BLACK CREEK
INVESTMENT MANAGEMENT INC.

Black Creek International Equity Fund
First-quarter 2019 Commentary

Market Overview

Following a difficult fourth quarter of 2018, equity markets reversed course sharply in the first quarter of 2019. In U.S.-dollar terms, global stocks (as measured by the MSCI All Country World Index (ACWI)) rose 12.2% over the quarter as investors embraced signs of progress on U.S.-China trade negotiations while central bankers affirmed a continued accommodative stance on monetary policy.

In U.S.-dollar terms, all major global equity markets delivered a positive return. The U.S. market (as measured by the S&P 500 Index) was up 13.6%, outperforming international developed markets (as measured by the MSCI EAFE Index, which was up 10.0%) and developing markets (as measured by the MSCI Emerging Markets Index, which was up 9.9%) in the quarter. On a geographic basis, stocks of companies based in China were the top performers, in aggregate, for the quarter as investors hoped progress would be made on trade talks between China and the U.S. and that China's pledges to further liberalize its domestic stock market to foreign investors would be seen through. While all sectors within the MSCI ACWI were positive, information technology sector stocks (up 18.8%) were the clear leaders as investors reconfirmed their preference for expensive growth stocks. High-profile initial public offerings (IPOs) helped increase interest in the tech sector with Lyft, Inc., the ride-hailing competitor to Uber Technologies Inc., coming to market with its IPO in late March.

While equity markets enjoyed a recovery, the global economy continued to show signs of slowing growth. China felt the impact of the trade war with the U.S. with its exports slowing, but trade wars are not fully to blame as exports slowed for Europe and Japan, as well as for the U.S. Many countries/regions have noted a slowing trend in global trade that has pressured growth, including Hong Kong, Japan, South Korea, France and Germany. Uncertainty over Brexit has not helped trade either as companies have delayed, diverted or halted investment within the U.K. and across the European Union. Recent data from the U.S. shows the U.S. economy is experiencing a slowdown as the economic boost from the 2017 tax cuts has faded. Consumer spending, which makes up approximately 70% of U.S. gross domestic product, and factory output have been more muted recently.

The bond market is signalling a slowdown in growth as well. Within the U.S., short-term yields have risen above long-term yields, resulting in an inverted yield curve, which for many investors indicates the risk of a recession is rising. Fixed-income investors pushed the yield on the 10-year U.S. Treasury down to levels not seen since 2017 amidst concerns over global growth.

In Europe, bond yields once again turned negative. For the first time since 2017, the German 10-year government bond yield fell below zero. The total amount of global government debt with a yield below zero has increased to over US$10 trillion, up from a low of US$5.7 trillion in early 2018.

From an earnings perspective, companies are facing a slowdown as a result of moderating global growth and tariff concerns. As growth slows, companies are also finding it harder to pass along the impacts of rising labour, transportation and raw materials costs to customers through price increases. In the U.S., earnings are also being dampened as some of the favourable effects of the 2017 tax cuts roll off. Broadly, corporate America is facing a year-over-year earnings contraction for the first time since 2015. Given the economic slowdown, it may be harder to justify elevated stock valuations as optimism around rising corporate earnings fades. However, offsetting this earnings concern is the continuation of low interest rates.

Stock buybacks have been a major contributor to rising equity markets over the past decade, particularly in the U.S. In 2018, U.S. companies spent a record US$806 billion on stock buybacks, which eclipsed the prior record of US$589 billion set in 2007. Corporate balance sheets have added leverage as the buybacks have been partially financed with low-cost debt. Recently though, buybacks have become politically contentious in the U.S. as politicians from both major parties have pushed the U.S. Securities Exchange Commission to restrict or eliminate them in an effort to encourage companies to invest more in their operations.

Performance Summary

Over the first quarter of 2019, Class F of Black Creek International Equity Fund (the "Fund") returned 7.5%, compared with its benchmark, the MSCI EAFE Index, which was up 7.6% over the same period.

The Fund performed well on an absolute basis during the quarter and was almost in line with its benchmark. Top contributors to performance included Fund holdings in ASM International N.V., Altran Technologies S.A., Lloyds Banking Group PLC, HeidelbergCement AG and Bharti Infratel Ltd. Notable detractors from performance included Dentsu Inc.; Criteo S.A.; STMicroelectronics N.V.; Morgan Advanced Materials PLC; and Kunlun Energy Co., Ltd.

Portfolio Activity

During the quarter, STMicroelectronics was a new purchase, while Koninklijke DSM N.V. and Ontex Group N.V., a manufacturer and purveyor of branded and private label personal hygiene solutions for baby, feminine and adult care, were outright sales.

STMicroelectronics is Europe's largest semiconductor chipmaker and holds one of the broadest product portfolios in the industry. The company is known as an innovator and produces smart integrated circuits for four key end markets: automotive; industrial; personal electronics; and communications equipment, computers and peripherals.

Koninklijke DSM, a global science-based company with solutions in health, nutrition and performance materials, was sold from the Fund's portfolio after a period of strong market performance in favour of, in our view, opportunities with greater future return potential.

Outlook

There are a multitude of macro-related issues that one could be concerned with currently, and we are cognizant of them as this is the environment in which companies operate. However, our strength lies in our ability to identify profitable companies versus attempting to forecast macroeconomic movements or the magnitude or direction of interest rates or markets. We continue to believe owning a concentrated, high-conviction portfolio of differentiated and sustainable businesses that are acquired at reasonable valuations is the best way we can deliver attractive long-term returns for the Fund. We will look to take advantage of future mispricing, volatility and irrational behaviour given our long-term horizon and expectations of increased volatility.

Class F returns (in %) as at March 31, 2019	Year-to-date	1 year	3 year	5 year	10 year
Black Creek International Equity Fund	7.5	-3.0	6.0	4.8	12.2

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Published May 2019.

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