

# CAMBRIDGE GLOBAL HIGH INCOME FUND

## Q4-2020 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Cambridge Global High Income Fund, Series F*	4.8%	4.7%	5.0%	6.7%	8.9%
Benchmark: 50% FTSE Canada Universe Overall Bond Index, 50% MSCI World Index	11.9%	8.9%	7.7%	8.9%	7.0%

\* Inception date of Cambridge Global High Income Fund, Series F: July 20, 2004.

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

### PERFORMANCE SUMMARY

- In the fourth quarter of 2020, Cambridge Global High Income Fund, Series F (the Fund) returned 3.7% compared with its benchmark, 50% FTSE Canada Universe Overall Bond Index/50% MSCI World Index, which returned 4.7%.
- The Fund's underperformed its benchmark primarily due to its underweight allocation to equities and overweight allocation to fixed income detracted from performance.
- Currency exposure contributed to performance.

### CONTRIBUTORS TO PERFORMANCE

Imperial Brands PLC performed well as it can divert significant free cash flow to share repurchases. The company's new CEO has a strong history of value creation, which could be a catalyst to the shares in the coming quarters as he details and executes his plan.

Oil exploration and production company Canadian Natural Resources Ltd., which operates primarily in the Canadian oil sands, saw its share price rise as positive COVID-19 vaccine news led markets to anticipate economic recovery. As a low-cost producer, we believe the company can withstand challenging operating environments.

### 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.

U.S.-based telecommunications conglomerate Verizon Communications Inc. maintained relatively stable fundamentals through the pandemic and saw its share price appreciate. It underperformed during the quarter as cyclical companies performed better.

### PORTFOLIO ACTIVITY

We added a new position in Apollo Global Management Inc., and eliminated the Fund's position in BlackRock Inc.

## **MARKET OVERVIEW**

We expect the global economy to improve in 2021 as vaccines are distributed and individuals are both permitted and feel comfortable resuming a more normal life. Overall, consumer and business balance sheets have been spared the full economic impact of the COVID-19 pandemic, supported by generous government support and accommodative financial markets. In the case of consumer households, savings rates have risen 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.

It is well known that the next few months are going to be challenging economically and personally. Current headwinds could result in shorter-term volatility and the portfolio is positioned with an underweight allocation to equities. Investors will increasingly be focused on the post-vaccine world and we have the ability to take advantage of the volatility by increasing the risk exposure within the Fund.

**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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