

CI International Equity Alpha Private Pool Third-quarter 2020 Commentary

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Class F returns (in %) as at September 30, 2020	Year-to-date	1 year	3 year	5 year	Since inception (2018-10-29)
CI International Equity Alpha Private Pool	-8.0	1.5	N/A	N/A	3.8

Sources: Bloomberg Finance L.P., MSCI Inc., S&P Dow Jones Indices, Morningstar Research Inc., StatPro Group PLC and Black Creek Investment Management Inc., as at September 30, 2020.

Market Overview

- Global equities advanced in the third quarter, but gains continued to be uneven and narrow. The strong rally faded towards quarter-end on concerns of stretched valuations in certain areas of the market. The U.S. Congress' inability to pass further fiscal stimulus amid a bipartisan impasse also added to market volatility.
- In U.S.-dollar terms, global stocks (as defined by the MSCI ACWI Index) returned 8.1% for the quarter. Markets were supported by accommodative monetary and fiscal policy, signs of improving economic data and positive news on therapeutic treatments and vaccine progress.
- Investor preference continued to lean towards what has worked, with familiar high-valuation momentum and growth stocks favoured. Despite rising trade tensions, China (+12.5%) and the United States (+8.9%), led by large-cap technology and e-commerce stocks, were amongst the best-performing markets. The United Kingdom (-0.2%), which has been hampered by Brexit uncertainty, was among the laggards.

Performance Summary

- CI International Equity Alpha Private Pool Class F (the Fund) returned 3.1% during the quarter, modestly outperforming its benchmark, the MSCI EAFE Total Return Index, which returned 2.9% over the same period.

- Positive stock selection in the materials, financials and consumer discretionary sectors more than offset weak stock selection in the industrials, energy and health care sectors.

Contributors to Performance

- During the quarter, top contributors to performance included Haier Electronics Group Co. Ltd., NOF Corp. and HeidelbergCement AG.
- Haier Electronics Group is the world's leading manufacturer of household appliances. Haier's share price rose on the news that its controlling shareholder, Haier Smart Home, proposed to privatize the company in a deal through a share swap, which will benefit the company's global growth.
- NOF is a Japan-based global manufacturer and distributor of oleo and specialty chemicals. It operates in three main business segments: functional chemicals, propulsion and explosives, and life sciences. Its products are used widely across many industries, including automotive, environmental, food products, electronics, defence, petrochemical, personal care and health care. During the quarter, the company announced first-quarter 2020 results that beat market expectations due to results from its life sciences division where demand for its drug delivery system has remained strong.
- HeidelbergCement is one of the world's leading building materials companies. It produces and distributes cement, aggregates, ready-mixed concrete and asphalt. Its share price rose on the news of better-than-expected profitability in preliminary third-quarter results, which were boosted by stable prices and cost-cutting initiatives. Chief executive officer Dominik von Achten also noted that the company would shed non-core and underperforming assets to improve margins and pull out of markets where it could not maintain a leadership position or where returns were too low.

Detractors from Performance

- During the quarter, the top detractors from performance were Galp Energia SA, Sinopharm Group Co. Ltd. and Grifols SA.
- Galp Energia is an Iberia-based integrated oil-and-gas operator that has a low cost of production. Its shares fell on news that it had sustained a loss in the second quarter of 2020

due to the impact of the coronavirus and lockdowns in Portugal and Spain. To preserve cash, the company announced that it had suspended its interim second-half dividend. More recently, the company did note positive signs as countries began to re-open and refining activity resumed, but also cited a continued challenging environment.

- Sinopharm Group's main business is drug distribution in mainland China. Other notable business segments are medical device distribution and retail pharmacies. It has been impacted as the regular sale of medicines, and medical devices by hospitals and pharmacies has been disrupted by the spread of the coronavirus. The company reported interim earnings in August that showed signs of recovery in growth from the first quarter's negative impact of COVID-19.
- Grifols is a Spanish-based specialist in therapies based on blood plasma. The company's share price fell on the news that the pandemic has caused a reduced number of donations and higher costs for obtaining plasma, which will impact profits in the short term. In September, the company announced that it was seeing recovering plasma collections in 2020 and targeted +30% growth in 2021 that would bring volumes back to pre-COVID levels. Longer term, the underlying demand for plasma-derived therapies continues to grow globally given aging demographics.

Portfolio Activity

- During the quarter, one new holding, SCSK Corp. was added to the Fund. There were no eliminations.
- SCSK is a global information technology service company providing a range of services required by business, including consulting, system development, information technology infrastructure building, and information technology management to business process outsourcing, as well as sales of information technology hardware and software.

Outlook

- At Black Creek, we buy companies based on their underlying fundamentals and focus on businesses that are winning with their customers at prices that are inexpensive relative to their long-term cash flows. This approach has lagged in a narrowly led market, and the pandemic has only compounded this trend. These are extraordinary times, and while near-

term performance has not kept up with the market, we have confidence that, given our time horizon, our portfolio of winning businesses will ultimately demonstrate their value.

- We believe that whatever shape the post-pandemic recovery follows, it will favour a broader rally in stocks and help to rebalance equity markets that have become heavily tilted towards large-capitalization growth and momentum stocks.

We wish all the best to you and your families, and hope that you are healthy and safe. We thank you for your continued support and confidence.

Sources: Bloomberg Finance L.P. and Black Creek Investment Management Inc.

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Published October 14, 2020.