

BLACK CREEK INVESTMENT MANAGEMENT INC.

“Unique Insights. Proprietary Ideas”

STREAMS

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BLACK CREEK FOCUS FUND UPDATE

Worldwide markets experienced a significant recovery during 2009, with the MSCI World Index (C\$) up just over 10% for the year and up 1.7% for the fourth quarter.

The return for the Black Creek Focus Fund for the year was 24.5%, and 2.4% for the fourth quarter (after fees and expenses). On a relative basis, our performance has been quite good over the last few years, and while we have beaten the market index and preserved capital in a very tough market, we have not grown our capital. Our goal of growing your capital, and ours, over the long term remains paramount.

There was an income distribution of \$0.4687 per unit for the fund for 2009, which was re-invested in new units. For each unit you had at year end before the distribution, you now have 1.00478 units. There were realized capital losses during the year, bringing the total tax loss carryforward to approximately \$2.9 million at year end. We are looking at how to best handle this situation.

During the fourth quarter, there was positive relative contribution from Adobe Systems, Estacio, Johnson Matthey, Oracle, Rockwell Collins, Spirax Sarco, Unilever and Zimmer. There was negative contribution from Accor, Berkshire Hathaway, eBay and Wienerberger.

For the year as a whole, there was significant positive contribution from Adidas, Adobe, Applied Materials, Atlas Copco, eBay, Estacio, Intel, Johnson Matthey, Learning Tree, Makita, Oracle, Rockwell Collins, Wincor Nixdorf and Zimmer. There was negative contribution from Accor and Wienerberger.

The Canadian dollar strengthened against the U.S. dollar, Yen, Euro and Sterling by about 15%, 20%, 12% and 5% respectively for the year and this appreciation was a negative factor in the returns for the year.

Cash at the end of the year was 1% of fund assets compared to just over 2% at the end of the third quarter and just over 7% at the beginning of the year.

During the fourth quarter we sold the holding in Atlas Copco, and added new positions in Erste Group Bank AG and Publicis Groupe SA. Atlas Copco shares doubled in local currency terms from the time we bought them in late 2008 and were looking quite expensive relative to our earnings growth expectations and relative to the other holdings.

Erste Group Bank holds leading retail and commercial banking positions in Austria, the Czech Republic, Slovakia, Hungary, Romania and other Eastern European countries. With an experienced and solid management group, we expect Erste Bank to benefit from the growth of basic retail banking services in eastern Europe over time.

Publicis is the third largest advertising group in the world and is a leader in media buying, planning and creative development. We expect that end market media fragmentation will actually benefit the coordinated global advertising firms such as Publicis. From its origin in

NAVPS at December 31

Pre-distribution:

C\$ 98.5022

US\$ 93.9593

Post-distribution:

C\$ 98.0335

US\$ 93.5121

Distribution:

C\$0.4687; US\$ 0.4471

PERFORMANCE

to December 31, 2009:

	BCFF	Index ¹
Q4:	2.4%	1.7%
1 Yr:	24.5%	10.4%
2 Yrs ² :	0.5%	-9.5%
3 Yrs ² :	-2.7%	-8.9%
4 Yrs ² :	0.6%	-2.5%
Incept ^{2,3} :	0.3%	-1.0%

1 MSCI World Total Return(C\$)

2 compound annual returns

3 inception May 1, 2005

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...FUND UPDATE (CONT.)

1926, the company has stressed integrity, frugality and a “French/Artistic” approach to advertising. This culture has been the backdrop to their success in organic growth, media awards won and profitability over the past 10-15 years.

The events of 2008 and 2009 bear witness to what was possibly the largest intervention by governments in the financial system and economy in the entire history of the world. The panic began with the collapse and take-over of Bear Stearns in March 2008, followed by Fannie Mae and Freddie Mac being put into conservatorship, the bankruptcy of Lehman Brothers, the quasi-nationalization of AIG, the near collapse of Merrill Lynch, Morgan Stanley and Goldman Sachs, and the closure of many American banks. And this was just the U.S. situation. We saw the British banking system become largely nationalized, massive cash infusions by the ECB in Euro money markets to prevent their collapse, the near-bankruptcy of Iceland, massive defaults in the Middle East, and other sundry failures and scams. We’ve had a panic and financial crisis that probably could have put the world into an economic depression far worse than that of the 1930s. The two obvious questions are why we, as investment professionals, didn’t see it coming, and, is it over? Unfortunately, we don’t have satisfactory answers for either question. We’re not that smart.

Outlook

As we begin the new decade we are seeing some signs of economic recovery in North America, Europe and even Japan, but so far it is pretty muted. In the U.S., consumer debt levels, government debt levels, the lack of job growth and higher oil prices will put a damper on economic recovery. While some inventory rebuilding can be expected, final demand growth should be low. In Europe, some signs of stronger consumer demand in the summer have faded, and there are few factors that would argue for a strong recovery in 2010. Some countries such as Ireland, Spain, the U.K. and parts of Eastern Europe will struggle to show growth as they recover from the bursting of asset bubbles in prior years. China continues to report strong growth, but as we argued in our previous commentary, the growth of bank credit and government investment cannot continue at this pace. Overall we expect positive but low global growth in 2010 and even 2011, but we are not economists and any forecast such as this from us (or the economists) should be viewed as highly unreliable.

We do not expect inflation to be an issue in North America or Europe in the short term, as there is still substantial overcapacity in most industries worldwide and in the available labour force. Some deflationary trends persist, but we are watching this tug-of-war closely. We would expect inflation to show up in China first, unless the government decides to revalue the Yuan upwards and tighten credit in order to stave off a growing real estate bubble.

Equity prices for the companies we own remain attractive relative to interest rates and our views of long term earnings growth. It is certainly tougher now to find the really attractive opportunities that we saw in early 2009. Prices for companies in emerging markets, where the perceived growth is the greatest, look high to us. Our process has us looking for opportunities one by one. It maintains the discipline of a concentrated portfolio, helps ensure diversification by not investing in sectors, and forces us to have conviction in a particular business idea.

Black Creek Focus Fund

TOP TEN HOLDINGS

(As at December 31, 2009)

- *Accor*
- *adidas Group*
- *eBay*
- *Hamamatsu Photonics*
- *Johnson Matthey*
- *Makita*
- *Rockwell Collins*
- *Wienerberger*
- *Wincor Nixdorf*
- *Zimmer*

...FUND UPDATE (CONT.)

Update on Holdings

As you think about the following descriptions of the businesses you own through the fund, what is remarkable, but not surprising given our approach to choosing companies, is the fact that the companies, with very few exceptions, have gained market share or at least held market share in what has been a very tough business environment. While sales and earnings have declined for many of the companies, their competitive standing has held or improved. Most of these companies in your fund are global leaders in their markets and usually have significant competitive advantages, or operate in businesses where the barriers to entry are huge. It is rare that we buy the number three-ranked or lower company in any business, and if we do, there is a compelling case for why that business will displace the leaders.

While we cannot predict the economic conditions that will prevail in 2010 or 2011, we remain confident that the businesses we own will be much larger and more profitable ten years from now. At the same time we continue in our efforts to uncover new opportunities that will offer better return prospects compared to what we currently own. Changes in our list of holdings is inevitable, but unpredictable.

Accor had a difficult year in 2009. Its hotel business, while performing well competitively, has significant operating leverage and earnings declined significantly with the drop in occupancy and room rates. Its vouchers business depends on employment growth and interest rates on their "float", and it too suffered an earnings drop. Near year-end the board voted to split the two businesses, and this will be done in 2010. We believe this makes strategic sense and will help to show the value inherent in Accor, along with recovery of its businesses.

adidas Group also had a difficult 2009, with supply channels burdened with too much inventory in a declining demand environment. Towards year end, there were signs of both a recovery in end demand and a hopeful sign of a turnaround in their Reebok business, which is key to our valuation of Adidas.

Sales at Adobe Systems declined by over 18% in the fiscal year to November 30, and earnings were down more. Business spending on creative software such as Adobe's disappeared with business budget cuts, but a new product cycle, the release of Windows 7, the expected growth of notebook computers and smart phones and the increasing use of video on the web argue for a significant improvement in Adobe's business over the next 24 months. The acquisition of Omniture puts Adobe in a new but arguably related market, and the strategic fit must be demonstrated over the next year or two.

With the drop in demand for semiconductors, flat panel displays and even solar panels through 2009, sales for Applied Materials were down almost 40% for the year ended in October and the company showed a loss. Our thesis on Applied Materials has not changed, and we expect its end markets, and especially the solar market, to drive significant growth over the next five years.

Berkshire Hathaway shares lagged the market during 2009, but we believe they continue to trade at a discount to what they are worth. The company executed a number of deals near the bottom of the market and got preferential terms on many of these, and liquidity remains good for future deals. The Burlington Northern deal is unusual in size, but the price appears to be reasonable especially with the leveraged returns available at Berkshire.

There is significant change going on at eBay, with the company selling a majority stake in Skype and probably looking to spin off its holding in PayPal. The business at its marketplaces segment is improving with the changes that new management have made, and growth at PayPal remains impressive. The shares continue to sell at a discount to what we think they are worth.

Business at Estacio has held up fairly well in this downturn, and the company is well-positioned to gain share and grow in the post-secondary education business in Brazil. There are signs of margin improvement achieved by the new management and the education sector in Brazil should benefit from both government policy and a robust economy there. The shares are somewhat ahead of earnings in the short term.

...FUND UPDATE (CONT.)

Hamamatsu's results have been hurt by the significant declines in industrial production and semiconductor demand, but orders and sales are starting to turn up. The company has not lost any market share to speak of except in laser diodes, according to management. Long term drivers for their business remain intact, and the company's technical capabilities remain unchallenged. Hamamatsu Photonics is one of only two companies worldwide still in the photomultiplier tube business and leads there by a significant margin.

Intel's business has already turned up with the growth in PCs and netbooks and should benefit from the transition to Windows 7 and the growth in corporate IT spending and wireless. However, the shares have outpaced the market over the last year and are anticipating significant earnings gains from here. We continue to hold the shares, but are following the company's progress closely. We don't believe that the Justice Department suit will be a material negative for the company, and this issue might take some time to resolve itself.

Johnson Matthey's competitive position remains intact through this downturn, but sales and earnings are being negatively impacted by the downturn in the global automotive business. There is no change in our thesis on this company, but the shares are somewhat ahead of any recovery in earnings.

The downturn in business at Learning Tree has exceeded our expectations based on reduced training spending by businesses in this environment. While management has done a good job of controlling expenses, there is no sign yet of an upturn in demand. The release of their new AnyWare internet learning product is in line with our long term thesis on this company, and we are impressed with what the new CEO has done with the company. Patience is required here.

Business at Makita stinks. There's no other way to say it. Demand here depends on new housing demand and the renovation markets, both of which remain in the ditch. The shares outperformed the market in 2009, but there is no sign of recovery in sales and earnings yet. We think the purchase of Black and Decker by Stanley Works creates an opportunity for Makita to gain share in North American markets.

Murata too has managed to maintain its competitive position through this downturn, and the longer term drivers of its business remain intact. We are vigilant on the issue of new low-cost competition coming out of Korea and China at the low end of the company's markets. Demand should recover nicely in 2010 and 2011 for Murata.

Oracle continues to gain share through this downturn, and its business has held up relatively well. The acquisition of Sun Microsystems puzzles us though. In some respects, it places Oracle in the position of being the "Apple" of the enterprise market with combined hardware, operating system, software and applications in an increasingly mobile market. On the other hand, it takes Oracle into areas that it has not historically been in. Larry Ellison has proven to be a shrewd strategist and acquirer, and the shares remain pretty cheap, so we are content to give the company the benefit of the doubt until we are convinced otherwise.

While the defense business of Rockwell Collins had held up pretty well, the commercial side of the aerospace business has been hit hard by the downturn in demand. The company has very good competitive positions in its aerospace avionics business, and longer term demand remains favourable, especially in emerging markets.

Spirax Sarco has felt the effect of the economy as well but their results have been relatively resilient. Their business specializes in the use and distribution of steam, and is oriented to industrial spending which tends to lag the general cycle. It is not so much their products that distinguish the company, but their experience and know-how in a field where energy efficiency and environmental emissions are important to their customers.

Unilever actually gained market share through 2009 as its range of mid-priced products appealed to customers in a tough economic environment. The company is being better managed with demonstrable improvements in margins as well. Part of the company's success has come at the expense of Procter and Gamble, but with the change in management at P&G we expect that the competitive environment might get tougher for Unilever, and we are monitoring this change.

...FUND UPDATE (CONT.)

Demand in Wienerberger's brick business has evaporated in the short term, and overcapacity is still an issue for pricing. The company has reacted by closing or moth-balling capacity, reducing inventories and focusing on costs, and a new CEO has strengthened the balance sheet through a rights issue. The company's plants are modern and low-cost, and once demand improves the earnings leverage should be significant.

Wincor Nixdorf has also gained market share in its core automated teller machine business and maintained share in its retail point of sale systems business, and is doing well relative to Diebold and NCR, its main competitors. More and more of the business is software and related services and the growth in this part of the business has largely offset the declines in the hardware business. We remain impressed with the company's management and capabilities.

Zimmer's business in hip and knee implants had a tough 2009 relative to competitors, largely due to the effects of curtailed training and consulting agreements with surgeons after the Justice Department investigation in 2008, but also due to the discontinuance of an important product. There are currently signs of the business stabilizing, and new products and a resumed training program should result in improved market share in an improving market in 2010. Longer term demand for Zimmer's products remains favourable with an ageing yet more active population.

Black Creek Investment Management Business Update

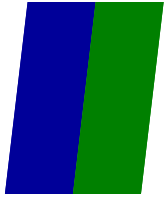
Our business grew significantly in 2009, both on an asset basis and in people terms. Our assets under management grew from just under \$200 million at the end of 2008 to just over \$400 million at the end of 2009. It is important to have some scale in what we do, but there is always the trade-off of size and flexibility. Scale is important from a trading cost and coverage point of view, but size at some point hampers flexibility and the ability to earn premium returns. There are diseconomies of scale at some point for investment management, but we are a long way from there. Our primary goal remains superior investment management, not growth of assets alone. If we look after our investors, growth will follow.

We went from three people to five in relatively short order. Alan Forde joined us in October as Chief Operating Officer and Business Development officer. Alan had a long and successful career as an institutional equity salesman at various brokers in Canada, and was looking for a new challenge. His reputation for integrity sold us, and Alan will be extolling the benefits of investing with Black Creek to our future clients.

Evelyn Huang joined us at the start of 2010, and brings our investment team to four people. Evelyn worked directly with Richard Jenkins at Invesco Trimark for four years, and coincidentally, both earned their MBAs from INSEAD (European Institute of Business Administration) in France. A native of Chongqing, China, Evelyn brings more than 13 years of financial experience to our team and has extensive knowledge of various industries and an understanding of cultural and social differences acquired through her international education and work experience in China, France, Germany and Canada.

Aside from people and assets, an important change for our clients was the inauguration of our website (www.blkcrk.ca) in 2009. Here you will find a lot more information on people, process and news. There are some interesting articles and links there now, so we encourage you to visit the site regularly. We welcome your feedback and suggestions.

Our capabilities have grown significantly over the past few years, and we are better positioned today to continue to add value to the investment process. Our returns have been good, but we are still focused on achieving growth of capital over the long term. Our team is invested alongside of clients, and we take our responsibility seriously. As always, thank you for your continued support.



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Black Creek Investment Management Inc. is a portfolio manager in Ontario.

Black Creek manages international equity portfolios for its clients, and is the Manager of The Black Creek Focus Fund, a pooled equity fund for accredited investors.

This document contains financial highlights, but does not contain either interim or annual financial statements of the Black Creek Focus Fund. Unless you have indicated that you do not wish to receive a copy of the interim or annual financial statements of the Black Creek Focus Fund, when prepared, you will receive these financial statements at no additional cost.

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