Market Commentary
CI Digital Roadshow

BLACK CREEK
INVESTMENT MANAGEMENT INC.

Summary of a presentation by Bill Kanko, President & Portfolio Manager
and Heather Pierce, Director of Global Equities
Black Creek Investment Management
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Black Creek is different from the market: Bill Kanko

- Our process and philosophy have not changed over the decades. We create diversified, global equity portfolios that are very different from the indexes, because we're trying to beat the index.
- We create focused and concentrated portfolios with about 25 to 30 holdings, with each a leader in its field.
- We take an independent or contrary longer-term view of a company compared to most other investors and act like we're buying the business with our own money.
- We buy businesses that we think are undervalued and calculate our valuations based on a forward-looking discounted cash flow model and other metrics.

Active vs. passive share: Heather Pierce

- We have analyzed and have done exhaustive due diligence on all of the companies that we own, versus a passive choice, which essentially has no due diligence involved.
- Active share is something that is topical within the industry today, but it's something that we have always focused on – to be different from the index. We believe in order to earn a management fee you have to be different from the index and you have to add value.
- Active share within Black Creek International Equity Fund (98.3%) and Black Creek Global Leaders Fund (97.8%) are some of the highest percentages in the industry today, certainly within the Canadian marketplace (as of December 31, 2015.)

Positions added and sold in 2016

New positions added:

- Anta – a leader in sportswear in China, especially footwear.
- Borg Warner – an auto specialty parts company.
- Capgemini – a leading provider of consulting, technology, outsourcing services and local professional services.
- Daikin – a global leader in air-conditioning and climate control.
- DSM – a leader in nutritionals.
- ElringKlinger – an auto specialty company.

- HeidelbergCement – a German multinational building materials company.
- Intertek – a global leader in inspection, product testing and certification.
- Inovalon – a leader in cloud-based health care information.
- Nielsen – the global information, independent measurement and data company.
- Oerlikon – a Swiss-based company that has moved from a conglomerate to a focused company manufacturing specialty fibres, surface coating technologies, and drive systems.
- Vinda – a leader in personal care in Asia-Pacific, majority-owned by SCA of the Nordic region.
- Woodward – a leader in fuel and combustion technology for aerospace and industrial uses.

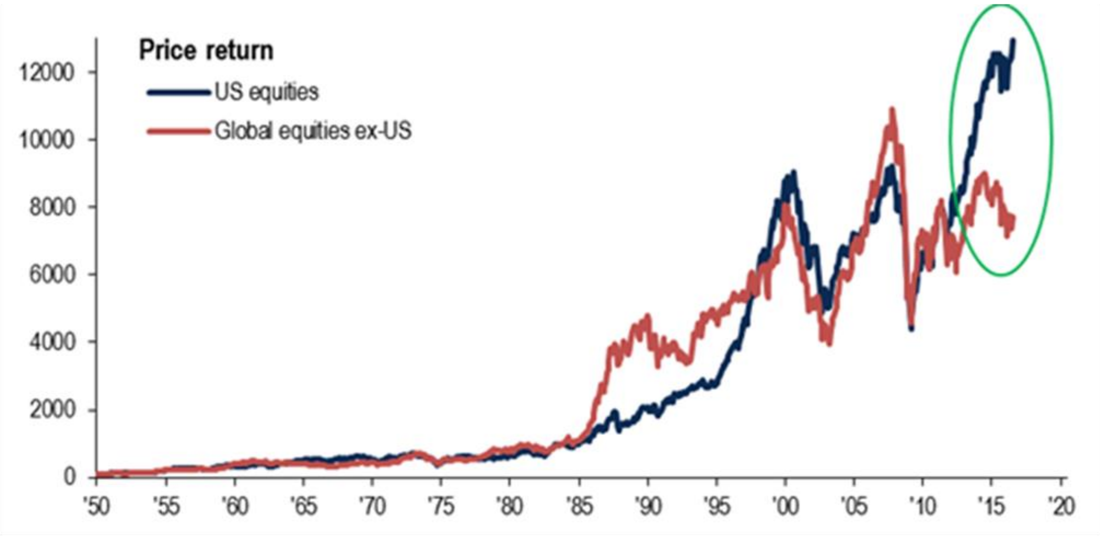
- Holdings sold:
  - Due to valuation reasons, we replaced our positions in AeroVironment (a leading manufacturer of unmanned aircraft systems and unmanned aerial vehicles used for surveillance and reconnaissance), bioMérieux (a French diagnostics company) and Google.
  - We also sold holdings of II-VI (a global leader in engineered materials and optoelectronic components) due to a combination of valuation and acquisitions that the business had made. Capital allocation within the company had become a concern.

Current issues: Bill Kanko

- The world, the environment and the economy haven't really changed. The U.S. economy continues to recover, but at a fairly low rate, with the wild card being the election.
- Europe is recovering, but at a much lower rate than the U.S. There's concern over Brexit but we don't think that changes the world a whole lot – countries will continue to trade. The upcoming Italian vote may portend changes in other parts of Europe which may have repercussions for the EU overall. We don't invest directly in Russia, and never have; it's just too difficult.
- China and other emerging markets have weakened significantly, in large part because marginal global demand is down.
- The world is reflecting a very slow growth environment. The momentum guys are back in certain areas, with technology and Internet stocks being favoured.
- The root cause of all the anxiety is today's low or even negative interest rates. We're expecting to have a period of very low economic growth for the next five to 10 years. The world has never seen negative interest rates before so it will be difficult to figure out how people are going to react.
- Interest rates are a core input into discounted cash flow models. Mathematically, with the rates where they are, any small changes in growth expectations and interest rates are going to have an effect on current valuations. Consequently we're going to see a lot of volatility, both in the equity market and the bond market, as people's expectations change according to expected growth or interest rates.
- We've been selling U.S. holdings over the last two years. Six or seven of the 28 or 29 holdings are U.S. companies, which is the lowest representation of the U.S. in a portfolio in decades. We think U.S. companies are generally overpriced relative to others.

- The following chart supports our decision to move away from the U.S. It's not just the strong outperformance in U.S. equities and the currency, but the fact that they are not reinvesting in their businesses. They are giving free cash flow back to shareholders in dividends or share buybacks and not investing in their futures.

U.S. equities have outperformed non-U.S. equities



Source: BofA Merrill Lynch Global Investment Strategy, Bloomberg, Global Financial Data