



July 2020

Altrinsic Global Equity Commentary – Second Quarter 2020

Dear Investor,

The Altrinsic Global Equity Composite gained 14.6% during the second quarter. By comparison, the MSCI World Index gained 19.4% as measured in U.S. dollars, led by U.S. equities (S&P 500 +20%) and richly valued tech stocks (NASDAQ +30.6%).¹ Measures to reopen economies, increased optimism surrounding a vaccine, and hopes for a V-shaped recovery have been supportive, but the primary driver of the rally in risky assets has been the announcement of extraordinary fiscal and monetary stimulus, amounting to 29% of global GDP (Table 1). As many stock and bond prices have climbed to levels that discount a rapid return to normalcy, the scope for disappointment has increased considering the aftershock of enormous debt burdens, subdued demand, and rising geopolitical risk factors, including U.S. elections. The risk embedded in the portfolio is consistent with prospects for a challenging economic environment.

Table 1. What's Behind Q2 Performance?						
MASSIVE GLOBAL STIMULUS: 44% OF GDP in US, 29% GLOBAL						
Global Monetary & Fiscal Stimulus to Fight Covid-19						
	Feb-June 2020					
	Potential Central Bank Liquidity Injection		Potential Fiscal Stimulus		Central Bank Liquidity Injection & Fiscal Stimulus	
	\$ Trn	% GDP	\$ Trn	% GDP	\$ Trn	% GDP
U.S.	\$6.21	29.0%	\$3.30	15.4%	\$9.51	44.4%
Eurozone	\$1.78	13.3%	\$4.02	30.2%	\$5.80	43.6%
Japan	\$1.03	20.0%	\$2.08	40.3%	\$3.11	60.3%
U.K.	\$0.37	13.6%	\$0.23	8.3%	\$0.60	21.8%
China	\$1.33	9.3%	\$1.22	8.4%	\$2.54	17.7%
Others	\$0.73		\$2.67		\$3.40	
Global	\$11.44	13.2%	\$13.52	15.6%	\$24.96	28.8%

Source: Nancy Lazar-Cornerstone Macro

Our performance lagged the broad market during this rally, which is largely the result of our underweight exposure to technology companies, and most notably, our lack of the “FAANG-plus” stocks (Facebook, Apple, Amazon, Netflix, Google/Alphabet, Microsoft). Additionally, financial and healthcare holdings were sources of negative attribution. Materials, industrials, and consumer cyclical investments provided the greatest sources of positive attribution.

The continued narrow leadership of highly valued U.S.-based technology stocks — most notably the widely held FAANGs — has been frustrating for value investors. Technology stocks have grown to represent 27.5 and 21.1% of the S&P 500 and MSCI World indices, respectively, with growing concentration among a small number of companies. These are great businesses and their strengths were on full display during the depths of the pandemic. However, even great businesses can become overvalued and highly consensual, presenting a less favorable *investment* proposition. Very high expectations are discounted in their lofty valuations and massive market capitalizations just as threats emanating from regulatory scrutiny and competitive dynamics are increasing.

Investment activity during the second quarter was more subdued than the first, which was the most active buying in our team’s history, as we built new stakes in 12 companies during the depths of the COVID-19 crisis. We did establish three new positions: Aena (Spanish airport operator), Camden Property Trust (U.S. residential property REIT), and HDFC Bank (leading private sector Indian bank), while selling out of seven: Emerson Electric, Fraport, J.B. Hunt, Linde, Mitsubishi UFJ, Sensata, and Z Holdings. Other activity primarily involved sales made during the rally.

Overall portfolio exposures and risk will evolve over time based upon where the most compelling company-specific opportunities emerge. Our most significant investment exposures currently include:

- Financials (28%): We have meaningful exposure to companies in the non-life insurance and insurance brokerage industries, where we have identified attractively valued businesses with solid balance sheets, strong management teams, strong business models, and supportive industry conditions that should deliver superior returns on equity. Chubb, AON, Zurich Insurance, Tokio Marine, and Hartford Financial are some of our largest positions. Our exposure to banks is primarily in Asia.
- Healthcare (17%): Our healthcare investments comprise pharmaceutical, medical device, and total care companies. Each stands to benefit as governments’ involvement in health care spending increases, particularly in the U.S., while adding value through innovation, greater efficiency, and/or better health outcomes will drive performance.
- Consumer staples (12%) exposure consists of leading global beverage and food companies, each with increasingly scarce sustainable revenue growth and margin improvement potential coupled with strong or improving management execution.
- Communications (10%): Our investments have primarily involved broadband-related businesses (Charter Communications, Comcast, and Liberty Media) and unloved European telecommunications companies (Vodafone and BT). Our U.S.-based broadband businesses are performing well, experiencing a transition from lower margin video-based revenues to higher-return broadband revenues. In Europe, improved execution and consolidation opportunities are underappreciated as the regulatory pendulum swings back in our favor.
- Throughout the portfolio are businesses undergoing some form of transformation or enhancement to their business models through strategic initiatives that are not captured by traditional factor-based statistics. These have been some of our best-performing investments, and we are very positive on the prospect of more opportunities emerging under this umbrella. Among our current holdings at varying stages of this journey are Zurich Insurance, Hartford, AXA, AON, Lowe’s, Nintendo, Accor, and Sandvik.

Table 2. Altrinsic Global Equity Portfolio

											Portfolio Risk Summary
			N. AM		EUROPE		JAPAN		OTHER		
	AGA	Index	AGA	Index	AGA	Index	AGA	Index	AGA	Index	
	97.7	100.0	36.8	67.3	46.0	21.1	10.5	8.0	4.5	3.6	<ul style="list-style-type: none"> • Concentration in three areas: <ol style="list-style-type: none"> I. Quality global franchises –eg., Nestlé, Heineken, Roche, Chubb II. Japanese companies with depressed valuation, improving financial productivity –eg., Sumitomo Mitsui Trust, Tokio Marine III. Event driven, idiosyncratic, and/or "deeper value" plays across industries –eg., Nintendo, Liberty Global, Grupo Financiero Banorte • Significantly overweight non-U.S. versus U.S. • Large exposure to financials. Significantly underweight Western banks.
Comm Svcs	10.1	8.8	3.8	7.1	4.2	0.8	0.8	0.8	1.2	0.1	
Cons Disc	7.2	11.7	4.9	8.0	2.0	2.0	--	1.5	0.3	0.2	
Cons Stpls	11.8	7.4	2.4	3.4	8.9	3.2	--	0.6	0.5	0.2	
Energy	3.3	3.2	2.0	2.1	0.9	1.0	--	0.1	0.3	0.1	
Financials	28.4	15.8	7.4	9.4	13.6	3.7	5.4	0.9	2.0	1.7	
Healthcare	17.3	14.1	5.5	9.3	9.1	3.5	2.6	0.9	--	0.3	
Industrials	5.9	10.3	1.4	5.5	2.9	2.6	1.6	1.9	--	0.3	
Info Tech	6.6	21.1	3.6	18.5	3.0	1.8	--	0.8	--	0.1	
Materials	4.5	4.3	3.2	1.8	1.3	1.7	--	0.4	--	0.4	
Utilities	2.7	3.3	2.7	2.1	--	1.0	--	0.1	--	0.2	

As of 06/30/20; Source: MSCI World (Net) Index. Sector and regional portfolio weights are based upon a representative fully discretionary account with the global mandate. Please note that fractional differences in the portfolio's totals may occur due to Excel's rule-based rounding. The securities identified above are not necessarily held by Altrinsic Global Advisors, LLC for all client portfolios, and should not be considered a recommendation or solicitation to purchase or sell these securities. It should not be assumed that any investment in these securities was, or will be, profitable.

Uncertain fundamentals, mounting debt, fall elections, and increasing geopolitical risk emanating from U.S.-China relations portend an increase in volatility. As we progress through this pandemic episode, we will continue to balance our consideration of margin of safety in our investments with opportunity during bouts of volatility.

Please contact us if you would like to discuss these or other issues.

Sincerely,

John Hock

John DeVita

Rich McCormick

'Performance is presented gross of management fees for the composite 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. Please see Important Considerations and Assumptions at the end of this letter for additional disclosures.

ALTRINSC GLOBAL EQUITY COMPOSITE

FULL DISCLOSURE PRESENTATION

Year to Date	Total Firm	Composite Assets			Annual Performance Results				Ex-Post Standard Deviation (3 Yr Annualized)	
	Assets (millions)	USD (millions)	% of Firm Assets	Number of Accounts	Composite		MSCI World (Net)	Composite Dispersion	Composite	MSCI World (Net)
					Gross	Net				
2020 YTD	7,079	668	9%	6	-12.12%	-12.50%	-5.77%	N.A. ¹	14.82%	16.03%
2019	7,397	808	11%	7	24.51%	23.47%	27.67%	N.A. ¹	9.81%	11.14%
2018	6,284	650	10%	6	-6.11%	-6.90%	-8.71%	N.A. ¹	9.66%	10.38%
2017	7,259	1,153	16%	7	16.71%	15.74%	22.40%	0.25%	9.92%	10.23%
2016	7,107	1,116	16%	8	11.91%	10.98%	7.51%	0.24%	10.82%	10.92%
2015	8,927	1,523	17%	13	-0.97%	-1.81%	-0.87%	0.16%	10.78%	10.80%
2014	11,656	2,295	20%	18	2.37%	1.51%	4.94%	0.19%	11.00%	10.23%
2013	14,261	3,069	22%	20	24.40%	23.37%	26.68%	0.29%	13.53%	13.54%
2012	12,586	3,128	25%	21	12.95%	12.00%	15.83%	0.32%	16.37%	16.74%
2011	10,683	2,361	22%	18	-5.49%	-6.29%	-5.54%	0.30%	18.85%	20.15%
2010	10,621	2,087	20%	12	13.55%	12.60%	11.76%	0.35%	22.52%	23.72%
2009	9,278	1,524	16%	10	29.80%	28.72%	29.99%	0.42%	20.24%	21.40%
2008	5,537	1,553	28%	13	-32.19%	-32.78%	-40.71%	0.27%	16.34%	17.02%
2007	7,582	2,437	32%	17	1.17%	0.31%	9.04%	0.30%	8.26%	8.10%
2006	5,574	1,918	34%	16	17.02%	16.04%	20.06%	0.08%	8.05%	7.64%
2005	2,563	321	13%	8	8.61%	7.70%	9.49%	N.A. ¹	10.82%	9.66%
2004	1,603	242	15%	Five or fewer	19.48%	18.60%	14.72%	N.A. ¹	14.29%	14.74%
2003	871	162	19%	Five or fewer	46.75%	45.69%	33.10%	N.A. ¹	15.80%	17.46%
2002	561	77	14%	Five or fewer	-12.51%	-13.17%	-19.88%	N.A. ¹	N.A.	N.A.
2001	491	135	28%	Five or fewer	-10.15%	-10.83%	-16.82%	N.A. ¹	N.A.	N.A.
2000*	520	175	34%	Five or fewer	-0.87%	-1.24%	-10.91%	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 2000 represent partial period performance from July 1, 2000 through December 31, 2000.

Altrinsic Global Equity Composite is a diversified (60 - 100 holdings), bottom-up, fundamental, value oriented, Global, all cap portfolio, benchmarked to the MSCI World (Net) Index (accounts have the ability to invest in 144A stocks). The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. Portfolios in the composite may invest in countries that are not in the MSCI World (Net) Index. Additional information is available upon request. The minimum account size for this composite is \$5 million. Prior to January 1, 2004, the minimum account size for this composite was \$10 million. Returns include the effect of foreign currency exchange rates. Prior to April 1, 2006 the exchange rate source of the composite was Bloomberg 4pm New York close and the exchange rate source of the benchmark was WM Reuters 4pm London close.

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 Global Equity Composite has been examined for the periods beginning December 8, 2000 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. Beginning July 1, 2005, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of at least 40% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite after the first full month under management if fully invested. Additional information regarding the treatment of significant cash flows is available upon request. 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 World (Net) Index deducts withholding tax by applying the maximum rate of the company's country of incorporation applicable to non-resident institutional investors. The normal characteristics of the transactions in the Altrinsic Global Equity Composite include the purchase and sale of forward currency contracts using a foreign exchange credit line(s) secured by the underlying assets. 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 0.85% applied monthly. Prior to January 1, 2005 the highest management fee applied was 0.75%. 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 0.85% on the first \$25 million, 0.60% on the next \$50 million, and 0.50% on the remainder. Some accounts may pay incentive fees. Actual investment advisory fees incurred by clients may vary.

The Altrinsic Global Equity Composite was created January 1, 2004. Performance presented prior to December 8, 2000 occurred while the Portfolio Manager was affiliated with a prior firm and the Portfolio Manager was the only individual responsible for selecting the securities to buy and sell.

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.

Copyright © 2020, Altrinsic and/or its affiliates. All rights reserved.