

PORTFOLIO MANAGER



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.

Paul's career in the investment industry began in 1999 and he joined Cambridge in 2016.

Prior to joining Cambridge, Paul worked as a Portfolio Manager at MFS Investment Management Canada managing Canadian and international fixed-income portfolios. Prior to that, he was a Partner and Fixed Income Portfolio Manager at McLean Budden Asset Management.

Paul 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 Bond Fund Class F	-0.3%	3.7%	N/A	N/A	N/A	6.7%

Inception Date: December 12, 2018

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

PORTFOLIO COMMENTARY

Throughout the quarter, economic growth around the world has slowed materially as the impacts of COVID-19 and the resulting social distancing mandates from governments have been enacted. The health crisis caused by the global pandemic has put the world on the precipice of its first recession in over a decade. These downside risks grew throughout the quarter, sending equities lower while government bonds and other safe-haven assets, such as gold, rallied. This also impacted the price of oil, which tumbled over 65% during the quarter after the slowing economic environment was met with supply growth as OPEC failed to agree on production cuts.

Central banks around the world have reacted quickly by reducing interest rates and providing the necessary liquidity to keep financial markets operating. Governments have also begun to step up fiscal stimulus to cushion the economic impact of the broad-based demand shock that will likely result in significantly higher corporate default rates and mass unemployment. We are encouraged to see these aggressive monetary and fiscal actions, but uncertainty still exists regarding the depth and duration of the economic slowdown.

The Fund's long duration position added value during the quarter. We have also been reducing corporate bond exposure over the last year, from over 40% in early in 2019 to under 30% at the end of March 2020, as spreads narrowed and the risk/reward was unattractive. As spreads widened during the quarter, our corporate bond holdings were not immune and were a headwind to performance. The Fund's exposure to preferred shares also detracted but we continue to feel comfortable with these positions over the mid to long term.

Portfolio Characteristics

	Q1 2020	Q4 2019
Average credit rating	A	A+
Yield to maturity	2.6%	2.6%
Duration	9.0 years	8.8 years
Foreign content	29.8%	27.9%
Foreign currency exposure	6.9%	1.9%

Sector Weight

	Q1 2020	Q4 2019	Change (+/-)
Federal bonds	41.7%	40.9%	0.8%
Provincial bonds	9.3%	11.2%	-1.9%
Municipal bonds	11.9%	10.4%	1.5%
Corporate bonds	27.9%	29.0%	-1.1%
Preferred shares	8.9%	8.1%	0.8%
Common equity	0.0%	0.0%	0.0%
Cash	0.3%	0.4%	-0.1%

Credit Rating Weight

	Q1 2020	Q4 2019	Change (+/-)
AAA	41.9%	41.3%	0.6%
AA	24.2%	24.8%	-0.6%
A	15.0%	14.8%	0.2%
BBB	10.6%	10.1%	0.5%
BB or below	6.9%	7.3%	-0.4%
Not rated/other	1.1%	1.3%	-0.2%
Cash	0.3%	0.4%	-0.1%

Top 10 Holdings

	Weight
United States Treasury 2.63% 15-Feb-2029	11.22%
Bank of Montreal 3.19% 01-Mar-2028	5.75%
United States Treasury 3.00% 15-Aug-2048	5.34%
Bank of Nova Scotia 3.10% 02-Feb-2028	5.15%
Canada Housing Trust No 1 2.55% 15-Dec-2023	4.62%
Canada Housing Trust No 1 2.25% 15-Dec-2025	3.48%
Canada Government 0.75% 01-Sep-2020	3.28%
Canada Government 1.75% 01-Mar-2023	3.11%
Canada Government 1.25% 01-Mar-2025	2.53%
Japan Government 0.40% 20-Mar-2056	2.47%

Performance Attribution

Duration effect	-1.55%
Curve effect	1.71%
Security selection effect	-1.90%
Yield enhancement effect	-0.04%
Currency effect	-0.08%

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

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Published April 29, 2020.



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

Head Office / Toronto

416-364-1145
1-800-268-9374

Calgary

403-205-4396
1-800-776-9027

Montreal

514-875-0090
1-800-268-1602

Vancouver

604-681-3346
1-800-665-6994

Client Services

English: 1-800-563-5181
French: 1-800-668-3528