

# CAMBRIDGE ASSET ALLOCATION CORPORATE CLASS

## Q4-2020 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Asset Allocation Corporate Class, Series F*	3.6%	4.2%	4.7%	6.4%	6.2%
Benchmark: 60% S&P/TSX Composite Index, 40% FTSE Canada Universe Overall Bond Index	7.5%	6.0%	7.5%	5.4%	5.2%

\* Inception date of Cambridge Asset Allocation Corporate Class, Series F: December 31, 2007.

Source: CI Global Asset Management, as at December 31, 2020.

### PERFORMANCE SUMMARY

- In the fourth quarter of 2020, Cambridge Asset Allocation Corporate Class, Series F (the Fund) returned 3.8% compared with its benchmark, 60% S&P/TSX Composite Index/40% FTSE Canada Universe Overall Bond Index, which returned 5.7%.
- The Fund underperformed its benchmark primarily due to its foreign currency exposure as the U.S. dollar weakened. We do not hedge currency on foreign equities. The hedges on foreign fixed income benefited the Fund.
- An underweight allocation to equities and an overweight allocation to fixed income also detracted from performance.
- Security selection, particularly in equities, was positive.

### CONTRIBUTORS TO PERFORMANCE

The share price of Dupont de Nemours Inc. benefited from improving activity in its automotive and residential construction end markets and contributed to the Fund's performance. Brookfield Asset Management Inc. outperformed after its purchase during the quarter which was a contributor to performance.

### DETRACTORS FROM PERFORMANCE

Franco-Nevada Corp. and other precious metals companies performed poorly following strength earlier in the year. Increased risk appetite in the markets resulted in muted gold prices in the quarter. Similarly, Empire Co. Ltd., whose grocery business is recession-resistant, lagged less-defensive stocks.

### PORTFOLIO ACTIVITY

We added a new position in Brookfield Asset Management Inc., which manages public and private investment products and services for institutional and retail clients. It operates through seven segments: asset management, real estate, renewable power, infrastructure, private equity, residential development and corporate activities. The management team has a strong record of allocating capital effectively and we believe the company is well positioned to benefit in the economic recovery.

Great Canadian Gaming Corp. was eliminated when it was acquired by Apollo Global Management Inc. at a price of \$45 per share, which materially benefited the Fund.

## **MARKET OVERVIEW**

We expect the Canadian economy to improve in 2021 as COVID-19 vaccines are distributed and individuals feel comfortable resuming a more normal life. Overall, Canadian consumer and business balance sheets have been spared the full economic impact of the pandemic, supported by government support and accommodative financial markets. In the case of consumer households, savings rates have spiked, and a reversal of this trend could provide further economic growth throughout 2021. Economic challenges are likely to include some reduction in government stimulus as normalcy begins to return.

**For more information, please visit [ci.com](https://www.ci.com).**

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The comparison presented is intended to illustrate the Mutual Fund's historical performance as compared with the historical performance of widely quoted market indexes or a weighted blend of widely quoted market indexes. There are various important differences that may exist between the Mutual Fund and the stated indexes that may affect the performance of each. The objectives and strategies of the Mutual Fund result in holdings that do not necessarily reflect the constituents of and their weights within the comparable indexes. Indexes are unmanaged and their returns do not include any sales charges or fees. It is not possible to invest directly in market indexes.

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