environment, the portfolio was up about 2% during the quarter.

Performance within equities was driven primarily by security selection within the information technology sector. Technology holding Symantec ended the quarter lower by about 14%. Symantec was weaker following its quarterly earnings announcement where it announced weaker-than-expected revenues and margins within its enterprise segment. This weakness was driven by a shift to subscription billing – a short-term disruption, but a long-term positive. Despite the weak 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.

Security selection within the industrials sector was a bright spot, with shares of Abertis Infraestructuras up about 13% during the quarter. The Spanish toll road operator saw its shares rise steadily after another takeover offer was made for the company, this time from Hochtief. The board of Abertis had previously supported a deal with Atlantia.

During the quarter we made some adjustments to the fund's asset mix. The cash and equivalents exposure rose slightly, increasing from about 17% to 19% during the period. The portfolio's exposure to equities declined slightly (from 41% to 39%), while the allocation to fixed income remained relatively consistent at about 42%. The asset mix positioning and cash level are an outcome of changes to the risk/reward ratios in the underlying investments that we consider.

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.

## PERFORMANCE

Returns as of December 31, 2017 (in %)	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception (7/27/2004)
Cambridge Global High Income Fund (Class F)	5.4	5.4	4.9	7.5	8.4	10.0

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2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | [www.ci.com](http://www.ci.com)

**Head Office / Toronto**  
416-364-1145  
1-800-268-9374

**Calgary**  
403-205-4396  
1-800-776-9027

**Montreal**  
514-875-0090  
1-800-268-1602

**Vancouver**  
604-681-3346  
1-800-665-6994

**Client Services**  
English: 1-800-563-5181  
French: 1-800-668-3528