

**PORTFOLIO MANAGER**



**Greg Dean, CFA**  
Principal &  
Portfolio Manager

Greg Dean is Lead Portfolio Manager of the Cambridge small and mid-cap equity strategies. Prior to joining CI in 2011, he was a research analyst at Fidelity Investments. He was named a TopGun Investment Mind (Platinum Class) in the Brendan Wood International Canadian investment rankings from 2012-2017. He was also awarded co-winner of the Breakout Fund Manager of the Year at the Morningstar Awards for 2015, along with Cambridge teammate Stephen Groff. Mr. Dean has ten years of investment management experience. He holds a bachelor of mathematics from the University of Waterloo, a bachelor of business administration from Wilfrid Laurier University, and the Chartered Financial Analyst designation.

**PERFORMANCE**

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Growth Companies Corporate Class F	-1.0%	8.8%	10.2%	N/A	N/A	13.3%

Inception Date: July 29, 2014

**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 negative return of 1.0% during the quarter. Performance was driven by strong contributions from holdings in the technology and energy sectors. Within technology, positions in Wix.com and Auto Trader performed well. 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. Auto Trader also performed well with shares gaining more than 20% over the period as the company announced a good quarter and issued guidance that met expectations. We believe the firm can compound free cash flow at a double-digit rate and continue to generate strong returns for shareholders.

The portfolio had some detractors in the quarter including industrials sector holding Middleby. We have owned and followed Middleby – a global leader in the foodservice equipment industry – for many years, and it has been a tremendous long-term compounder of value for our clients. The company announced a comprehensive restructuring of its supply chain that will deliver attractive returns but will reduce margins in the short term. The shares ended the quarter about 15% lower. We see this as a short-term issue and believe this is a tremendous long-term opportunity for patient investors.

## Equity sector weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Consumer discretionary	22.9%	22.8%	0.1%
Consumer staples	5.5%	7.8%	-2.3%
Energy	7.8%	7.4%	0.4%
Financials	20.0%	17.6%	2.4%
Health care	3.9%	6.1%	-2.2%
Industrials	15.3%	16.1%	-0.8%
Information technology	16.6%	13.6%	3.0%
Materials	0.2%	0.3%	-0.1%
Real estate	0.0%	0.0%	0.0%
Telecommunications	0.0%	0.0%	0.0%
Utilities	1.8%	1.4%	0.4%
Cash	6.0%	7.1%	-1.1%

## Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
United States	25.7%	26.9%	-1.2%
United Kingdom	23.6%	23.0%	0.6%
Canada	9.3%	8.8%	0.5%
Brazil	7.4%	6.4%	1.0%
Japan	7.1%	7.3%	-0.2%
Sweden	6.8%	7.5%	-0.7%
Germany	4.1%	2.7%	1.4%
France	4.0%	4.2%	-0.2%
Australia	2.9%	3.8%	-0.9%
Norway	1.8%	1.0%	0.8%
Mexico	1.3%	1.3%	0.0%
Cash	6.0%	7.1%	-1.1%

## Top 10 holdings

	Country	Sector	Weight
Middleby Corp.	United States	Industrials	5.18%
BK Brasil Operacao e Assessoria a Restaurantes SA	Brazil	Consumer discretionary	4.08%
Athene Holding Ltd.	United States	Financials	3.81%
Wix.com Ltd.	United States	Information technology	3.73%
Auto Trader Group PLC	United Kingdom	Information technology	3.49%
Keyera Corp.	Canada	Energy	3.48%
Bygghmax Group AB	Sweden	Consumer discretionary	3.24%
Tourmaline Oil Corp.	Canada	Energy	3.10%
Burford Capital Ltd.	United Kingdom	Financials	2.94%
Melrose Industries PLC	United Kingdom	Industrials	2.81%

## Contributors and detractors

Contributors	Detractors
Wix.com Ltd.	Middleby Corp.
Auto Trader Group PLC	Alfa Financial Software Holdings PLC
Domino's Pizza Enterprises Ltd.	BK Brasil Operacao e Assessoria a Restaurantes SA

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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