

PORTFOLIO MANAGER



Stephen Groff
Principal &
Portfolio Manager

Stephen Groff, Principal and Portfolio Manager, is Lead Portfolio Manager of the Cambridge dividend suite of funds, including Cambridge Canadian Dividend Fund, Cambridge U.S. Dividend Fund and Cambridge Global Dividend Fund. Mr. Groff has over 10 years of investment management experience and was award co-winner of the Morningstar Breakout Fund Manager of the Year in 2015 and a TopGun Investment Mind in the Brendan Wood International Canadian investment rankings for 2015, 2016, and 2017. Prior to joining CI Investments in 2011, he was a research analyst at Fidelity Investments, where he managed a portion of Fidelity Canadian Disciplined Equity Fund.

He holds 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 U.S. Dividend Fund Class F	5.1%	16.3%	11.5%	15.3%	10.9%	9.0%

Inception Date: June 14, 2006

PORTFOLIO COMMENTARY

Global financial markets were mixed during the quarter. Equity market leadership continued to narrow around the U.S., in contrast to international markets that broadly ended lower. Investors turned to rising trade tensions and concerns that global economic activity had peaked, which weighed on sentiment. The portfolio performed well in this environment, ending the quarter higher. Performance was driven by strong security selection overall and positive contributions from holdings in the consumer and industrials sectors.

Within the consumer sector, the portfolio's holding in Walgreens performed well during the quarter as shares rose about 21%. The shares rebounded from a difficult second quarter as negative sentiment around its competitive positioning versus Amazon began to dissipate. Within industrials, the portfolio's holding in CSX contributed nicely to performance. CSX continued to make steady progress on its network efficiency plans, while the volume and pricing environment remained robust. The company also continued to sell non-core assets which has freed up capital to be returned to shareholders and improved asset turns. These ongoing operational enhancements will structurally improve the margin and cash flow profile of the business that will benefit the company well into the future. CSX shares were up about 16% during the quarter.

One of the largest detractors within the portfolio included materials sector holding Franco-Nevada. Franco-Nevada was negatively impacted by uncertainty around the continued development of its Cobre Panama project. If the project were to be suspended permanently it would be a blow to its future royalty stream earnings. The shares ended the quarter down about 16%.

Equity sector weight

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
Communication services	6.4%	6.3%	0.1%
Consumer discretionary	5.1%	8.0%	-2.9%
Consumer staples	13.2%	16.7%	-3.5%
Energy	11.4%	12.1%	-0.7%
Financials	8.1%	5.4%	2.7%
Health care	7.7%	7.2%	0.5%
Industrials	8.3%	5.3%	3.0%
Information technology	9.8%	9.1%	0.7%
Materials	18.0%	17.2%	0.8%
Real estate	3.7%	3.9%	-0.2%
Utilities	0.0%	2.6%	-2.6%
Cash	8.3%	6.2%	2.1%

Country weight

	Q3 2018 (%)	Q2 2018 (%)	Change (+/-)
United States	91.7%	90.6%	1.1%
Belgium	0.0%	3.2%	-3.2%
Cash	8.3%	6.2%	-7.3%

Top 10 holdings

	Country	Sector	Weight
Walgreens Boots Alliance Inc.	United States	Consumer staples	7.17%
Verizon Communications Inc.	United States	Communication services	6.37%
Black Stone Minerals LP	Canada	Energy	5.79%
Crown Holdings Inc.	United States	Materials	5.13%
CSX Corp.	United States	Industrials	4.50%
Gilead Sciences Inc.	United States	Health care	4.28%
Philip Morris International Inc.	United States	Consumer discretionary	4.00%
Symantec Corp.	United States	Information technology	3.88%
Store Capital Corp.	United States	Real estate	3.71%
Viper Energy Partners LP	United States	Energy	3.64%

Contributors and detractors

Contributors	Detractors
Walgreens Boots Alliance Inc.	US Foods Holding Corp.
Viper Energy Partners LP	Franco-Nevada Corp.
CSX Corp.	Anheuser-Busch InBev SA

Our research efforts continue to focus on finding high-quality companies with identifiable competitive advantages at attractive prices. 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 apply our disciplined investment process with the objective to deliver strong risk-adjusted returns to clients over the long term.

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

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