

CI BLACK CREEK GLOBAL LEADERS FUND

Q2-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Black Creek Global Leaders Fund, Series F*	35.0%	12.8%	14.5%	13.4%	10.6%
Benchmark: MSCI World Total Return Index (C\$)	27.0%	13.3%	14.4%	14.1%	9.4%

* Inception date June 12, 2006. Formerly Black Creek Global Leaders 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 Leaders Fund, Series F (the Fund) returned 5.2% compared with the MSCI World Total Return Index (in Canadian-dollar terms), which returned 6.3%.
- The Fund underperformed its benchmark largely as a result of stock selection within consumer staples, energy and communications services, as well as an underweight exposure to information technology. Conversely, stock selection in the consumer discretionary and health care sectors, and lack of exposure to utilities, contributed to 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

ASICS Corp. contributed to the Fund's performance after it announced strong first-quarter results on both a sales recovery and on cost-cutting initiatives. The company is investing in research and development, marketing initiatives and product development, which were all well received by investors. The lead-up to the Tokyo Olympic Games has also been a positive for the company's share price. A position in ConvaTec Group PLC, a global medical products and technologies company, was another contributor to performance. The company reported revenues of \$500 million for the first quarter of 2021, 8.7% higher year-over-year overall.

DETRACTORS FROM PERFORMANCE

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. After reporting good full-year results for 2020 on the back of strong e-commerce growth, Vinda International Holdings Ltd. detracted from the Fund's performance. Investors were focused on concerns around rising input costs. Some smaller competitors have raised prices and Vinda International Holdings Ltd.'s management noted that there may be an acceleration in market consolidation if the pulp price continues to increase. The company has been optimizing its product mix towards the high end to maximize its margins and minimize the impact of pulp price increases.

PORTFOLIO ACTIVITY

There was no notable portfolio activity during the period.

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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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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