Portfolio Appraisal and Commentary

For the month of March 2016 CTPF Multi Cap International Equity Fund returned 7.4% (not reconciled) versus 6.5% for the MSCI Eafe Index and 8.1% for the MSCI ACWI ex US. Most stocks in the portfolio performed well with 23 of the 50 stocks gaining 8% or more for the month. Strong performance came from Dalian Wanda (+44%) on the back of news that management may potentially take the company private. Additionally, most oil related stocks such as Nabors, Amec Foster Wheeler, Suncor and CNOOC all performed well as oil rebounded. Few stocks hurt the portfolio such as Japanese pharmaceutical Astellas (-3%) and Unicredit (-7.4%).

For the quarter the portfolio under performed the MSCI World Ex US index (-2.51 vs. -0.37 for the MSCI World Ex US index). Stocks that helped the portfolio included Ambev, CNOOC, Infosys, Las Vegas Sands, Turkcell and Yum Brands. Our over weight in emerging markets (18.2% vs. 12.5%) clearly helped with all named stocks up double digits. Additionally, ABB and Adidas also had sound returns. The two largest detractors where financials and Japan (Fujitsu, HSBC, Mitsubishi UFJ, SCSK Corp, Standard Chartered).

The first quarter of 2016 was clearly a roller coaster ride. After a very difficult first two months markets recovered nicely in March. Double digit returns both on the upside and downside created opportunities to both add and/or trim positions. Broad economic data and news focused around China, Oil & Gas, Greece and the potential of the UK exiting the European Union dominated the market place. We expect with all these factors in place the markets will continue to be volatile. With this in mind we will continue to focus on the quality and strength of the businesses that we own.

From a sector standpoint we are currently under weight financials (20.8% vs. 26%), underweight consumer staples (8% vs. 11%) as this high quality, high free cash flow sector has been bid up due to a flight to quality. We are over weight in energy (9.2% vs. 6.2%) since valuations are at historic lows and we have been able to find quality companies that can thrive evening during weak oil prices. From a country standpoint we are under weight Japan (12.4% vs. 17%) as we continue to have difficulties finding management teams that focus on return based metrics such as ROE and ROIC, and we are over weight Switzerland as we feel the country has many world class companies such as Syngenta, ABB, Novartis and UBS. Please keep in mind that our sector exposure is driven from a bottom up process where individual names are analyzed for valuation and quality heuristics.