

PORTFOLIO MANAGERS



Robert Swanson, CFA
Principal & Portfolio Manager

Robert Swanson serves as a Principal and Portfolio Manager at Cambridge Global Asset Management. He is the co-manager of Cambridge Asset Allocation, Cambridge Monthly Income Fund and Cambridge Global High Income Fund, and manages the Canadian equity strategies for Cambridge's Institutional clients.



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.



Paul Marcogliese, CFA
Fixed Income Portfolio Manager

Paul Marcogliese serves as a Fixed Income Portfolio Manager at Cambridge Global Asset Management. He is responsible for managing Cambridge Bond Fund and is the co-manager of Cambridge Asset Allocation Corporate Class, Cambridge Global High Income and Cambridge Monthly Income Funds.

PERFORMANCE

Performance	3 Month	1 Year	3 Year	5 Year	10 Year	Since inception
Cambridge Asset Allocation Corporate Class F	-11.9%	-6.8%	-0.6%	1.3%	5.7%	5.2%

Inception Date: December 31, 2007

Source: Cambridge Global Asset Management, as at March 31, 2020.

PORTFOLIO COMMENTARY

We entered 2020 thinking the market was reasonably fairly valued. At the time, we were finding opportunities in cyclical areas of the market, such as select industrial, energy, utilities and consumer staples businesses. While much of the market downturn has been due to concerns over the impact of COVID-19 on the economy, it has been further compounded by actions such as Russia's decision to not work with OPEC to better match oil supply with reduced demand. Saudi Arabia retaliated by announcing it would flood markets with cheap crude. This had an impact on the price of oil, which suffered the worst losses since the start of the 1991 Gulf War.

The Fund returned -11.9% for the three months ending March 31, 2020.

Over the quarter, Fortis Inc. and McKesson Corp. were top contributors. Fortis is an electric and gas utility holding company. The company has a relatively stable business model and has performed well during the period as market volatility rose. Lower interest rates have also been a tailwind to valuation. This has been a long-term holding that has benefited the Fund. McKesson is a distributor of health care pharmaceuticals and medical supplies in the U.S. The company is an integral supplier to the industry and has benefited as hospitals have stocked up on medical supplies to combat COVID-19, although this has been somewhat offset by a reduction in discretionary medical procedures. The company is well positioned to weather a slowing economy.

Over the quarter, Tourmaline Oil Corp. and Boeing Co. were top detractors. Tourmaline engages in the exploration and production of primarily natural gas in western Canada. The company was impacted by the weakness in the overall energy complex during the quarter. Boeing is an aerospace company that manufactures commercial aircrafts, as well as defense, space and security systems. Airlines are a major customer of Boeing and the travel industry has seen a sudden deterioration in demand as the global health crisis took hold. This has called into question its ability to fund daily operations through this challenging environment.

Over the quarter, we eliminated positions in Enbridge Inc. and Canadian Natural Resources Ltd. and initiated positions in Baxter International Inc. and Electronic Arts Inc.

Asset mix

	Q1 2020 (%)	Q4 2019 (%)	Change (+/-)
Equity	49%	47%	2%
Fixed Income	49%	50%	-1%
Cash	1%	1%	0%
Alternatives	1%	2%	-1%

Country weight

	Q1 2020 (%)	Q4 2019 (%)	Change (+/-)
Canada	60.3%	65.1%	-4.8%
United States	31.0%	22.7%	8.3%
United Kingdom	4.4%	6.6%	-2.2%
Japan	1.1%	1.8%	-0.7%
Germany	0.0%	0.8%	-0.8%
Bermuda	0.0%	0.7%	-0.7%
Cash	3.2%	2.3%	0.9%

Top 10 equity holdings

	Country	Sector	Weight
Fortis Inc.	Canada	Utilities	2.70%
Franco-Nevada Corp.	Canada	Materials	2.56%
Anthem Inc.	United States	Health care	2.30%
McKesson Corp.	United States	Health care	2.15%
Fairfax Financial Holdings Ltd.	Canada	Financials	1.99%
Jacobs Engineering Group Inc.	United States	Industrials	1.96%
Dollarama Inc.	Canada	Consumer discretionary	1.83%
Alimentation Couche-Tard Inc.	Canada	Consumer staples	1.73%
CBOE Holdings Inc.	United States	Financials	1.63%
Electronic Arts Inc.	United States	Communication services	1.59%

Contributors and detractors

Contributors	Detractors
Fortis Inc.	Tourmaline Oil Corp.
McKesson Corp.	Boeing Co.
Microsoft Corp.	Keyera Corp.

We saw the range of stock returns (technically referred to as dispersion) to be much narrower than we typically see in downturns. Let us be clear – the market is faced with an increased uncertainty of binary outcomes, equities and other assets could face continued downward pressure should the severity of the virus accelerate. Early into this recent drawdown, traditionally defensive positions like utilities outperformed, especially as yields fell. Many central banks, including those in Canada, the U.S., Australia and China have reduced interest rates, while bond yields drop to record lows. Concerns around COVID-19 pose risks to corporate profits, leading to a decline in global equities. With lowered equity prices, stocks are an increasingly attractive option for investors.

We have taken a more cautious position in the portfolio than we had going into 2020. This results in buying businesses where we have more confidence in the downside. We have focused our efforts on businesses that generate strong cash flow, have the balance sheets to weather a challenging economic environment and are run by impressive management teams that can allocate capital effectively. Despite weaker economic growth around the world, we are finding high-quality businesses that offer attractive risk/reward investment opportunities at valuations we have not seen in years. As fundamental investors, our focus remains on identifying durable, high-quality businesses that can compound shareholder value through our disciplined bottom-up investment process.

*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.

Source: FactSet, as at March 31, 2020. Unless otherwise noted, all information is provided as at March 31, 2020.

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