

PORTFOLIO MANAGER



Robert Swanson, CFA*

Principal &
Chief Market Strategist

Robert Swanson provides guidance on macro-economic trends and asset allocation strategies for the Cambridge Global Asset Management team. He is also Lead Portfolio Manager of Cambridge High Income Fund and Cambridge Monthly Income Fund, and co-manager of Cambridge Asset Allocation Corporate Class. His 34-year career includes extensive experience managing equity, income and balanced portfolios. Prior to his current role, he was lead manager of several mutual funds at Fidelity Investments with combined assets under management exceeding \$20 billion.

Mr. Swanson holds a B.Sc. in finance from Northern Illinois University, an MBA from Northwestern University, and the Chartered Financial Analyst designation.

PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Monthly Income Fund Class F	1.4%	3.1%	3.5%	6.4%	N/A	6.8%

Inception Date: January 9, 2012

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 positive return of 1.4% during the quarter. Performance was driven by strong absolute contributions from holdings in the energy sectors, which rallied as oil prices rose during the period. On a relative basis, the portfolio’s underweight exposure to equities and overweight exposure to fixed income detracted. Security selection within equities also detracted during the quarter, particularly within the consumer staples and technology sectors.

Within consumer staples, positions in Philip Morris International and Walgreens Boots Alliance ended lower. Philip Morris was negatively impacted when the company lowered growth expectations for a new product that reduces the health risks associated with tobacco products. Walgreens was negatively impacted after Amazon announced a more aggressive push into the pharmacy industry with the \$1B purchase of a business called Pillpack. Amazon’s health care push has been rumored for some time and Walgreens strategy remains the same – to focus on improving the customer experience, develop deeper payor relationships, and drive operational efficiencies. It also announced a \$10B buyback representing approximately 15% of its market cap, reflecting the company’s confidence in its strategy and competitive position.

Asset mix

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Equity	45%	44%	1%
Fixed Income	53%	51%	2%
Cash	2%	6%	-4%
Alternatives	0%	0%	0%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Canada	54.5%	51.7%	2.8%
United States	28.0%	26.3%	1.7%
United Kingdom	8.5%	8.2%	0.3%
Germany	1.7%	1.6%	0.1%
Belgium	1.2%	1.0%	0.2%
Switzerland	1.1%	1.2%	-0.1%
Australia	0.9%	1.0%	-0.1%
Austria	0.9%	0.8%	0.1%
Japan	0.5%	0.5%	0.0%
Monaco	0.3%	0.3%	0.0%
Brazil	0.3%	0.4%	-0.1%
Netherlands	0.0%	0.8%	-0.1%
Denmark	0.0%	0.7%	-0.9%
Cash	2.1%	5.5%	-2.4%

Top 10 equity holdings

	Country	Sector	Weight
Walgreens Boots Alliance Inc.	United States	Consumer staples	2.47%
Verizon Communications Inc.	United States	Telecommunications	2.20%
Black Stone Minerals LP	United States	Energy	2.02%
Symantec Corp.	United States	Information technology	1.56%
Store Capital Corp.	United States	Real Estate	1.44%
Viper Energy Partners LP	United States	Energy	1.34%
Chubb Ltd.	United States	Financials	1.31%
Philip Morris International Inc.	United States	Consumer staples	1.25%
Alimentation Couche-Tard Inc.	Canada	Consumer staples	1.23%
Crown Holdings Inc.	United States	Materials	1.22%

Contributors and detractors

Contributors	Detractors
Viper Energy Partners LP	Symantec Corp.
Black Stone Minerals LP	Walgreens Boots Alliance Inc.
Store Capital Corp.	Philip Morris International Inc.

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.

*Mr. Swanson is associated with CI Global Investments Inc., a firm registered with the U.S. Securities and Exchange Commission and an affiliate of CI Investments Inc. Certain funds associated with Cambridge Global Asset Management are sub-advised by CI Global Investments Inc.

Unless otherwise noted, all information is provided as at June 30, 2018.

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