Black Creek Global Balanced Fund

It's clear to us that the returns of the past five years aren't sustainable and are well above normal long-term equity returns. And while 10-year numbers are a better approximation of returns, even these are probably above normal. Indeed, without a market correction in the next 18 months,
the five-year and 10-year equity market returns will be shockingly good. Still, if you believe in "mean reversion" – the theory that prices and returns will eventually move back toward the average – then the current state of markets is unsettling.

The party has been good, and the hosts (central banks) are keeping the punch bowl filled. If you can borrow at 3% and equities and real estate are rising by 5-10% annually, it's a no-brainer to borrow and buy these assets.

The good news (tailwinds for the market) is that interest rates remain historically low, the synchronized global economic recovery is ongoing, fiscal stimulus is becoming more fashionable, and, in big-picture terms, we have relative peace and health throughout the world. Technological innovation continues and there is a massive consumer benefit from the global price transparency offered by the Internet.
The bad news (headwinds for the market) is that central banks will soon end their massive quantitative easing exercise. Meanwhile, low global growth, high debt levels and elevated asset valuations indicate the after-party headache might be severe for some. Add to that geo-political uncertainties (populist political uprisings, North Korea and Russia flexing their muscles, ISIS worries, Brexit fallout and Trump diplomacy, among others) and we feel unsettled.

Performance: equities

The fund's overall performance over the third quarter has been flat with both equities and fixed income performing in line with their respective indexes.

In terms of our equity holdings, we didn't add to or remove names from the portfolio this quarter, although we rebalanced weights for our holdings as we continually look to upgrade the portfolio amid changing market conditions.

The top contributors to performance in the third quarter include Inovalon, Anta Sports, Agrium, Galp Energia and Cap Gemini. Detractors include L Brands, DistributionNOW, SES, ICICI Bank, Ontex, Aryzta and Oracle.

Market Commentary
Third Quarter 2017

BLACK CREEK
INVESTMENT MANAGEMENT INC.

Performance: fixed income

The fixed-income portion of the fund returned -1.7%. Generally speaking, corporate bonds outperformed government bonds over the past three months. Credit spreads continued to contract, offsetting the headwinds of rising interest rates by the U.S. Federal Reserve and the Bank of Canada. The fund participated in this outperformance with 60% of bonds allocated towards the corporate bond segment. However, any gains from the bonds' capital appreciation and earned income were offset by the U.S. dollar's fall against the Canadian dollar over the period. (The U.S. dollar depreciated 3.8% against the loonie). Some 65% of the fund's fixed-income currency exposure is in U.S. dollars and 35% in Canadian dollars.

Meanwhile, the Canadian dollar's outperformance (versus the greenback) was driven by better-than-expected gross domestic product and employment data, two interest-rate hikes (0.25% in July and September), and relatively stable oil prices.

The fund remains focused on deploying capital to bonds issued by companies with strong free cash flow, moderate debt levels and access to liquidity, and that align well with Black Creek's investment philosophy. We initiated positions in the bonds of two corporate issuers over the quarter and added to five existing corporate bond positions. Also, holdings of short-term U.S. Treasuries within the fund were recycled into medium-term Treasuries maturing in five and seven years to generate greater income and provide greater diversification benefits.

Outlook

As global central banks become less accommodative, we expect greater volatility in the bond market which should provide opportunity for capital redeployment. Bond valuations remain elevated due to three main factors: first, government bond yields remain historically low, albeit above the lows reached following the Brexit vote; second, corporate bond yield premiums (spreads) are near the lowest (richest) levels post-global financial crisis; third, global yield curves remain flat, meaning yields earned from longer-maturity bonds aren't substantially greater than those of shorter duration bonds. Therefore, we believe our focus on individual bond selection and robust credit research is critical to achieve attractive long-term fixed-income returns in today's current fixed-income environment.

While we can't predict what the market will do, we're aware that it has been some time since any market "correction." Whether or not this buoyant market (and possibly any upcoming correction) is the result of passive investing remains to be seen and debated.

Market Commentary
Third Quarter 2017

As investors with some experience, we know that there will be turbulence in the market from time to time. Volatility can be positive for investors with a long-term horizon. We focus on companies we believe will be winners in the long term, and we build concentrated portfolios based on our best ideas. We continually upgrade our portfolio with better ideas as the market presents them to us and as we develop new insight. This is our process and our manner of execution; it has kept us steady in the past and we continue to be guided by that process.

Class A Returns (in %) as at September 30, 2017	**Year-to-date**	**1 year**	**3 year**	**5 year**	**10 year**
Black Creek Global Balanced Fund	5.8	7.1	8.2	12.3	7.2