

# BLACK CREEK GLOBAL BALANCED FUND



## Q4-2020 Commentary

FUND	1 YEAR	3 YEAR	5 YEAR	10 YEAR	S.I.*
Black Creek Global Balanced Fund, Series F	3.6%	3.3%	4.8%	7.9%	6.2%
Benchmark: 60% MSCI World Total Return Index, 40% J.P. Morgan Global Government Bond Total Return Index (C\$)	12.6%	9.7%	7.9%	10.2%	6.8%

\* Inception date of Black Creek Global Balanced Fund, Series F: January 29, 2007.

Source: Black Creek Investment Management Inc., as at December 31, 2020.

### PERFORMANCE SUMMARY

- Over the fourth quarter of 2020, Black Creek Global Balanced Fund Series F (the Fund) returned 6.1%, compared to the blended benchmark, the MSCI World Total Return Index (60%) and the J.P. Morgan Global Government Bond Total Return Index (40%), which returned 4.3% over the same period.
- The Fund outperformed its benchmark which was driven by positive security selection in both the equity and fixed-income components of the Fund. Within the fixed-income portion, the allocation to high-yield corporate bonds also contributed to performance. Hedging the Fund's U.S. dollar exposure contributed to performance. The partial hedge benefited from the Canadian dollar rising 4.6% relative to the U.S. dollar over the quarter.

### CONTRIBUTORS TO PERFORMANCE

Cameco Corp. was among the leading contributors to Fund performance. Global uranium production has been reduced as a result of COVID-19-related shutdowns. The company's share price moved higher in response to expectations that a supply/demand rebalance and improving fundamentals in the uranium market will lead to uranium price increases. ICICI Bank Limited also contributed to performance. During the quarter, the bank announced record quarterly profits, which exceeded analysts' estimates. The results were led by better than-anticipated operating performance and lower-than-expected provisions for non-performing loans. The announcement of positive vaccine results from three pharmaceutical companies also led to strong share price performance.

### DETRACTORS FROM PERFORMANCE

Barrick Gold Corp. was among the leading detractors over the quarter. As investors' risk appetite increased, the recent weakness in the price of gold weighed on Barrick's share price. We continue to believe that gold prices could be higher as there are multiple drivers including a low-interest rate environment, continued central bank stimulus, a weaker U.S. dollar and continued global uncertainty. Inovalon Holdings, Inc. also detracted from performance after announcing a reduction in full-year 2020 guidance related to the COVID-19 pandemic. We continue to believe Inovalon presents a good opportunity in the health care technology space with a strong runway for continued subscription growth.

### PORTFOLIO ACTIVITY

There were three additions to the Fund during the quarter: Alibaba Group Holding, Compass Group PLC and OC Oerlikon AG. Alibaba Group Holding is a Chinese multinational holding company specializing in e-commerce, retail, Internet, and technology. Compass

Group PLC is a U.K. based global leader in the provision of food service and support services. OC Oerlikon AG is a Swiss-based global technology company with a focus on becoming a leader in surface solutions, advanced materials, and materials processing. Weakness in share prices for Compass Group and OC Oerlikon related to the spread of the pandemic allowed us an attractive entry point, while Alibaba Group's shares were weak due to a Chinese government anti trust investigation.

A ServiceMaster Global Holdings, Inc. 5.125% 11/15/24 (144A) high-yield bond was liquidated. The issuer exercised its call option on that bond to pay down debt and reduce leverage.

## **MARKET OVERVIEW**

The start of 2021 will likely remain challenging given continued volatility in markets and disappointing economic activity as a result of further pandemic-related lockdowns. We believe the delivery and distribution of vaccines in the first half of 2021 should lead to an economic recovery in the latter half of the year given pent-up demand. We also expect the post-pandemic recovery will favour a broader rally in stocks and help rebalance equity markets that have become heavily biased towards large-capitalization growth and momentum stocks.

At Black Creek, we do not position our portfolios based on any short-term market views because we believe predictions based on what the market or economy will do in the short term are inherently unreliable. As always, we will continue to look past the noise of the markets and use market volatility to our advantage as we invest in a portfolio of winning businesses at attractive valuations.



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