

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 Pure Canadian Equity Fund Class F	5.8%	5.2%	5.2%	11.4%	N/A	15.8%

Inception Date: February 15, 2011

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 5.8% during the quarter. Performance was driven by holdings in the energy, industrials and consumer sectors. Within energy, Storm Resources, Tourmaline Oil and Keyera were strong performers as rising oil prices drove the shares higher on expectations of higher future cash flows. Within industrials, Transforce International rose over 20%. Transportation fundamentals have improved given the strong economic backdrop which should translate into strong revenue and cash flows for the company. Consumer holding Great Canadian Gaming performed well after releasing quarterly results that showed continued growth from its legacy operations, as well as impressive contributions from the newly acquired GTA and West GTA gaming bundles. These bundles were acquired in late-January and their contribution to results significantly surpassed expectations.

The quarter also included some detractors, particularly in the materials sectors. Shares of Winpak ended the period slightly lower as revenue growth slowed and missed expectations. The company is also facing margin headwinds relating competitive pressures and inflation in raw material costs. We see these pressures as transitory and continue to own shares in the company at these levels given their long track record of creating value for shareholders.

Equity sector weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Consumer discretionary	7.4%	6.6%	-1.7%
Consumer staples	10.4%	9.3%	2.5%
Energy	17.6%	16.6%	-1.6%
Financials	14.7%	12.9%	4.1%
Health care	3.8%	3.7%	1.1%
Industrials	17.1%	16.5%	-0.8%
Information technology	6.0%	6.8%	2.2%
Materials	9.4%	10.4%	1.8%
Real estate	2.4%	3.8%	1.6%
Telecommunications	0.0%	0.0%	0.0%
Utilities	1.3%	1.4%	0.1%
Cash	9.9%	12.0%	-2.1%

Country weight

	Q2 2018 (%)	Q1 2018 (%)	Change (+/-)
Canada	81.8%	78.7%	3.1%
United States	8.3%	7.2%	1.1%
United Kingdom	0.0%	2.1%	-2.1%
Cash	9.9%	12.0%	-2.1%

Top 10 holdings

	Country	Sector	Weight
Keyera Corp.	Canada	Energy	4.72%
TFI International Inc.	Canada	Industrials	4.19%
Boyd Group Income Fund	Canada	Industrials	4.16%
Tourmaline Oil Corp.	Canada	Energy	3.94%
Sleep Country Canada Holdings Inc.	Canada	Consumer discretionary	3.78%
Great Canadian Gaming Corp.	Canada	Consumer discretionary	3.61%
Brookfield Business Partners LP	Canada	Industrials	3.58%
Middleby Corp.	United States	Industrials	3.54%
Kinaxis Inc.	Canada	Information technology	3.43%
CCL Industries Inc.	Canada	Materials	3.33%

Contributors and detractors

Contributors	Detractors
Great Canadian Gaming Corp.	Middleby Corp.
TFI International Inc.	Winpak Ltd.
Storm Resources Ltd.	Brick Brewing Co Ltd.

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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