

# BLACK CREEK GLOBAL LEADERS FUND



## Q1-2021 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Black Creek Global Leaders Fund, Series F	47.43%	11.51%	12.48%	12.75%	10.42%
Benchmark: MSCI World Total Return Index (C\$)	36.66%	12.46%	13.33%	13.36%	9.09%

\* Inception date of Black Creek Global Leaders Fund, Series F: June 12, 2006.

Source: Black Creek Investment Management Inc., as at March 31, 2021.

### PERFORMANCE SUMMARY

- Over the first quarter of 2021, Black Creek Global Leaders Fund, Series F (the Fund) returned 6.27% compared with the MSCI World Total Return Index (in Canadian-dollar terms), which returned 3.63%.
- The Fund outperformed its benchmark as a result of stock selection in the materials, communication services and information technology sectors. Detractors from performance included stock selection in the industrials and energy sectors, as well as an underweight allocation to financials.

### CONTRIBUTORS TO PERFORMANCE

The Interpublic Group of Companies Inc. contributed to the Fund's performance after it announced stronger-than-expected fourth-quarter earnings. The company benefited from the acceleration in online advertising spending following the pandemic-related slowdown. The Fund's position in Heidelberg Cement AG, one of the world's largest building materials companies, also contributed to performance. During the quarter, the company announced better-than-expected operating profit for 2020. Its share price has also benefited from expectations of stimulus from the European Union and proposed infrastructure spending in the United States.

### DETRACTORS FROM PERFORMANCE

Santen Pharmaceutical Co. Ltd.'s share price declined amid concerns about its business in China and competition from local generic companies. We have doubts about its competitors' ability to manufacture and supply products to the market at scale. A holding in Makita Corp. was another detractor from the Fund's performance. The company's shares trended lower in 2021 on no specific news after being strong in 2020. The company has been increasing its investment in its garden and outdoor line of products, which we believe is a long-term growth driver.

### PORTFOLIO ACTIVITY

We added a new position in BAE Systems PLC, a global defense, aerospace, and security company headquartered in the United Kingdom. Beyond its well-established positions in air, land and maritime defense technology, the firm has a growing position in cyber security. It is well positioned in the defense markets of the United States, United Kingdom and Saudi Arabia, where budgets are expected to grow. It also has further opportunities in aircraft deliveries in Europe and Asia.

Expedia Group Inc. was eliminated from the Fund. While Expedia is investing for future growth through a cloud migration and streamlining its operations to benefit from cost efficiencies and margin improvement, the holding was sold as its share price recovered.

Its higher valuation comes with a lower future return potential. The Fund's position in Murata Manufacturing Co. Ltd. was eliminated after share price appreciation, in order to invest in other opportunities.

## **MARKET OVERVIEW**

Some companies thrived in 2020, while others with good business models prior to the pandemic struggled. Some companies, after an initial shock, re-sized their operations and moved ahead, while others await signals that business is returning to normal as economies re-open. If our original estimation is correct, we should see revenues and profits start to grow again by the end of 2021 for the companies most affected by the pandemic. We look for companies with strong fundamentals that can grow cash flows at an above-average level over the long term. While valuations have risen around the world, we continue to search for opportunities globally to find winning businesses that offer long-term investment value.

Source: Black Creek Investment Management Inc.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the prospectus before investing. The indicated rates of return are the historical annual compounded total returns net of fees and expenses payable by the fund (except for figures of one year or less, which are simple total returns) including changes in security value and reinvestment of all dividends/distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any securityholder that would have reduced returns. Mutual funds are not guaranteed, their values change frequently, and past performance may not be repeated.

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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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