

CAMBRIDGE CANADIAN EQUITY CORPORATE CLASS

Q4-2020 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Canadian Equity Corporate Class, Series F*	1.1%	4.4%	7.0%	9.6%	8.3%
Benchmark: S&P/TSX Composite Total Return Index	5.6%	5.7%	9.3%	5.8%	4.9%

* Inception date of Cambridge Canadian Equity Corporate Class, Series F: December 31, 2007.

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

PERFORMANCE SUMMARY

- Over the fourth quarter of 2020, Cambridge Canadian Equity Corporate Class, Series F (the Fund) returned 7.1% compared with the S&P/TSX Composite Total Return Index, which returned 9.0%.
- The Fund underperformed its benchmark primarily due to its currency allocation. While underweighting the materials sector and overweighting the consumer discretionary sector benefited the Fund, our financials and consumer staples holdings detracted from relative performance.

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. DuPont de Nemours Inc. was also a strong contributor to performance. The company benefited from improving end-market activity in the residential construction and automotive industries.

DETRACTORS FROM PERFORMANCE

Franco Nevada Corp. detracted from the Fund's performance. Companies in the precious metals sector performed poorly over the period following strength earlier in the year. The weakness was driven by improving investor sentiment, which resulted in muted gold prices during the quarter. Empire Company Ltd. also detracted from performance. Given Empire's recession-resistant business model as a grocery retailer, the stock underperformed in a strong risk on market environment.

PORTFOLIO ACTIVITY

Brookfield Asset Management Inc. was added to the Fund as we viewed what appeared to be a disconnect between the company's share price versus our assessment of its underlying value. We sold the Fund's position in George Weston Ltd. and reallocated the proceeds to more attractive opportunities within the sector as valuations contracted among a number of the company's high-quality peers.

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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