

PORTFOLIO MANAGER



Stephen Groff, CFA
Principal &
Portfolio Manager

Stephen Groff serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing the Cambridge dividend equity mandates as well as co-managing Cambridge Canadian Equity Fund and Cambridge Pure Canadian Equity Fund.

Stephen's career in the investment industry began in 2007 and he joined Cambridge in 2011. He was co-winner of the Morningstar Breakout Fund Manager of the Year award, winner of the 2018 Lipper Award for the Canadian Dividend category* and a TopGun Investment Mind in the Brendan Wood International Canadian investment rankings from 2015 to 2019.

Prior to joining Cambridge, Stephen served as a Research Analyst at Fidelity Investments where he also managed a portion of Fidelity Canadian Disciplined Equity Fund.

Stephen 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 Canadian Dividend Fund (Class F)	2.0	7.9	9.3	9.7	11.3	8.4

* Since-inception date: June 14, 2006.

PORTFOLIO COMMENTARY

Equity markets continued to rally during the second quarter of 2019, adding to the strong gains achieved during the first quarter. Risk assets performed well despite minor volatility and a pullback in May 2019 due to the ongoing trade tensions between the United States and China. This was supported by central banks' continuing dovish (i.e., cautious) monetary policies around the world. The strong rally in equities throughout the first half of 2019 has led to a more balanced risk/reward environment.

Over the second quarter of 2019, Class F of Cambridge Canadian Dividend Fund (the "Fund") declined 2.0%. The Fund benefited from stock selection, with holdings in the consumer discretionary, utilities and health care sectors contributing to overall performance.

Dollarama Inc., a Canadian value-goods retailer, contributed to the Fund's performance over the quarter as the company improved same-store sales growth and produced stable results that were better than forecast. Another contributor was Hydro One Ltd., as the electricity transmission and distribution utility serving Ontario appointed a new CEO and continued to produce stable operating results. The company also benefited from diminishing political risk.

A top detractor from Fund performance over the quarter was Vermilion Energy Inc., an international oil-and-gas producer with operations in North America, Europe and Australia. The energy sector experienced volatile commodity prices that impacted shares prices, despite the company generating solid operating results. Imperial Brands PLC, a U.K.-based tobacco company with concentration in Europe and the U.S., was also a detractor during the period. The performance of vaping products was weaker than expected, which led to rising investor concerns over what has been expected to be a key growth driver going forward, despite strong underlying profitability from the legacy tobacco business.

The cash weight in the Fund's portfolio rose over the quarter; a residual effect of our bottom-up security selection process.

Equity sector weight

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Communication services	3.2	3.6	-0.4
Consumer discretionary	6.9	6.0	0.9
Consumer staples	12.9	13.7	-0.8
Energy	20.9	24.2	-3.3
Financials	13.5	11.9	1.6
Health care	9.0	5.2	3.8
Industrials	7.3	7.0	0.3
Information technology	0.9	1.5	-0.6
Materials	5.8	7.3	-1.5
Real estate	0.9	1.5	-0.6
Utilities	6.5	8.2	-1.7
Cash	12.2	9.9	2.3

Country weight

	Q2 2019 (%)	Q1 2019 (%)	Change (+/-)
Canada	66.1	70.8	-4.7
United States	20.1	17.5	2.6
United Kingdom	1.6	1.8	-0.2
Cash	12.2	9.9	2.3

Top 10 holdings

	Country	Sector	Weight (%)
Keyera Corp.	Canada	Energy	5.06
Canadian Natural Resources Ltd.	Canada	Energy	4.25
Hydro One Ltd.	Canada	Utilities	3.96
Vermilion Energy Inc.	Canada	Energy	3.60
Verizon Communications Inc.	United States	Communication services	3.19
McKesson Corp.	United States	Health care	3.10
Black Stone Minerals, L.P.	Canada	Energy	3.06
Anthem, Inc.	United States	Health care	3.06
Gilead Sciences, Inc.	United States	Health care	2.87
Empire Co. Ltd.	Canada	Consumer staples	2.70

Contributors and detractors

Contributors	Detractors
Dollarama Inc.	Imperial Brands PLC
Hydro One Ltd.	Tourmaline Oil Corp.
Keyera Corp.	Vermilion Energy Inc.

The Fund's strategy during the quarter continued to reflect our belief that global economic growth is slowing. Leading economic indicators across Organisation for Economic Co-operation and Development member countries showed signs of continuing deceleration over the quarter. Within the Fund's fixed-income portion, the yield curve is signalling a deteriorating backdrop and has quickly priced in interest-rates cuts. The Government of Canada bond's two-year yield has fallen significantly, to 1.47% at June 30, 2019 from 1.79% at March 31, 2019. Similarly, the U.S. two-year Treasury issue's yield dropped to 1.74% from 2.27% during the quarter. This was a dramatic change in the narrative that only six months ago expected further interest-rate hikes.

Given the environment of falling interest rates, it has become more challenging to find attractively valued investment opportunities, and we have been trimming holdings from the Fund as they reach our risk/reward targets. As quality fundamental investors, our focus remains on identifying durable, compounding businesses through our disciplined bottom-up investment process to build resilient portfolios in areas that offer attractive compensation for the risk. Our process has been uncovering opportunities in areas of the market that have been impacted by the negative sentiment and where we believe the weaker macroeconomic environment is priced in.

At Cambridge Global Asset Management, we will remain disciplined according to our bottom-up, fundamental investment process that targets attractive risk/reward opportunities. When evaluating the 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 Cambridge's investment process and helps prepare for possible volatility. We will continue to monitor these market developments, remain patient and be ready to act should compelling risk-adjusted return opportunities present themselves.

* Cambridge Canadian Dividend Fund (Class D units) was named Best Canadian Dividend Fund Global five years ending July 31, 2018 out of a category total of 73 funds (3 years), 69 funds (5 years), 46 funds (10 years). Performance for the fund for the period ended September 30, 2018 was 3.19% (1 year), 8.21% (3 years), 10.48% (5 years) and 10.05% (10 years). The corresponding Lipper Leader ratings of the fund for the same period were: 5 (3 years), 5 (5 years) and 5 (10 years). The Lipper Fund Awards, granted annually, are part of the Thomson Reuters Awards for Excellence and highlight funds that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The Lipper Fund Awards are based on the Lipper Ratings for Consistent Return, which is a risk-adjusted performance measure calculated over 36-, 60- and 120-month periods. The highest 20% of funds in each category are named Lipper Leaders for Consistent Return and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1. The highest Lipper Leader for Consistent Return in each category wins the Lipper Fund Award. Lipper Leader ratings change monthly. For more information, see www.lipperweb.com. Although Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Lipper.

Sources: Morningstar Research Inc. and Cambridge Global Asset Management, as at June 30, 2019.

Important Disclaimers

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns), including changes in security value and reinvestment of all dividends/distributions, and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The contents of this piece are intended for informational purposes only and not to be used or construed as an endorsement or recommendation of any entity or security discussed. The information should not be construed as investment, tax, legal or accounting advice, and should not be relied upon in that regard. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies. These investments may not be suitable to the circumstances of an investor. Some conditions apply.

Certain statements in this document are forward-looking. Forward-looking statements (“FLS”) are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may,” “will,” “should,” “could,” “expect,” “anticipate,” “intend,” “plan,” “believe,” or “estimate,” or other similar expressions. Statements that look forward in time or include anything other than historical information are subject to risks and uncertainties, and actual results, actions or events could differ materially from those set forth in the FLS. FLS are not guarantees of future performance and are by their nature based on numerous assumptions. Although the FLS contained herein are based upon what CI Investments Inc. and the portfolio manager believe to be reasonable assumptions, neither CI Investments Inc. nor the portfolio manager can assure that actual results will be consistent with these FLS. The reader is cautioned to consider the FLS carefully and not to place undue reliance on FLS. Unless required by applicable law, it is not undertaken, and specifically disclaimed that there is any intention or obligation to update or revise FLS, whether as a result of new information, future events or otherwise.

This document is provided as a general source of information and should not be considered personal, legal, accounting, tax or investment advice, or an offer or a solicitation to buy or sell securities. Every effort has been made to ensure that the material contained in this document is accurate at the time of publication. Market conditions may change which may impact the information contained in this document. All charts and illustrations in this document are for illustrative purposes only. They are not intended to predict or project investment results. Individuals should seek the advice of professionals, as appropriate, regarding any particular investment. Investors should consult their professional advisors prior to implementing any changes to their investment strategies.

The opinions expressed in the communication are solely those of the author and are not to be used or construed as investment advice or as an endorsement or recommendation of any entity or security discussed.

The Morningstar Awards identify the year's most exceptional funds and fund managers for investors around the world. The Breakout Fund Manager of the Year award, introduced in 2015, recognizes up-and-coming managers worthy of investors' attention.

The Brendan Wood TopGuns recognition is given to buy-side analysts through voting of sell-side professionals casting their ballots for the investors they personally believe to be the leaders of thought in the industry during the past year. TopGuns are those that garnered the upper decile of sell-side nominations. All TopGuns recognitions are subjective judgments and opinions, based on the experience of Brendan Wood and on information obtained by them from third parties on whose responses they have relied in good faith. There has been independent verification by Brendan Wood.

© 2019 Morningstar Research Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

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

© CI Investments Inc. 2019. All rights reserved.

Published July 31, 2019.



2 Queen Street East, Twentieth Floor, Toronto, Ontario M5C 3G7 | www.ci.com

Head Office / Toronto	Calgary	Montreal	Vancouver	Client Services
416-364-1145	403-205-4396	514-875-0090	604-681-3346	English: 1-800-563-5181
1-800-268-9374	1-800-776-9027	1-800-268-1602	1-800-665-6994	French: 1-800-668-3528