

CI BLACK CREEK INTERNATIONAL EQUITY FUND

Q2-2021 Commentary



FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.
CI Black Creek International Equity Fund, Series F*	35.6%	6.3%	9.1%	9.4%	10.7%
Benchmark: MSCI EAFE Total Return Index	20.9%	6.6%	9.7%	9.17%	7.9%

* Inception date September 30, 2008. Formerly Black Creek International Equity 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 International Equity Fund, Series F (the Fund) returned 5.5% compared with the MSCI EAFE Total Return Index, which returned 3.8%.
- The Fund outperformed its benchmark as a result of stock selection in the utilities, financials and health care sectors. Selection within the information technology, materials and energy sectors detracted from performance.

CONTRIBUTORS TO PERFORMANCE

Kunlun Energy Co. Ltd. contributed to the Fund's performance during the period. The company announced 2020 earnings that came in ahead of consensus driven by strong natural gas sales volume. It also announced that the pipeline spin-off to China Oil & Gas Pipeline Network Corp. had been approved, and it would pay a special dividend. Its shares remain attractively valued, particularly when compared to its city gas peers. Hugo Boss AG was another contributor to performance as it benefited from reopening stores and continued gains in online sales. Our expectation is for sales growth to recover for the company as economies reopen, particularly in the United States and China.

DETRACTORS FROM PERFORMANCE

Rakuten Inc. detracted from the Fund's performance as the company announced a larger loss than expected in the first quarter on its mobile unit after investing in network expansion. The company expects significant profit from its mobile network in the future despite short-term losses. Its e-commerce and fintech segments brought in a record rise in revenues on a year-over-year basis. The expanding consumer base for Rakuten Card contributed to growth in its e-commerce, online banking, securities brokerage and e-payment businesses. A holding in Indus Towers Ltd., India's largest mobile tower infrastructure company, also detracted from the Fund's performance. The company was formed by the merger of Bharti Infratel Ltd. and Indus Towers, which makes it the largest telecommunications tower company in the world outside China. Concerns around further lockdowns from the spread of COVID-19 negatively impacted the company's shares. However, Indus Towers Ltd. announced higher profit in the three months ended March 2021, the first full quarter of operations after its merger with Bharti Infratel Ltd. Higher profitability was aided by higher tenant additions and reduced expenditures.

PORTFOLIO ACTIVITY

There was no significant 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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