

# Global Absolute Return Fund

FLASH REPORT • April 30, 2019



## FUND DETAILS as of April 30, 2019

	Ticker	CUSIP	Net Expenses	Net Assets (\$)
GAR Fund - Instl Class	CGAIX	14949P406	1.52%	43,433,229
GAR Fund - Investor Class	CGAVX	14949P505	1.77%	1,976,645

## PERFORMANCE

as of April 30, 2019, Inception date: January 24, 2011

## PRIOR QUARTER PERFORMANCE

as of March 31, 2019

	Year to						Since			
	Month	Date	1 Year	3 Years	5 Years	Inception	1 Year	3 Years	5 Years	Inception
GAR Fund - Instl Class (Net)	-3.31%	-9.82%	-1.23%	-0.81%	-1.03%	1.66%	2.84%	0.74%	-0.47%	2.10%
GAR Fund - Investor Class (Net)	-3.35%	-9.92%	-1.51%	-1.00%	-1.26%	1.41%	2.59%	0.53%	-0.70%	1.85%
ICE BoAML 3-Month US TBill	0.19%	0.79%	2.18%	1.25%	0.78%	0.51%	2.12%	1.19%	0.74%	0.49%

Performance greater than one year is annualized. The performance data quoted represents past performance. Past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth less than their original cost and current performance may be lower than the performance quoted. For performance as of the most recent month-end, please call 1-866-947-7000. Investment performance reflects fee waivers. In the absence of such fee waivers, total return would be reduced. Gross expenses before investment adviser fee waivers are 1.81% for Institutional Class shares and 2.00% for Investor Class shares. The waivers are contractual and in effect until 1/31/20. Investor Class shares charge up to a 0.25% annual shareholder service fee. Total returns assume reinvestment of dividends and capital gains distributions at net asset value when paid.

## CHARACTERISTICS as of April 30, 2019

Cash	46,235,039	Net Exposure	-1.45%
Market Value Long	72,716,848	Leverage	3.21x
Market Value Short	-73,375,648		
Net Positional Value	-658,800		
NAV	45,576,239		

"Market Value Long" is the aggregate value of notional long exposures to securities and "Market Value Short" is the aggregate value of notional short exposures to securities under swap agreements. "Net Positional Value" is the difference between the dollar amount of notional short exposures and the dollar amount of notional long exposures. "Net Exposure" is net positional value divided by total assets. "Leverage" is the absolute value of long and short exposures divided by total assets. Data is from the Investment Adviser's accounting system and will differ from the Fund's official net asset value for reasons including: differences in the accrual of certain expenses and income and recognition of cash flows.

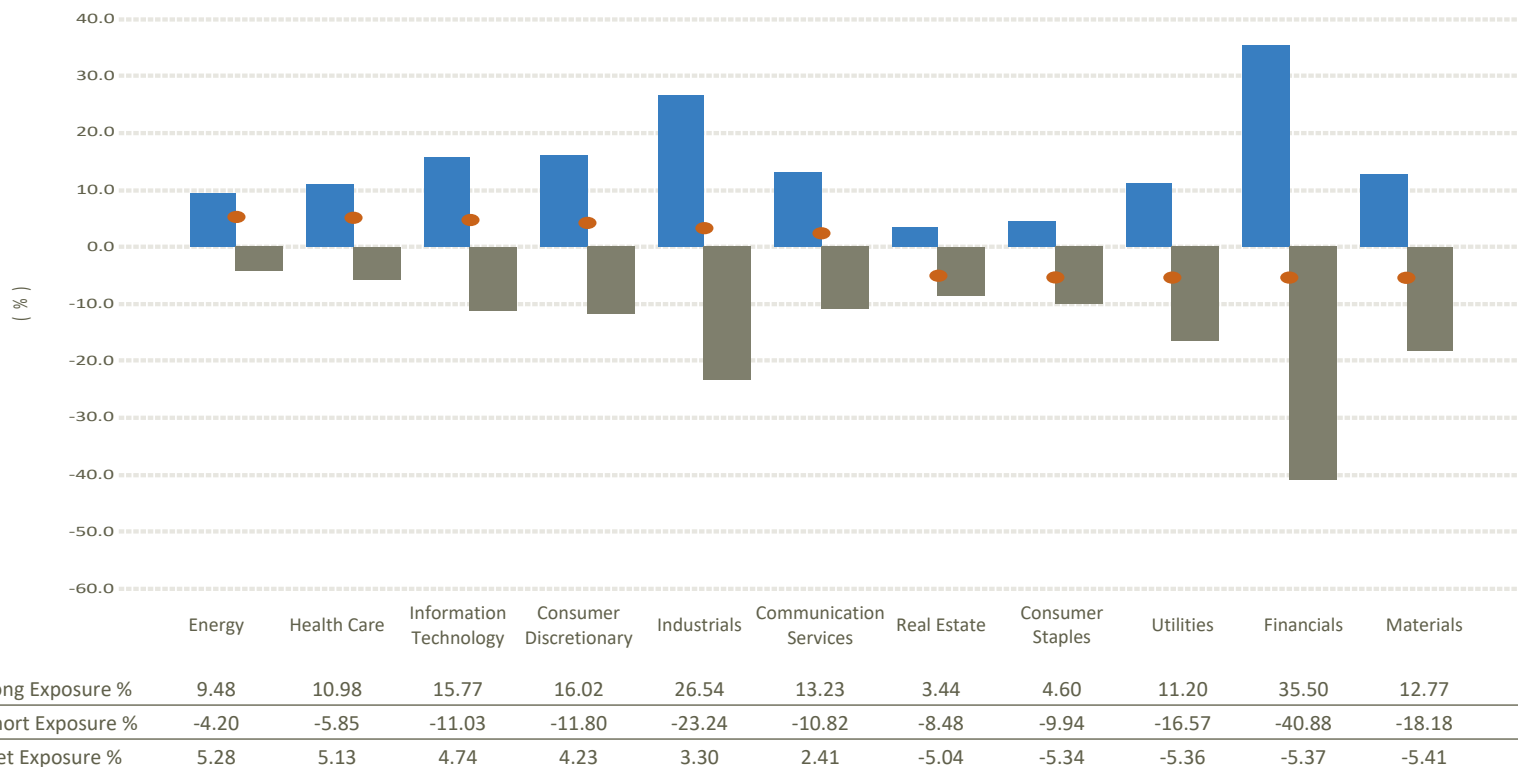
## TOP 10 HOLDINGS as of April 30, 2019

Long Positions		Ending Weight	Short Positions		Ending Weight
1.	FirstEnergy Corp.	3.2%	1.	Hitachi Chemical Co., Ltd.	-3.5%
2.	H&R Block, Inc.	3.1%	2.	Carvana Co.	-3.4%
3.	Citigroup, Inc.	3.1%	3.	Aqua America, Inc.	-3.3%
4.	Koninklijke VolkerWessels NV	3.1%	4.	SiteOne Landscape Supply, Inc.	-3.3%
5.	Microsoft Corp.	3.1%	5.	Markel Corp.	-3.3%
6.	Alaska Air Group, Inc.	3.1%	6.	Premium Brands Holdings	-3.2%
7.	Oracle Corp.	3.1%	7.	Cellnex Telecom SA	-3.2%
8.	KDDI Corp.	3.1%	8.	Beazley Plc	-3.1%
9.	Coca-Cola Amatil Ltd.	3.1%	9.	Daimler AG	-3.1%
10.	Manulife Financial	3.0%	10.	American International Group, Inc.	-3.1%

Long and short positions are notional exposures to securities under swap agreements. Weights are percentages of total assets. Holdings are subject to change.

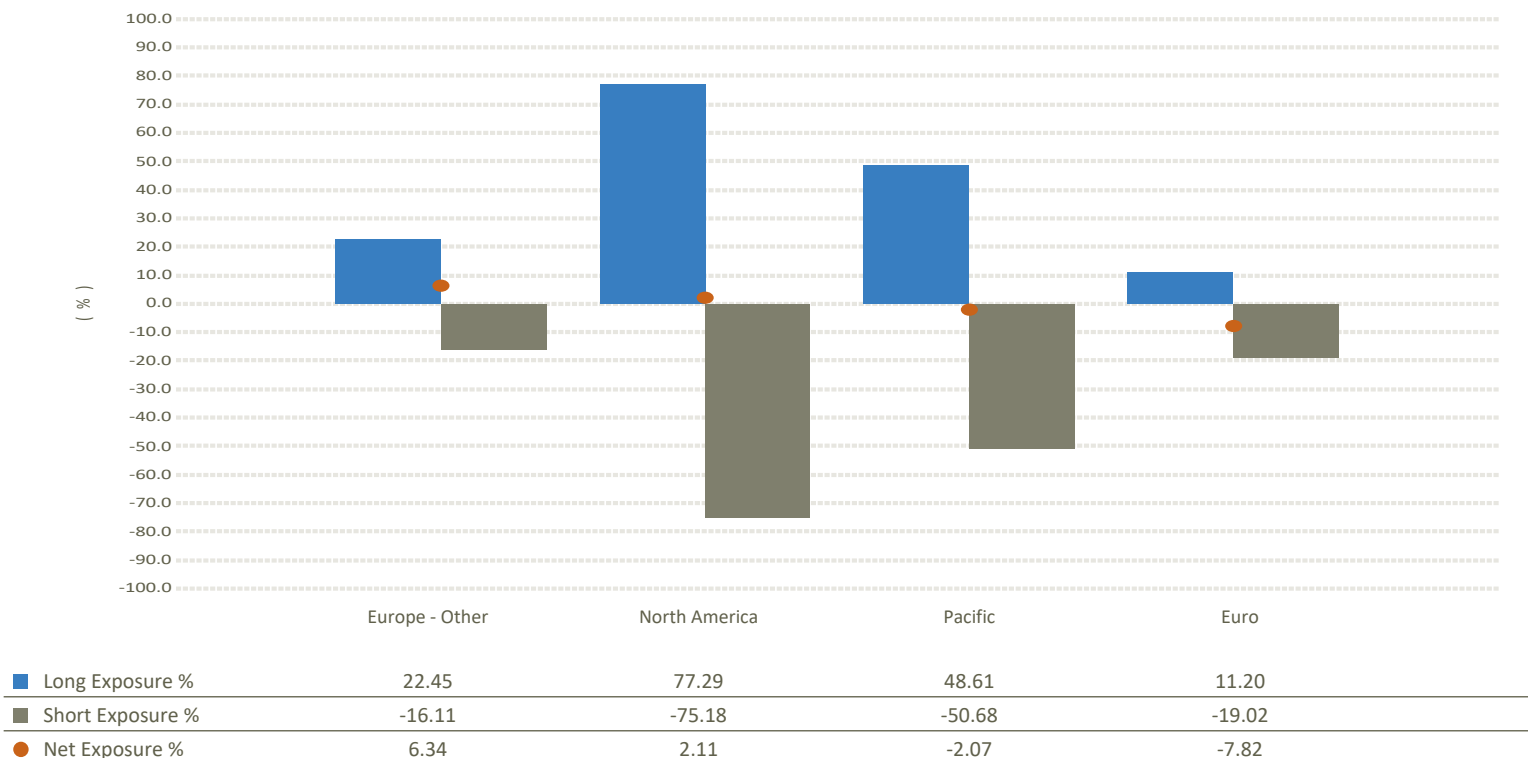
# Global Absolute Return Fund

## SECTOR EXPOSURE for the month ended April 30, 2019



Long and short exposures are percentages of total assets. Net exposure is long minus short exposure.

## REGION EXPOSURE for the month ended April 30, 2019



Long and short exposures are percentages of total assets. Net exposure is long minus short exposure.

# Global Absolute Return Fund

## LARGEST CONTRIBUTORS (LONG POSITIONS) for the month ended April 30, 2019

	Company Name	Weight <sup>(1)</sup>	Return	Contribution to Return <sup>(2)</sup>	Country	Industry Group
POSITIVE	H&R Block, Inc.	3.1%	13.6%	0.41%	United States	Consumer Services
	Navient Corp.	2.8%	16.8%	0.39%	United States	Diversified Financials
	Citigroup, Inc.	3.1%	13.7%	0.38%	United States	Banks
	Rent-A-Center, Inc.	2.4%	19.4%	0.36%	United States	Consumer Durables & Apparel
	BNP Paribas SA	3.0%	11.1%	0.33%	France	Banks
	Steelcase, Inc.	2.1%	18.7%	0.32%	United States	Commercial & Professional Services
	Dialog Semiconductor Plc	1.5%	26.9%	0.29%	Germany	Semiconductors & Semi Equipment
	Alaska Air Group, Inc.	3.1%	10.3%	0.29%	United States	Transportation
	Microsoft Corp.	3.1%	10.7%	0.29%	United States	Software & Services
	Manulife Financial	3.0%	8.4%	0.25%	Canada	Insurance
NEGATIVE	Takeda Pharmaceutical Co., Ltd.	2.8%	-9.4%	-0.28%	Japan	Pharmaceuticals & Biotechnology
	Tokai Carbon Co., Ltd.	2.1%	-7.3%	-0.25%	Japan	Materials
	K12, Inc.	1.7%	-11.7%	-0.20%	United States	Consumer Services
	China Mobile Ltd.	2.6%	-6.5%	-0.17%	China	Telecommunication Services
	Signet Group	2.4%	-14.8%	-0.15%	United States	Retailing
	Alliance Resource Partners LP	2.7%	-5.4%	-0.14%	United States	Energy
	Ferrexpo Plc	0.0%	-17.5%	-0.14%	United Kingdom	Materials
	United States Steel Corp.	0.6%	-20.0%	-0.14%	United States	Materials
	The AES Corp.	2.9%	-4.6%	-0.13%	United States	Utilities
	China Railway Construction Corp. Ltd.	0.0%	-7.5%	-0.13%	China	Capital Goods

## LARGEST CONTRIBUTORS (SHORT POSITIONS) for the month ended April 30, 2019

	Company Name	Weight <sup>(1)</sup>	Return	Contribution to Return <sup>(2)</sup>	Country	Industry Group
POSITIVE	Umicore	-2.5%	-14.4%	0.57%	Belgium	Materials
	Roku, Inc.	0.0%	-12.4%	0.19%	United States	Consumer Durables & Apparel
	Aker BP ASA	-1.8%	-7.7%	0.15%	Norway	Energy
	Hokuriku Electric Power Co.	-2.4%	-5.4%	0.13%	Japan	Utilities
	Maruichi Steel Tube Ltd.	-2.3%	-5.3%	0.13%	Japan	Materials
	Bombardier	-1.2%	-11.7%	0.12%	Canada	Capital Goods
	Instructure, Inc.	-1.0%	-8.6%	0.09%	United States	Software & Services
	Mattel, Inc.	-1.3%	-6.2%	0.08%	United States	Consumer Durables & Apparel
	China Unicom (Hong Kong) Ltd.	0.0%	-2.6%	0.08%	China	Telecommunication Services
	Samsung Heavy Industries Co., Ltd.	-2.5%	-3.2%	0.08%	South Korea	Capital Goods
NEGATIVE	ams AG	-1.4%	56.5%	-0.80%	Switzerland	Semiconductors & Semi Equipment
	Carvana Co.	-3.4%	23.1%	-0.71%	United States	Retailing
	Hitachi Chemical Co., Ltd.	-3.5%	19.3%	-0.55%	Japan	Materials
	SiteOne Landscape Supply, Inc.	-3.3%	17.8%	-0.48%	United States	Capital Goods
	Great Wall Motor Co., Ltd.	0.0%	19.8%	-0.38%	China	Automobiles & Components
	Daimler AG	-3.1%	11.4%	-0.34%	Germany	Automobiles & Components
	Beazley Plc	-3.1%	11.9%	-0.33%	United Kingdom	Insurance
	American International Group, Inc.	-3.1%	10.5%	-0.31%	United States	Insurance
	Aqua America, Inc.	-3.3%	7.2%	-0.22%	United States	Utilities
	Triumph Group, Inc.	-1.0%	24.5%	-0.21%	United States	Capital Goods

(1) Ending period weights

(2) Geometric average using daily returns and weights

Long and short positions are notional exposures to securities under swap agreements.

**Causeway Global Absolute Return Fund  
Review for Month Ended April 30, 2019**

**Commentary Highlights**

- **After a first quarter recovery rally, equity markets continued to rise in April as monetary policy remained accommodative in most regions globally, especially in the US and China.**
- **We currently expect interest rates to stay very low for at least the next four quarters in Europe and (assuming no early progress on a Brexit deal) unchanged in the UK.**
- **By next year, we expect the US yield curve to turn upward, albeit modestly, which should de-rate the most speculative and leveraged segments of the markets. From a fundamental perspective, we focus our research efforts on the most undervalued stocks globally that trade at multiples consistent with a deteriorating economic cycle and structural disruption.**

**Performance Review**

Causeway Global Absolute Return Fund (“Fund”) underperformed the ICE BofAML US 3-Month Treasury Bill Index in the month of April. The Fund’s underperformance was driven by both the long and short portfolios: the Fund’s global long portfolio underperformed the MSCI World Index (“World Index”) and the Fund’s global short portfolio outperformed the World Index, also contributing negatively to overall performance.

After a first quarter recovery rally, equity markets continued to rise in April as monetary policy remained accommodative in most regions globally, especially in the US and China. The top performing markets in our investable universe were Israel, Germany, Austria, Ireland, and Sweden. The worst performing markets were Denmark, Finland, South Korea, New Zealand, and Hong Kong. The best performing sectors in the World Index were financials, information technology, and communication services. The worst performing sectors were health care, real estate, and utilities.

The Fund takes long and short notional exposures to securities under swap agreements. We use a combination of fundamental and quantitative inputs to select exposures for the long portfolio of the Fund, while we use primarily quantitative inputs to select exposures for the short portfolio. Our fundamental inputs reflect the risk-adjusted total return potential of stocks favored by our fundamental research team. Our quantitative inputs include signals that seek long (short) positions in stocks which we believe are undervalued (overvalued) and have improving (deteriorating) earnings growth dynamics, positive (negative) technical price movements, and superior (inferior) quality of earnings. During the month of April, none of our quantitative alpha factor categories demonstrated predictive power. Contrary to expectations, stocks with cheap valuations marginally underperformed those with expensive valuations, stocks with improving earnings growth dynamics underperformed those with worsening dynamics, stocks with positive technical indicators underperformed those with negative technical indicators, and stocks demonstrating higher earnings quality underperformed those with lower earnings quality.

Within the long portfolio, attribution effects were weakest in the materials, media & entertainment, and software & services industry groups. Long-side attribution effects were strongest in the commercial services & supplies, real estate, and health care equipment & services industry groups. Long exposures that detracted most from the Fund’s performance were Takeda Pharmaceutical Co., Ltd. (Japan), carbon products manufacturer, Tokai Carbon Co., Ltd. (Japan), for-profit educator, K12, Inc. (United States), mobile telecommunications operator, China Mobile Ltd. (China),

and specialty retail jeweler, Signet Group (United States). Long exposures that contributed most to performance were tax preparation company, H&R Block, Inc. (United States), student loan services company, Navient Corp. (United States), global financial services giant, Citigroup, Inc. (United States), furniture & electronics rent-to-own company, Rent-A-Center, Inc. (United States), and banking & financial services company, BNP Paribas SA (France).

Within the short portfolio, attribution effects were weakest in the pharmaceuticals & biotechnology, insurance, and automobiles & components industry groups. Short-side attribution effects were strongest in the consumer durables & apparel, media & entertainment, and materials industry groups. Short exposures that detracted most from performance were sensor producer, ams AG (Germany), online car dealer, Carvana Co. (United States), chemicals manufacturer, Hitachi Chemical Co., Ltd. (Japan), SiteOne Landscape Supply, Inc. (United States), and automaker, Great Wall Motor Co., Ltd. (China). Short exposures that contributed most to the Fund's performance included materials technology company, Umicore (Belgium), digital media player manufacturer, Roku, Inc. (United States), oil exploration & production company, Aker BP ASA (Norway), electric utility, Hokuriku Electric Power Co. (Japan), and steel structure manufacturer, Maruichi Steel Tube Ltd. (Japan).

### **Economic Outlook**


US gross domestic product ("GDP") expanded at a 3.2% annualized rate in the first quarter, although household spending and business fixed investment slowed. Another positive sign emerged in the US labor market as the unemployment rate remained steady and wage growth increased in March compared to the prior year, although at a slightly slower pace than in February. US inflation, as measured by the Consumer Price Index, remains below the US Federal Reserve's ("Fed's") target rate of 2%. At the Fed's latest meeting, Fed Chair Powell announced no change to interest rates and indicated no bias to either cut or raise rates in the near term. In the Eurozone, the European Central Bank ("ECB") reaffirmed an accommodative stance, holding rates steady in April, and is expected to maintain the current level through the end of 2019. Core inflation in the Eurozone slowed to 0.8%, the lowest level in a year, providing further justification for the ECB to continue its bond buying program and financing of Eurozone banks. Manufacturing continues to be weak in the region, with the IHS Markit Manufacturing Purchasing Managers Index ("PMI") reading firmly in contraction territory at 47.9 in April. The April Eurozone Services PMI fared better, but still pointed to the weakest expansion in three months, with the latest reading at 52.5 – down from March's 53.3. European employment data, however, was a notable bright spot; job creation gained momentum and rose to a five month high in the region. The European Union granted the UK a flexible Brexit deadline extension to October 31, 2019, fending off the immediate threat of a no-deal Brexit. The UK manufacturing PMI slowed in April from its twelve month high reading of 55.1 in March, but remained solidly in expansion territory. UK retail sales climbed 6.7% in March from a year prior amidst a robust labor market and solid wage growth. We currently expect interest rates to stay very low for at least the next four quarters in Europe and (assuming no early progress on a Brexit deal) unchanged in the UK.

In China, the government has initiated stimulus programs to boost demand. This was evident in the first quarter GDP growth rate at 6.4% annualized, unchanged from the fourth quarter of 2018. Industrial production and retail sales also increased in March. First quarter aggregate total social financing, a broad measure of credit and liquidity in the economy, have surpassed levels of credit expansion in previous years. We currently expect increased credit growth, along with a resolution this summer to the US-China trade negotiations.

### **Investment Outlook**

The past decade of massive global monetary accommodation has produced side effects such as asset inflation, fiscal deficits, and rising levels of private and public sector debt. The excess liquidity in public equity markets has investors apparently indifferent to valuation in their efforts to gain exposure to growth. As the pace of monetary liquidity expansion slows, we expect rewards for those engaging in price discovery and identifying undervaluation. Valuations between the cheapest and most expensive quintiles of the market have widened to extreme levels, and non-US stocks





## Global Absolute Return Fund

are trading at historically large discounts to the US market. Valuations of long duration growth equities (e.g., stocks with much of the payoff for shareholders promised many years in the future) have continued to soar. By next year, we expect the US yield curve to turn upward, albeit modestly, which should de-rate the most speculative and leveraged segments of the markets. From a fundamental perspective, we focus our research efforts on the most undervalued stocks globally that trade at multiples consistent with a deteriorating economic cycle and structural disruption. Value investing requires patience, and value should earn a premium because its cycle is so hard to time.

On an aggregate long/short portfolio basis, we are maintaining a near market-neutral posture, with -1.45% net exposure overall (long exposures minus absolute value of short exposures). Consistent with our goal of delivering low equity market sensitivity, we target a zero expected beta to the World Index.[1] On an aggregate basis, our largest net biases by sector are toward energy and health care, where we have significant positive net exposure, and against financials and utilities, where we have meaningful negative net exposure. By geography, we are net biased toward China and Canada, and biased against Hong Kong and Australia. Gross exposure (leverage) for the Fund is 321% (3.21x) as of April 30, 2019.

*The market commentary expresses the portfolio managers' views as of the date of this report and should not be relied on as research or investment advice regarding any stock. These views and any portfolio holdings and characteristics are subject to change. There is no guarantee that any forecasts made will come to pass. Any securities identified and described do not represent all of the securities purchased, sold or recommended for the Fund. Index returns, if any, are gross of withholding taxes, assume reinvestment of dividends and capital gains, and assume no management, custody, transaction or other expenses. The reader should not assume that an investment in any securities identified was or will be profitable.*

*MSCI has not approved, reviewed or produced this report, makes no express or implied warranties or representations and is not liable whatsoever for any data in the report. You may not redistribute the MSCI data or use it as a basis for other indices or investment products.*

**To determine if the Fund is an appropriate investment for you, carefully consider the Fund's investment objectives, risk factors, charges and expenses before investing. Please read the prospectus carefully before you invest or send money. To obtain additional information, call 1-866-947-7000 or visit us online at [www.causewayfunds.com](http://www.causewayfunds.com).**

Mutual fund investing involves risk, including possible loss of principal. In addition to the normal risks associated with equity investing, international investing may involve risk of capital loss from unfavorable fluctuations in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Emerging markets involve heightened risks related to the same factors as well as increased volatility and lower trading volume. Current and future holdings and exposures are subject to risk. There is no guarantee that securities exposures will remain in or out of the Fund. Diversification may not protect against market risk.

The Fund is not appropriate for all investors. The Fund uses swap agreements to obtain long and short exposures to securities. Swaps are derivatives which involve the use of leverage, and the Fund uses significant leverage. The use of leverage is speculative and can magnify any losses. Short positions will lose money if the price of the underlying security increases, and losses on shorts are therefore potentially unlimited. The use of swap agreements involves significant swap expenses including financing charges and transaction costs which will reduce investment returns and increase investment losses. The Fund risks loss of the amount due under a swap agreement if the counterparty defaults. The Fund currently enters into swap agreements primarily with one counterparty, focusing its exposure to the credit risk of that counterparty. Swap agreements involve liquidity risks since the Fund may not be able to exit security exposures immediately, particularly during periods of market turmoil. The Fund settles swap agreements at least monthly which can cause it to realize ordinary income and short-term capital gains, if any, throughout the year that, when distributed to shareholders, will be taxable to them as ordinary income rather than at lower long-term capital gains rates. The Fund's long/short notional exposure will generally not exceed plus or minus 10% of net assets. However, the long portfolio and the short portfolio will each have different exposures under swap agreements that will not be fully hedged. This is not a complete list of the Fund's risks. See the Fund's prospectus for additional information on risks.

Performance contribution information is gross of management fees and operating expenses. Total assets do not reflect management fees or operating expenses.

The short portfolio of the Causeway Global Absolute Return strategy uses quantitative factors that can be grouped into the listed four categories. The relative return attributed to a factor is the difference between the equally-weighted average return of companies in the strategy's universe based on that factor and that of the lowest ranked quintile of companies.

"Beta" is a measurement of sensitivity to the benchmark index. A beta of 1 indicates that a portfolio's value will move in line with the index. A beta of less than 1 means that the portfolio will be less volatile than the index; a beta of greater than 1 indicates that the security's price will be more volatile than the index.

Alpha is defined as fund return in excess of the index. Dividend Yield shows how much a company pays out in dividends each year relative to its share price. A company may reduce or eliminate its dividend, causing losses to the Fund.

There is no guarantee that risk can be managed successfully.

The ICE BofA Merrill Lynch 3-Month U.S. Treasury Bill Index benchmark is comprised of a single issue purchased at the beginning of the month and held for a full month. Each month the index is rebalanced and the issue selected is the outstanding Treasury Bill that matures closest to, but not beyond 3 months from, the rebalancing date. The Treasury Bills comprising the Index are guaranteed by the U.S. government as to the timely payment of interest and principal. The Index is gross of withholding taxes, assumes reinvestment of dividends and capital gains, and assumes no management, custody, transaction or other expenses. While the Fund may invest a portion of assets in Treasury Bills, it will primarily be exposed to notional positions in securities that will not be guaranteed by the U.S. government.

Distributed by SEI Investments Distribution Co., which is not affiliated with Causeway Global Absolute Return Fund or the investment adviser.