

PORTFOLIO MANAGERS



Brandon Snow
Principal & Chief
Investment Officer

Brandon Snow serves as the Principal and Chief Investment Officer at Cambridge Global Asset Management. He is responsible for leading the analyst team and directs the global research activities of the firm. Brandon is the Lead Portfolio Manager of Cambridge Canadian Equity Corporate Class and co-manager of Cambridge Asset Allocation Corporate Class and Cambridge Global Equity Corporate Class.



Danesh Rohinton
Portfolio Manager

Danesh Rohinton serves as a Portfolio Manager at Cambridge Global Asset Management. He is responsible for co-managing Cambridge Global Equity Corporate Class.

PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Global Equity Corporate Class F	5.8%	20.0%	6.8%	7.7%	9.7%	8.4%

Inception Date: December 31, 2007

PORTFOLIO COMMENTARY

At Cambridge, we are monitoring the economy as uncertainty exists going into 2020. Although declines are slowing, leading indicators continue to point to a weaker economy and any prolonged economic slowdown could be amplified by the high leverage levels in the global economy.

The Fund returned 5.8% for the three months ending December 31, 2019.

Over the quarter, Anthem, Inc. and Facebook, Inc. Class A contributed to performance. Anthem Inc. was a top contributor after fears over an abrupt move to a single-payor system in the U.S. subsided – candidates who proposed it early on have moderated their views in the face of the realities of implementation. Furthermore, the 2020 outlook was favourable for Anthem, with an expected improvement in its Medicaid business and outperformance from its new Pharmacy Benefit Manager relationship. Another top contributor was Facebook, the world's largest social media and technology company. Facebook operates a number of platforms (Facebook, Messenger, Instagram, WhatsApp) to connect and share through mobile devices, personal computers and other mediums worldwide. The company contributed to performance during the quarter as it reported strong results with an uptick in monthly and daily active users. In the latest quarter, Facebook revealed that around 2.8 billion people use one of its platform services each month.

Detractors over the quarter included Boeing Company and Jacobs Engineering Group Inc. We initiated a position in Boeing in the second half of 2019. The company manufactures commercial airplanes and defence products. Shares were weak on the quarter on incremental bad news regarding delays to the 737 MAX return to service and a decline in wide body plane production rates. The company made the decision to replace its CEO during the quarter which we think is positive and should help improve relations with customers and regulators as it recertifies the 737 MAX and brings it back into service. Another detractor was Jacobs Engineering Group, an engineering/government contractor. The stock ran up in recent months and valuation became stretched.

Over the quarter, the portfolio initiated positions in Berry Global Group Inc. and Baxter International Inc.

Equity sector weight

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
Communication services	23.3%	23.8%	-0.5%
Consumer discretionary	4.1%	4.6%	-0.5%
Consumer staples	7.9%	6.4%	1.5%
Energy	0.0%	0.0%	0.0%
Financials	9.7%	10.0%	-0.3%
Health care	16.3%	13.5%	2.8%
Industrials	15.8%	16.2%	-0.4%
Information technology	1.8%	1.5%	0.3%
Materials	7.9%	5.4%	2.5%
Real Estate	0.0%	0.0%	0.0%
Utilities	0.0%	0.0%	0.0%
Cash	13.2%	18.6%	-5.4%

Country weight

	Q4 2019 (%)	Q3 2019 (%)	Change (+/-)
United States	68.5%	68.4%	0.1%
United Kingdom	11.1%	8.4%	2.7%
Japan	2.2%	1.9%	0.3%
Denmark	1.8%	1.6%	0.2%
France	1.3%	0.0%	1.3%
Canada	1.1%	1.1%	0.0%
Hong Kong	0.8%	0.0%	0.8%
Cash	13.2%	18.6%	-5.4%

Top 10 holdings

	Country	Sector	Weight
Facebook Inc.	United States	Communication services	4.55%
Anthem Inc.	United States	Health Care	4.48%
Alphabet Inc.	United States	Communication services	4.45%
CBOE Global Markets Inc.	United States	Financials	4.20%
Imperial Brands PLC	United States	Consumer Staples	4.15%
Electronic Arts Inc.	United States	Communication services	4.08%
Activision Blizzard Inc.	United States	Communication services	4.07%
Athene Holding Ltd.	United States	Financials	3.94%
Linde PLC	United States	Materials	3.89%
CSX Corp.	United States	Industrials	3.82%

Contributors and detractors

Contributors	Detractors
Anthem Inc.	Boeing Co.
Melrose Industries PLC	DuPont de Nemours Inc.
Facebook Inc.	Jacobs Engineering Group Inc.

In Canada, we continue to closely monitor elevated debt levels for the average Canadian within the current low interest-rate environment, coupled with rising personal insolvencies. We are noting an increase in debt loads which are directed into areas that benefit shorter-term economic activity (such as housing and consumer spending) but are not drivers of lasting productivity improvement (such as non-residential capital investment). Improving productivity is the key to long-term prosperity. Globally, we expect the easing trade tensions to benefit companies which have had to increase prices to offset rising costs from higher tariffs.

We have taken a more cautious position in the portfolio than we had going into 2019. This means entering 2020 with more cash and a greater emphasis on buying businesses where we have more confidence in the downside. We remain cautiously optimistic that despite weaker economic growth around the world, there are still parts of the market that offer attractive investment opportunities. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

Source: FactSet, as at December 31, 2019. Unless otherwise noted, all information is provided as at December 31, 2019.

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