

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	-9.9%	-8.5%	8.0%	N/A	N/A	9.4%

Inception Date: July 29, 2014

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. Performance was driven by positive contributions from holdings in the consumer and financials sectors, while holdings in the industrials and technology sectors were among the largest detractors.

Within the consumer sector, 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. Financials sector holding Oslo Bors also performed well after Euronext, the pan-European stock exchange, made a takeover offer. Oslo Bors shares gained about 26% during the quarter.

Industrials holding Middleby and technology holding Keywords Studios were the largest detractors to absolute returns during the quarter. Their share prices declined about 16% and 43% respectively over the three-month period on little new fundamental news. We continued to own both names and Middleby remained the largest holding in the portfolio at year end.

Equity sector weight

	Q4 2018 (%)	Q3 2018 (%)	Change (+/-)
Communication services	2.6%	0.0%	2.6%
Consumer discretionary	22.6%	19.4%	3.2%
Consumer staples	3.0%	5.4%	-2.4%
Energy	6.2%	6.5%	-0.3%
Financials	26.6%	20.9%	5.7%
Health care	0.0%	3.4%	-3.4%
Industrials	17.8%	15.6%	2.2%
Information technology	14.1%	18.7%	-4.6%
Materials	0.2%	0.3%	-0.1%
Real estate	0.0%	0.0%	0.0%
Utilities	0.0%	1.7%	-1.7%
Cash	6.9%	8.1%	-1.2%

Country weight

	Q4 2018 (%)	Q3 2018 (%)	Change (+/-)
United States	27.5%	28.8%	-1.3%
United Kingdom	26.1%	20.3%	5.8%
Canada	8.3%	6.5%	1.8%
Japan	6.8%	8.1%	-1.3%
Sweden	5.5%	7.8%	-2.3%
France	4.6%	4.4%	0.2%
Australia	4.4%	3.1%	1.3%
Brazil	4.1%	7.2%	-3.1%
Norway	3.5%	1.9%	1.6%
Germany	2.3%	3.8%	-1.5%
Cash	6.9%	8.1%	-1.2%

Top 10 holdings

	Country	Sector	Weight
Middleby Corp.	United States	Industrials	6.05%
BK Brasil SA	Brazil	Consumer discretionary	4.11%
LendingTree Inc.	United States	Financials	3.88%
Bygghmax Group AB	Sweden	Consumer discretionary	3.84%
Signature Bank	United States	Financials	3.78%
Burford Capital Ltd.	United Kingdom	Financials	3.63%
Oslo Bors VPS Holding ASA	Norway	Financials	3.55%
Athene Holding Ltd.	United States	Financials	3.34%
AMA Group Ltd.	Australia	Consumer discretionary	3.14%
Euronext NV	France	Financials	3.14%

Contributors and detractors

Contributors	Detractors
BK Brasil SA	Middleby Corp.
Oslo Bors VPS Holding ASA	Keywords Studios PLC
Safestyle UK PLC	Tourmaline Oil Corp.

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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2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | 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