ALTRINSIC

October 2020

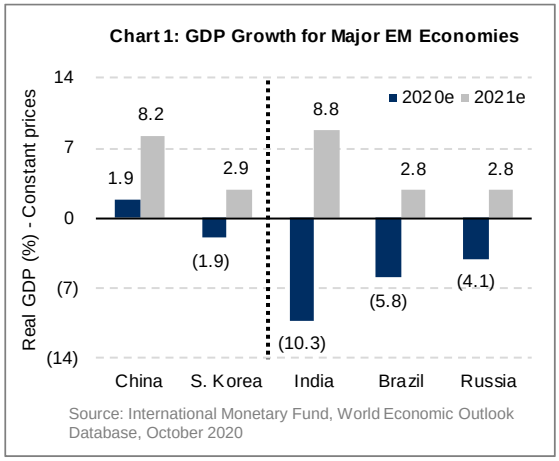
Altrinsic Emerging Markets Equity Commentary – Third Quarter 2020

Dear Investor,

Emerging market assets rallied strongly to pre-COVID-19 levels, driven by the recovery in economic activity in most Asian economies and extremely accommodative global monetary conditions. The equity market recovery was led by North Asian mega-cap technology stocks, which benefited from strong near-term demand trends. Emerging market currencies were notable for their wide disparity of performance. Strength in North Asian currencies was offset by weakness in Latin American and Eastern European currencies, where the paths of economic recovery remain unclear. Given limited fiscal flexibility, most governments are focusing on infrastructure investments, structural reforms, and attracting foreign direct investment to revive economic growth. Key risks in the quarters ahead include the ongoing effects of COVID-19, protectionism, and trade war escalation.

Perspectives

The North Asian countries (China, South Korea, and Taiwan) have separated themselves from the rest of the world in terms of pandemic responses and subsequent economic recovery. The region recognized the COVID-19 threat early, mobilized rapid responses, and was quickly able to return its economies to *semi-normal*. These economies are now benefitting from robust global demand for their technology, industrial, and medical exports. As a result, 2020 real GDP is expected to be far more resilient than previous expectations for China (+2%) and South Korea (-2%). Conversely, countries that are still enduring high rates of new infections, including India, Brazil, and Russia, are expected to contract more precipitously this year (see Chart 1). With limited fiscal



flexibility, these countries are focusing on infrastructure investments as a key driver to revive their economies. China and Russia have announced plans to invest in railways and airports. India and Brazil are looking to attract foreign capital for infrastructure projects and generate revenues through the privatization of state-owned companies. Brazil listed a number of companies for privatization, including the postal service Correios. India announced a list of potential government divestments and unveiled incentives for foreign investment in utilities, manufacturing, and aviation. We are well positioned for these initiatives, including the fund's holding in Larsen & Toubro, India's largest engineering company, which has a growing pipeline of projects and trades at 12x 2021 earnings.

On the reform front, countries are accelerating investments in electronic platforms to increase productivity and improve the ease of doing business. India and Russia are investing in digital solutions for customs, employment records, and business filings, while China announced plans to digitize rural land records. Indonesia and India have used the crisis to pass reform programs to make it easier to lay off employees, and both countries reduced restrictions on foreign investments in key sectors. The Indonesia Omnibus Bill included provisions for land reforms and foreign investment in infrastructure assets, including cellular towers, which reinforces part of the thesis for our holding in Telekomunikasi Indonesia.

During the quarter, the US-China trade relationship deteriorated further as the US intensified pressure on China's technology sector. Specifically, the Trump administration further restricted access to US components to Huawei, the leading Chinese telecommunication company, and initiated actions against Semiconductor Manufacturing Intl Corp (China's leading semiconductor foundry) and Byte Dance (the parent company of the leading short video platform TikTok). While this escalation represents a significant risk, it has had minimal impact on the stock market to-date largely because China's response has been measured. In addition, investors are eyeing a potential reset in US-China relations after the US presidential election. But on the corporate front, multinational companies are seeing the risks in a different light and are continuing their efforts to diversify supply chains out of China.

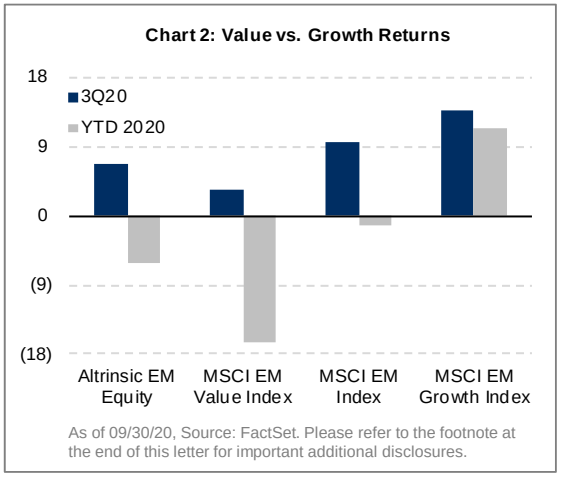
The US, Mexico, Vietnam, and India have emerged as some of the preferred locations for multinational companies. Global technology leaders, including Apple, Microsoft, and Google, have already moved and/or have plans to move some of their global supply chains out of China. In the last two years, China's share of imports into the US has declined by approximately 350-400 basis points, while that of Mexico has risen approximately 150 basis points (based on US Census data). Mexico is likely to gain further share as it has manufacturing scale, lower labor costs than China, a proximity advantage to the US market, a recently concluded new US/Mexico trade agreement, and a flexible exchange rate. Among the likely beneficiaries are our holdings Grupo Banorte (a leading Mexican bank), Grupo Aeroportuario (Mexico's leading airport operator), and Grupo Mexico Transportes (Mexico's largest railroad), which connects into the US.[1]

Performance and Investment Activity[2]

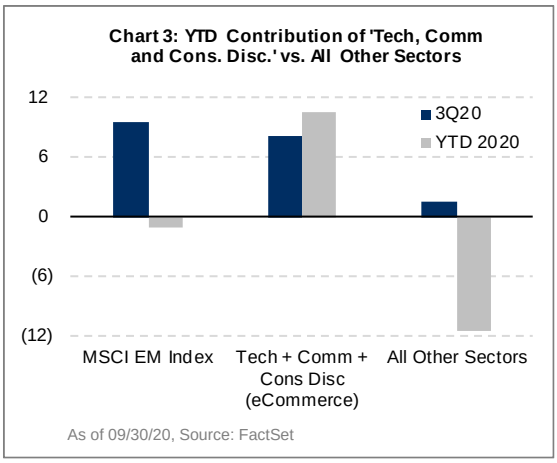
The Altrinsic Emerging Markets Equity portfolio gained 6.5% during the third quarter, as measured in US dollars, lagging the 9.6% increase by the MSCI Emerging Markets Index. Holdings in the financial, industrial, and materials sectors added to positive relative performance, but a lack of exposure to the mega-cap stocks in the Asian consumer discretionary and technology sectors detracted from performance. Specifically, Alibaba, Tencent, and Taiwan Semiconductor constitute 20% of the index, trade at an average multiple of 31x earnings, and hurt relative performance by 443 basis points. Geographically, positive attribution was driven by stocks in

Brazil (software companies Totvs and Linx) and in India due to holdings in IT (Infosys, HCL Technologies, and Cognizant). China and Taiwan were the largest detractors from relative returns.

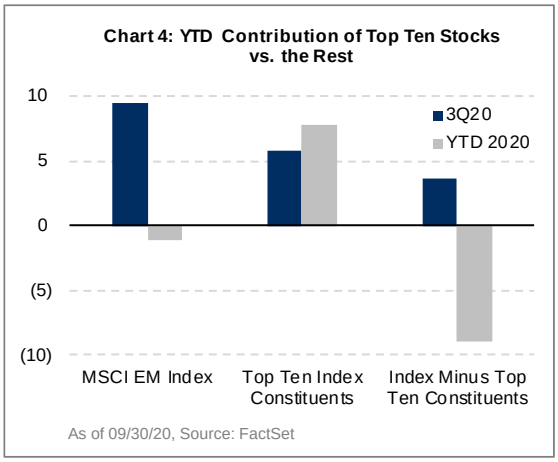
Year to date, the Altrinsic Emerging Markets Equity portfolio returned -4.9% versus the MSCI Emerging Markets Index return of -1.2%. Steep declines in cheap financials and cyclicals overwhelmed strong performance from eclectic mid-cap holdings. Additionally, the lack of exposure to the leading internet and technology platforms has been a significant headwind. The divergence of performance between the value and growth stocks of the last few years has intensified this year. For reference, Chart 2 highlights the significant difference in value and growth returns as measured by the MSCI EM Value (-16.6%) and MSCI EM Growth (+11.4%) sub-indices.



Collectively, the technology, communications, and consumer discretionary sectors contributed 10.5% year to date, while the other eight sectors have collectively detracted 11.6%, as shown in Chart 3. This underscores the overwhelming influence that these sectors have had on index performance year to date. Every market cycle is different, but we don't recall seeing a divergence of returns of this magnitude since the 1990s.



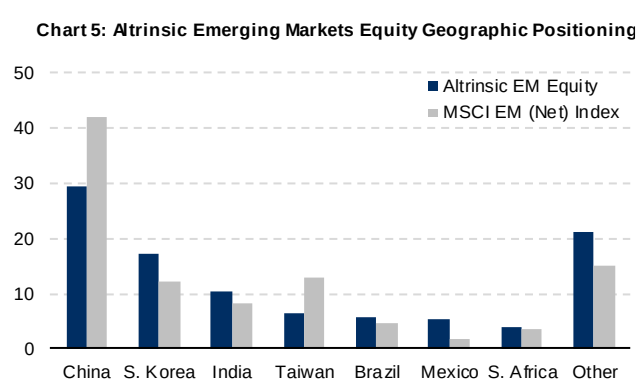
Within the MSCI Emerging Markets Index, the top ten stocks, which comprise just under 28% of the index weighting, collectively contributed 7.84% year to date. The index performance, excluding the impact of these top ten constituents, would have been negative 8.97% year to date (see Chart 4). Alibaba, Tencent, and Taiwan Semiconductor each increased approximately 40% year to date, and they trade at peak valuations (8-10x Sales) that are historically only commanded by technology start-ups. We have no doubt that these companies will continue to execute well, but at current valuations, these stocks simply don't offer an adequate margin of safety in an ever-changing regulatory environment and competitive landscape.



Portfolio activity was higher than usual this quarter, as we trimmed a number of technology stocks that rallied after reporting strong results. Chief among these were Infosys (an Indian IT services company), VIP Shop (a Chinese online apparel retailer), and Linx (a Brazilian software company). We also exited positions in NetEase (China gaming) and 58.com (China classified advertising) as they reached our estimation of intrinsic value, and we sold Catcher (Taiwan hardware) and PT Bank Negara (Indonesia bank) to make room for better opportunities. New buys were concentrated in the mid-cap space in North Asia:

- TongCheng Elong, a Chinese online travel agency, is well positioned to benefit from recovering domestic travel. The stock is trading at 14x 2021 EPS while offering 20%+ top-line growth prospects.
- ASE Technology, a Taiwanese semiconductor testing and packaging company, can benefit from cost synergies from its acquisition of Siliconware Precision Industries. The stock trades at 11x 2021 EPS, and the company has secular tailwinds from growing chip unit demand.
- FILA, a Korean apparel and footwear manufacturer, should benefit from a recovery in athletic and leisure activities post COVID-19 and a successful partnership with Anta Sports, an athleisure retailer in China. The stock is trading at 8.5x 2021 EPS.
- MOMO, a social networking platform that owns China's leading online dating platform, is well positioned to benefit from a post-COVID-19 recovery. The stock is trading at 7x 2021 EPS with net cash equal to 30% of its market cap.
- Dairy Farm International (DFI), a Singapore-listed Southeast Asian grocery, health & beauty, and convenience store operator, has had its operations severely impacted by COVID-19 lockdowns. With core operations on the mend, the stock is trading at a P/E of 11x normalized EPS.

Although overall markets have rebounded, a number of countries and sectors are firmly in bear-market territory, where we are finding compelling opportunities. The portfolio retains significant leverage to a post-COVID-19 recovery with increasing exposure to unloved areas of the stock market, including leisure (casino and travel), offline activities (retail and advertising), and cyclical (construction, airport, and financial) industries. Chart 5 provides an overview of Altrinsic's geographical weighting relative to the MSCI EM Index, and highlights of the portfolio's positioning are as follows:



As of 09/30/20, Regional portfolio weights are based upon a representative fully discretionary account with the emerging markets mandate. Altrinsic independently analyzes each security recommended for purchase and categorizes it into the MSCI GICS sector and region that it deems most appropriate. Altrinsic's sector and region classifications may differ from MSCI.

- 50% of the portfolio is in North Asia, with significant exposure to memory chip manufacturers (Samsung Electronics and SK Hynix), as well as leading casinos (Wynn Macau and Sands China) and travel companies (Tongcheng-Elong and Trip.com).
- 10% is in India, with exposure to domestic cyclicals (ICICI Bank, Larsen and Toubro) as well as leaders in the global IT services industry (Infosys, HCL Technologies, and Cognizant).
- 12% is in Latin America, including well-capitalized financial institutions (Grupo Financiero Banorte and Credicorp) and cyclical companies (Grupo Aeroportuario and GMexico Transportes).

Risk Considerations

Risks, from an absolute perspective, include a resurgent COVID-19, the unintended consequences of global monetary stimulus, trade war escalation, and accidents on the Himalayan border and/or in the South China Sea. From a relative risk perspective, continued outperformance of the highly valued and increasingly crowded large-cap technology and internet stocks would be a headwind, but we believe our differentiated positioning and conviction will be rewarded as offline economic activity normalizes.

***

Since our inception, Altrinsic has recognized a holistic assessment of business health and future prospects when considering a company for investment. Environmental, Social, and Corporate Governance (ESG) considerations have been incorporated into our investment process and due diligence all along – evaluated at both a company level and within industry verticals. Over the years we have considered signing the internationally-recognized UN Principles for Responsible Investment (UNPRI) several times, but we waited to do so until we were prepared to authentically fulfill the added reporting and operational requirements without encumbering our commitment to clients, culture, and investment performance. We are pleased to announce that as of September 2020, Altrinsic is a confirmed signatory of the UNPRI. Better metrics, tracking, and transparency is good for all.

Closing Thoughts

The varying severity of global pandemic cases, the uneven magnitude of fiscal responses, and escalating geopolitical brinkmanship creates a volatile investment environment. Scarce growth, macro uncertainty, and historically low interest rates have led investors to pay an increasing premium for a concentrated group of large-cap technology stocks. Our investment discipline has led us down a different path where we have been finding underappreciated companies geared toward ongoing reforms and an eventual global macro recovery.

We appreciate your interest, welcome your inquiries, and look forward to discussing further developments.

Best Regards,

Srinivas Polaki

Charles Powell

[1]*The outlook and opportunities noted here and throughout this letter are the opinion of Altrinsic as of the date of this letter. There is no guarantee that we will be successful in implementing investment strategies that take advantage of such perceived opportunities or that the investments discussed will be profitable. Please see Important Considerations and Assumptions at the end of this letter for important additional disclosures*

[2]*Performance is presented gross of management fees and includes the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Past performance is not indicative of future results. The outlook and opportunities noted throughout this letter are the opinions of Altrinsic as of the date of this letter. There is no guarantee that we will be successful in implementing investment strategies that take advantage of such perceived opportunities or that any specific investments discussed will be profitable. Please see Important Considerations and Assumptions at the end of this letter for additional disclosure.*

ALTRINSIC EMERGING MARKETS EQUITY COMPOSITE
FULL DISCLOSURE PRESENTATION

	Total Firm	Composite Assets			Annual Performance Results				Ex-Post Standard Deviation (3 Yr Annualized)	
Year to Date	Assets (millions)	USD (millions)	% of Firm Assets	Number of Accounts	Composite Gross	Composite Net	MSCI EM (Net)	Composite Dispersion	Composite	MSCI EM (Net)
2020 3Q	7,401	62	1%	Five or fewer	-4.87%	-5.55%	-1.16%	N.A.1	18.33%	18.67%
2019	7,397	92	1%	Five or fewer	16.45%	15.36%	18.42%	N.A.1	13.21%	14.17%
2018	6,284	79	1%	Five or fewer	-17.05%	-17.84%	-14.58%	N.A.[1]	13.31%	14.60%
2017	7,259	97	1%	Five or fewer	30.24%	29.03%	37.28%	N.A.[1]	14.81%	15.35%
2016	7,107	78	1%	Five or fewer	13.75%	12.69%	11.19%	N.A.[1]	15.98%	16.07%
2015	8,927	34	0%	Five or fewer	-14.82%	-15.64%	-14.92%	N.A.[1]	N.A.	N.A.
2014	11,656	48	0%	Five or fewer	-2.72%	-3.64%	-2.19%	N.A.[1]	N.A.	N.A.
2013	14,261	50	0%	Five or fewer	-1.13%	-1.83%	-1.00%	N.A.[1]	N.A.	N.A.

N.A. - Information is not statistically meaningful due to an insufficient period of time.

N.A.[1] - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

*Results shown for the year 2013 represent partial period performance from April 1, 2013 through December 31, 2013.

The Altrinsic Emerging Market Equity Composite is a diversified (typically between 50 - 80 holdings), bottom-up, fundamental, value oriented, Emerging Market focused portfolio, benchmarked to the MSCI Emerging Markets (Net) Index. The MSCI Emerging Markets (Net) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets. Portfolios in the composite may invest in countries that are not in the MSCI Emerging Markets (Net) Index. Additional information is available upon request. The minimum account size for this composite is $5 million. Returns include the effect of foreign currency exchange rates.

Altrinsic Global Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS Standards. Altrinsic Global Advisors, LLC has been independently verified for the periods from December 8, 2000 through December 31, 2019.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Altrinsic Emerging Markets Equity Composite has been examined for the periods beginning April 1, 2013 through December 31, 2019. The verification and performance examination reports are available upon request.

Altrinsic Global Advisors, LLC is a registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite performance is presented net of foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. Composite returns represent investors domiciled primarily in Australia, United States, and Canada. The MSCI Emerging Markets (Net) Index deducts withholding tax by applying the maximum rate of the company's country of incorporation applicable to non-resident institutional investors. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net of fee performance was calculated using the highest applicable annual management fee of 0.95% applied monthly. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule is 0.95% on the first $25 million, 0.85% on the next $50 million, and 0.75% on the remainder. Some accounts may pay incentive fees. Actual investment advisory fees incurred by clients may vary.

The Altrinsic Emerging Markets Equity Composite was created April 1, 2013

Important Considerations and Assumptions

This presentation has been prepared solely for informational purposes and nothing in this material may be relied on in any manner as investment, legal, accounting or tax advice, or a representation that any investment or strategy is suitable or appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to you.

All information is to be treated as confidential and may not be reproduced or redistributed in whole or in part in any manner without the prior written consent of Altrinsic Global Advisors, LLC ("Altrinsic"). The information contained herein shall not be relied upon as a primary basis for any investment decision, including, without limitation, the purchase of any Altrinsic products or engagement of Altrinsic investment management services; there is no and will be no agreement, arrangement, or understanding to the contrary.

This material has been prepared by Altrinsic on the basis of publicly available information, internally developed data and other third party sources believed to be reliable. No assurances or representations are provided regarding the reliability, accuracy or completeness of such information and Altrinsic has not sought to independently verify information taken from public and third party sources. Altrinsic does not accept liability for any loss arising from the use hereof. Any projections, market outlooks or estimates in this document are forward-looking statements and are based upon certain assumptions. Due to various risks and uncertainties, actual events or results, or the actual performance of any investment or strategy may differ materially from those reflected or contemplated in such forward-looking statements. Except where otherwise indicated, the information provided, including any investment views and market opinions/analyses expressed, constitute judgments as of the date of this document and not as of any future date. This information will not be updated or otherwise revised to reflect information that subsequently becomes available, or changes in circumstances or events occurring after the date hereof.

The data and information presented is based on representative accounts and is for informational and illustrative purposes only. Individual client data and information may vary based on different objectives for different clients. This material does not constitute investment advice and should not be viewed as current or past recommendations or a solicitation of an offer to buy or sell any securities or to adopt any investment strategy. Any documents describing Altrinsic's products or services shall not constitute an offer to sell or a solicitation to buy the securities from any person in any jurisdiction where it is unlawful to do so. Any specific investments referenced may or may not be held by accounts managed by Altrinsic and do not represent all of the investments purchased, sold or recommended for client accounts. Readers should not assume that any investments in securities described were or will be profitable. There are no guarantees that investment objectives will be met. Investing entails risks, including possible loss of principal. Altrinsic may modify its investment approach and portfolio parameters, in the future, in a manner which it believes is consistent with its overall investment objective of long-term capital appreciation and reduced risk.

Past performance is not a guide to or otherwise indicative of future results. Any investment results and portfolio compositions are provided for illustrative purposes only and may not be indicative of the future investment results or portfolio composition of any account, investment or strategy managed by Altrinsic.

Disclosure of Risk Factors

An investment in any account, investment or strategy is speculative and involves a significant degree of risk, which each prospective investor must carefully consider. Returns generated from an investment in any account, investment or strategy may not adequately compensate investors for the business and financial risks assumed. An investor in any account, investment or strategy could lose all or a substantial amount of his or her investment. Before making an investment, prospective investors are advised to thoroughly and carefully review any disclosure documents with their financial, legal and tax advisors to determine whether and investment is suitable for them.

Additional Performance Disclosure – Use of Benchmarks

Benchmarks are provided for illustrative purposes only. Comparisons to benchmarks have limitations because benchmarks have volatility and other material characteristics that may differ from the accounts, investments or strategies managed by Altrinsic. Because of these differences, benchmarks should not be relied upon as an accurate measure of comparison.

This document is not intended for public use or distribution.