

CAMBRIDGE CANADIAN DIVIDEND FUND

Q4-2020 Commentary



PORTFOLIO	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Canadian Dividend Fund, Series F*	-0.6%	4.7%	7.9%	8.2%	7.7%
Benchmark: S&P/TSX Composite Total Return Index	5.6%	5.7%	9.3%	5.8%	6.1%

* Inception date of Cambridge Canadian Dividend Fund Series F: June 12, 2006.

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

PERFORMANCE SUMMARY

- Over the fourth quarter of 2020, Cambridge Canadian Dividend Fund Series F (the Fund) returned 10.8% compared with the S&P/TSX Composite Total Return Index, which returned 9.0%.
- The Fund outperformed its benchmark primarily due to security selection in the consumer discretionary and materials sectors were the primary contributors to relative performance. Currency detracted slightly as a result of the Fund's unhedged U.S.-dollar position.

CONTRIBUTORS TO PERFORMANCE

Great Canadian Gaming Corp. was among the leading contributors to Fund performance. The company was acquired by Apollo Global Management Inc. at \$45 per share resulting in a material benefit to the Fund. Canadian Natural Resources Ltd. also contributed to performance. The company benefited from stronger oil prices as economic outlooks improved following positive developments about COVID-19 vaccines.

DETRACTORS FROM PERFORMANCE

Empire Company Ltd. detracted from performance. Given Empire's recession-resistant business model as a grocery retailer, the stock underperformed in a strong market environment driven a recovery in cyclical companies. An underweight allocation to Canadian banks detracted from performance. Banks rallied over the period in response to positive COVID-19 vaccine developments and optimism relating to the potential reopening of the economy.

PORTFOLIO ACTIVITY

Open Text Corp. was added to the Fund. The company has a successful track record of making acquisitions and consolidating low-growth software companies to drive growth and expand their capabilities. Given reasonable assumptions on future capital deployment coupled with modest organic growth expectations, we believe the business represents an attractive risk/reward proposition. Black Stone Minerals, L.P. was liquidated over the period. We decided to reposition the proceeds into larger and more defensive holdings within the energy space where we believed the risk/reward was more attractive, such as Enbridge Inc.

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 as a result of 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.

The next few months are likely to be challenging before we can return to a more normal environment as vaccines become more widely available. While current challenges could result in shorter-term volatility, we believe over the coming months, investors will increasingly be focused on the post-vaccine world, and the potential for a progressively improving economy through 2021.

By the end of 2020, Canadian equities, as measured by the S&P/TSX Composite Index, had erased all declines from early in the year and topped new highs. Looking below the surface, we do believe that attractive opportunities remain as some sectors are trading at excessively high valuations while others have lower embedded expectations.

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

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