

CI BLACK CREEK GLOBAL BALANCED FUND

Q2-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Black Creek Global Balanced Fund, Series F*	18.7%	7.4%	7.7%	8.8%	6.7%
Benchmark: 60% MSCI World Total Return Index, 40% J.P. Morgan Global Government Bond Total Return Index (C\$)	11.5%	8.9%	9.0%	10.3%	6.8%

* Inception date January 29, 2007. Formerly Black Creek Global Balanced Fund, renamed effective July 29, 2021.
Source: Black Creek Investment Management Inc., as at June 30, 2021.

PERFORMANCE SUMMARY

- Over the second quarter of 2021, CI Black Creek Global Balanced Fund Series F (the Fund) returned 2.6%, compared to the blended benchmark, the MSCI World Total Return Index (60%) and the J.P. Morgan Global Government Bond Total Return Index (40%), which returned 3.6% over the same period.
- The Fund underperformed its benchmark largely as a result of stock selection within the Fund's equity component. Equity selection within the health care, materials and communication services sectors contributed to performance while selection within information technology, consumer staples and consumer discretionary detracted from performance.
- Within fixed income holdings, allocation to high-yield corporate bonds contributed to the Fund's performance.
- During the first half of the year, value-oriented and cyclical stocks outperformed growth stocks because of an improved backdrop for global growth and corporate earnings. However, the U.S. Federal Reserve's (Fed) change in tone on stimulus and inflation concerns led investors to favour growth stocks during the second quarter.

CONTRIBUTORS TO PERFORMANCE

Nutrien Ltd. contributed to the Fund's performance during the period. It reported \$476 million in free cash flow in the first quarter of 2021, more than double that of the first quarter in 2020, while earnings increased by nearly 60% compared to the first quarter of 2020. The rise in crop prices in 2020 continued into 2021. Higher margins for farmers generally indicate that they have more money to spend on seed and fertilizer. Cameco Corp.'s share price rose after the company announced plans to restart production at its Cigar Lake uranium mine, located in northern Saskatchewan. Production at Cigar Lake was temporarily suspended in December 2020 because of COVID-19 pandemic-related risks. The company announced better-than-expected financial results for the first quarter of 2021. Its shares also got a boost from nuclear power generation, which is seen as increasingly important in the world's efforts to provide clean energy.

DETRACTORS FROM PERFORMANCE

Greencore Group PLC, a leading manufacturer of convenience foods in the United Kingdom, detracted from the Fund's performance. The company announced disappointing half-year results, with revenue down 19% year-over-year as a result of pandemic lockdowns. The company's management noted that if the United Kingdom continues to ease lockdowns in line with expectations, full-year adjusted operating profit should come in higher than 2020 levels. Hain Celestial Group Inc.'s fundamentals continued to be strong as it executed on its turnaround efforts, but investors were more focused on rising input costs at consumer product companies and whether those

could translate into price increases. The company's management is confident in its expectations for profit growth and margin improvement and expects to see modest 2% cost inflation in 2021, lower than the industry average.

PORTFOLIO ACTIVITY

There were three additions to the Fund during the quarter: Baidu Inc., Dentsu Inc. and ViacomCBS Inc. Baidu Inc. is the largest Internet search engine in China, with an over 70% market share, and has been investing in artificial intelligence, including technology for autonomous vehicles. Dentsu Inc. is a Japan-based global provider of advertising and public relations services, with over 1,000 group companies in more than 145 countries and regions. ViacomCBS Inc. is one of the world's leading media companies, delivering its entertainment content to audiences across traditional and emerging platforms, including television assets, streaming and digital services, studio production, publishing, and live events.

A position in Oracle Corp. was eliminated after strong share price performance. The proceeds were used to purchase investments that we believe have a higher future return potential.

MARKET OVERVIEW

Broadly, valuations have risen along with stock prices. Many stocks exposed to the economic recovery have already experienced significant share price gains in anticipation of a recovery. While corporate earnings have rebounded faster from the pandemic than after previous crises, valuations are high in many areas of the market. This could make stocks vulnerable to negative shocks or surprises, including growth disappointments, higher inflation or central bank policy missteps.

The reopening of economies and the quick rebound in activity have led to rising prices. Expectations are that the current rise in inflation is transitory, given pent-up demand. However, escalating commodity prices and supply chain constraints have led to concerns that inflation may be more persistent. Certainly, the significant amount of global monetary and fiscal stimulus have contributed to rising interest rates and higher near-term inflation.

The economic recovery remains uneven, as some countries and regions, such as India, Africa and Latin America, have struggled to contain COVID-19 outbreaks. So far, global growth has been led by China and the United States, but the United Kingdom and parts of Europe are catching up as economies reopen. Further vaccination campaigns should lead to broader economic growth in the second half of the year. Excess savings and pent-up consumer demand for both goods and services, as well as continued fiscal and monetary stimulus, are expected to sustain above-average growth levels well into next year.

Concerning future returns, it is our view that higher equity valuations, higher levels of debt and ultra-low levels of interest rates suggest returns in the coming years will be lower. This is an opportunity for active managers, as there should be a greater emphasis on stock selection than has been the case over the past decade. We continue to focus on the long-term and company-specific fundamentals. We seek out winning businesses at attractive valuations that are often overlooked by other investors.

Source: Black Creek Investment Management Inc.

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

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Published July 14, 2021.