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April 2025

Altrinsic International Equity Commentary – First Quarter 2025

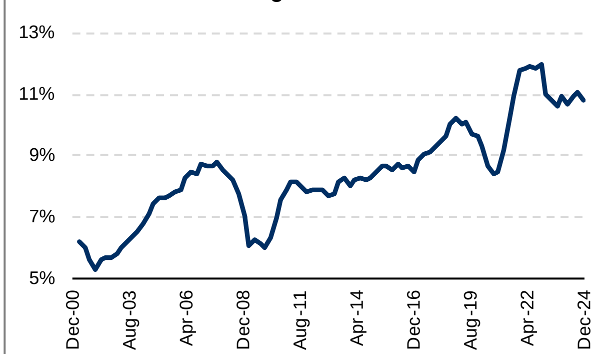
Dear Investor,

In an eventful first quarter, the Altrinsic International Equity portfolio gained 8.6% gross of fees (+8.3% net), as measured in US dollars.[i] International markets (EAFE +6.9%) significantly outperformed US equities (S&P 500 -4.3%), and markets broadened out from the narrow technology stock leadership. Uncertainties stemming from President Trump's tariff policies, the release of DeepSeek's AI model, and mixed economic data were catalysts for this transition in market leadership. Against this backdrop, sources of our outperformance were broad-based, most notably from our differentiated positioning and investments in the consumer discretionary, technology, and health care industries.

2025 began with a strong consensus that the prolonged period of US economic and market "exceptionalism" would persist, early AI beneficiaries would continue their unencumbered momentum, and the price paid for access to these themes did not matter. In short order, however, this environment of supreme confidence and perceived certainty gave way to significant uncertainty, prompting a substantial reappraisal of risk and asset values.

The most prominent and immediate source of uncertainty stems from Trump's tariff policies, how other countries respond, and the extent of escalation. Borrowing from Donald Rumsfeld's terminology, the "known unknowns" and "unknown unknowns" far exceed the "known knowns." Consequently, many CEOs have halted major investment plans, mergers and acquisitions, and other strategic initiatives, as too much policy is in flux.

Chart 1. Profit Margins Still Near Historical Peak



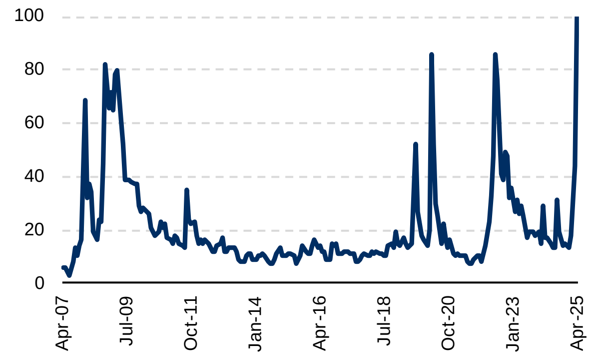
As of 12/31/24; Source: MSCI World Net Profit Margins (Net income/ Sales). Trailing data.

Increased tariffs typically result in slowing activity, a one-off increase in prices, and adjustments in currencies. We understand our companies' exposures by cost, revenue, and earnings sensitivity to various outcomes; however, the actual outcomes are unknown. A reasonable base case scenario is a further slowdown in sales prospects, margin compression, and lower earnings. Declining profit margins are most underappreciated following a long period of declining labor costs, efficient global supply chains, supportive tax regimes, and confident consumers willing to pay rising prices. Profit margin risk is present in many stocks across industries, but most notably in cyclical sectors where current operating margins are at or near historic peaks.

We were already concerned about valuations, margins, and earnings expectations in many areas, particularly in technology and traditional cyclicals (industrials and materials), prior to the tariff issues. With relatively low exposure to these areas in favor of companies with modest but durable growth prospects and those with more idiosyncratic risks, our portfolio has a lower overall beta profile. Given severe share price movements, we are being opportunistic among companies where tariffs might be causing cyclical weakness but are not likely to have their business models meaningfully upended. We remain disciplined in evaluating fundamentals versus price paid.

Media attention has focused on whether tariff policies and the responses will trigger a global recession. We were likely entering a recession, if not already in one, before these events occurred. It is important to recognize that GDP data is a lagging indicator; recessions are typically proclaimed long after the economic pain is felt. Similarly, asset prices typically recover long before economic activity does. While expectations, as reflected in growth estimates and valuations, have risen too high in areas that have led markets during the last decade (namely, the US market and, more specifically, many technology companies), expectations in other areas (notably the EU, Japan, and emerging markets) have fallen.

Chart 2. Global Google Search Interest: "Recession"

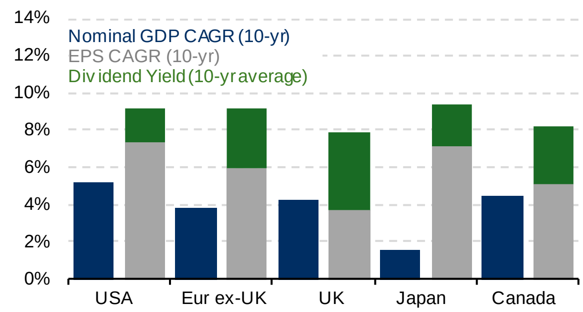


As of 04/10/25; Source: https://trends.google.com/trends

The US has benefited from enormous fiscal and monetary stimulus since the GFC, a major drawdown on savings, and the wealth effect from rising asset prices. Now, fiscal impulse is reversing, and excess savings have been depleted. Hard data such as GDP and reported earnings have been holding up, but leading sentiment indicators, including CEO confidence, consumer confidence, and messages we hear in our interactions with company executives, are more indicative of economic weakness.

An unintended benefit of Trump's policies and the prevailing geopolitical environment is a major strategic pivot in Europe. Some are drawing parallels to Germany's reunification. Europe's economy has long suffered structural challenges of fragmentation, excessive regulation, bureaucracy, high energy costs, and overly constrictive policy handcuffs. Trump's actions may have spurred the EU to address key issues needed to become a true union with autonomy and less reliance on the US. Announcements relating to fiscal stimulus, including massive increases in defense spending, removing internal barriers, and capital market unification are constructive.

Chart 3. Companies are Not Their Countries
Economic Versus Corporate Earnings Growth



As of 12/31/24; Source: FactSet. Note: EPS and dividend data is based on S&P 500 for US, Euro Stoxx for Eur ex-UK, MSCI UK for UK, MSCI Japan for Japan, and MSCI Canada for Canada. Local currency basis.

At the company-specific level, many European companies have been delivering solid EPS growth and shareholder value creation, but there is much more that can be unlocked. Undervalued equities with low expectations, improving fundamentals, and an increasingly supportive policy environment contribute to the appeal of European stocks. Accordingly, our greatest regional overweight is to investments headquartered in Europe.

Japan, like most of Asia, is extremely sensitive to trade policy, but we believe the common interests of the US and Japan will prompt a reasonable and manageable outcome. Japanese companies have heightened their focus on creating shareholder value in recent years. While this is unfolding at an incremental pace, the evidence is clear in the data – ROE has improved, M&A activity and activism have increased, and buyback and dividend policies have become more shareholder-friendly. More recently, local wage negotiations and bond yields suggest that Japan may have broken out of its deflationary spiral. Our exposure in Japan, however, remains measured as many companies are still highly exposed to macro gyrations, a strengthening yen, and investor expectations that change will happen quicker than corporate Japan can handle.

Within emerging markets, the impact of the tariffs could be less severe than many fear. Over the last 25 years, there has been a noticeable shift in EM trading patterns and their dependencies on developed markets. Notably, EM has increasingly de-coupled from DM supported by lower intra-EM trade barriers, the relocation of global supply chains, internal consumption trends, and geopolitics. Trade between EM ex. China companies and China has increased 2.6x faster than with the US over the same 25 years.[1] At a company-specific level, many EM firms have been venturing into other emerging and frontier markets in pursuit of profitable growth avenues. So much so that over 70% of their top-line growth is derived from emerging markets regions.[2]

China remains a source of tremendous risk and opportunity. Trade policy could have a major impact, but it is completely unknowable as we write this. Importantly, China's negotiating position is not as weak as President Trump may believe; they can take a very long-term view, they hold more than $1T of US treasuries, they control 90% of rare earth metal processing,[3] and exports to the US represent roughly 3% of their GDP.[4] China's recent political and economic congress in Beijing came with confirmation of consumer support underpinning improving expectations for corporate China earnings. Although no large bazooka-type stimulus was presented, additional measures supporting consumption, housing market stability, and a focus on self-sufficiency have already been beneficial. China-related risk remains high but so is the opportunity among a growing number of companies with direct and indirect exposure to China.

Recent developments both during and after quarter-end remind us once again that unexpected things happen all the time. Change is underway, corporates will adapt, and there are many attractively priced companies in areas that have not been top of mind in recent years. As value investors, we are drawn to the fear and uncertainty increasingly embedded in stock prices. Those companies with durable competitive advantages, balance sheet strength, adaptable management teams, and valuations that already discount recessionary conditions are particularly of interest.

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We are pleased to share that our partner Rich McCormick's role is being expanded, and he will serve as Co-Chief Investment Officer. We put tremendous effort into developing talent and recognize individuals who embody our cultural values, take initiative, and demonstrate exceptional performance. Rich has excelled in each of these areas and has proven to be a strong leader. The progression of Rich's role since joining the firm in 2009 reflects our unceasing pursuit of growth and improvement, as a team and as individuals.

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[1] Source: US Census Bureau, General Administration of Customs People's Republic of China
[2] Source: Factset and MSCI
[3] Source: UBS
[4] Source: World Bank and United Nation COMTRADE database, using 2023 year-end figures.

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Thank you for your interest in Altrinsic. Please contact us if you would like to discuss these or other matters in detail.

Sincerely,

John Hock
John DeVita

Enclosure:
1Q25 Performance Review and Investment Activity

[i] Performance is presented gross and net 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. Net of fee performance was calculated using the highest applicable annual management fee of 0.85% applied monthly. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. 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 investment in the securities discussed will be profitable. Please see Important Considerations and Assumptions at the end of this letter for additional disclosures. Data sourced from FactSet, MSCI, and Altrinsic research.

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1Q25 Performance Review and Investment Activity[i]

The Altrinsic International Equity portfolio gained 8.6% (+8.3% net) in the first quarter, outperforming the MSCI EAFE Index's return of 6.9%, as measured in US dollars. Positive attribution was broad-based but led by positioning and investments in consumer discretionary (Alibaba), information technology (Check Point), and health care (Medtronic, Sanofi, GlaxoSmithKline). Negative attribution was mainly driven by positions in the consumer staples (Diageo, Pernod Ricard) and communication services (Informa) sectors and our underweight exposure to the utilities sector.

Within the consumer discretionary sector, Alibaba benefited from improved operating performance in its core eCommerce business, better than expected progress on AI model development, improving macro economy, and better domestic political environment.

Information technology was supported by solid performance from Checkpoint specifically and more broadly by our underweight to highly valued AI-related chip companies. Check Point Software was relatively resilient as new CEO Nadav Zafrir's plan to accelerate sales growth while maintaining profitability is showing signs of progress.

In the health care sector, Medtronic shares performed well as the company secured Medicare reimbursement for its new renal denervation product, highlighting its significant growth potential. Global pharmaceutical companies Sanofi and GlaxoSmithKline delivered solid operational results and good pipeline advancement to the surprise of many skeptical investors. We welcome their commitment to more disciplined capital allocation policies; however, government regulation remains a persistent overhang for the sector.

Positive performance was partially offset by weakness in the consumer staples sector, particularly spirits makers Diageo and Pernod Ricard. Fears that secular alcohol consumption trends have structurally slowed were exacerbated by tariff fears pushing valuations toward 15-year lows. We believe the companies offer several avenues of earnings growth through emerging market demand, continued premiumization, and cost improvements. Negative attribution in the communication services sector was driven by shares of B2B trade show operator Informa declining due to macroeconomic uncertainty and potential impacts on trade show demand; however, we view these risks as overstated. Additionally, management has improved its portfolio, pricing power, and cost flexibility, which are not reflected in current valuations.

We initiated new positions in three companies (Intertek, Murata Manufacturing, and SMC) and exited two positions (Liberty Global, Lojas Renner).

Intertek is a leading testing, inspection, and certification provider benefitting from rising regulation and safety standards. Near-term cyclical headwinds for some of its end markets provided a compelling entry point. Similarly, Murata and SMC face end-market growth volatility, but each manufactures complex electrical components showing structural growth and industrial automation and efficiency programs accelerate.

Following the spin of their Swiss asset Sunrise, Liberty Global shares were trading at fair value with limited growth potential in the rest of their portfolio, and we exited our position. We also exited our holding in retailer Lojas Renner as we anticipate continued disappointing Brazilian discretionary consumption hampering the company's growth efforts.

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[i] Based on the Altrinsic International Equity Composite in USD. Performance is presented gross and net 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. Net of fee performance was calculated using the highest applicable annual management fee of 0.85% applied monthly. Policies for valuing investments, calculating performance, and preparing GIPS reports are available upon request. 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 investment in the securities discussed will be profitable. Please see Important Considerations and Assumptions at the end of this letter for additional disclosures. Data sourced from FactSet, MSCI, and Altrinsic research.

GIPS Report – Altrinsic International Equity Composite

	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 EAFE (Net)	Composite Dispersion (Gross)	Composite (Gross)	MSCI EAFE (Net)
2024	8,361	3,331	40%	7	4.47%	3.59%	3.82%	0.13%	14.30%	16.61%
2023	8,526	4,614	54%	8	16.47%	15.50%	18.24%	0.26%	14.62%	16.61%
2022	8,440	4,535	54%	10	-7.66%	-8.45%	-14.45%	0.25%	18.85%	19.96%
2021	10,533	5,548	53%	10	7.22%	6.31%	11.26%	0.12%	16.89%	16.92%
2020	8,763	4,192	48%	8	3.78%	2.90%	7.82%	0.38%	16.96%	17.89%
2019	7,397	3,300	45%	8	21.78%	20.76%	22.01%	0.43%	9.70%	10.81%
2018	6,284	2,381	38%	9	-7.19%	-7.98%	-13.79%	0.45%	9.92%	11.24%
2017	7,259	2,920	40%	10	22.45%	21.43%	25.03%	0.23%	11.35%	11.83%
2016	7,107	3,048	43%	16	8.86%	7.94%	1.00%	0.16%	12.14%	12.46%
2015	8,927	3,307	37%	19	0.16%	-0.69%	-0.81%	0.20%	12.01%	12.46%
2014	11,656	3,453	30%	24	-4.54%	-5.35%	-4.90%	0.12%	12.09%	13.03%
2013	14,261	3,608	25%	22	20.26%	19.26%	22.78%	0.32%	14.27%	16.25%
2012	12,586	3,057	24%	23	13.27%	12.32%	17.32%	0.23%	16.99%	19.37%
2011	10,683	2,671	25%	21	-9.90%	-10.67%	-12.14%	0.49%	18.82%	22.43%
2010	10,621	3,339	31%	19	11.61%	10.67%	7.75%	0.49%	22.25%	26.23%
2009	9,278	2,482	27%	10	29.28%	28.21%	31.78%	1.20%	19.75%	23.58%
2008	5,537	1,584	29%	9	-33.96%	-34.54%	-43.39%	0.28%	16.35%	19.24%
2007	7,582	1,840	24%	9	5.83%	4.93%	11.17%	0.27%	8.45%	9.43%
2006	5,574	947	17%	6	22.13%	21.11%	26.35%	0.13%	9.09%	9.33%
2005	2,563	530	21%	Five or fewer	10.98%	10.05%	13.56%	N.A.[1]	11.64%	11.39%
2004	1,603	262	16%	Five or fewer	23.37%	22.46%	20.25%	N.A.[1]	14.06%	15.43%
2003	871	155	18%	Five or fewer	41.87%	40.84%	38.60%	N.A.[1]	16.31%	17.81%
2002	561	87	16%	Five or fewer	-6.58%	-7.28%	-15.94%	N.A.[1]	N.A.	N.A.
2001	491	22	4%	Five or fewer	-14.74%	-15.39%	-21.45%	N.A.[1]	N.A.	N.A.
2000*	520	29	6%	Five or fewer	-6.56%	-6.91%	-10.53%	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. The composite inception date is 1 July 2000.

Altrinsic International Equity Composite is a diversified (60 – 100 holdings), bottom-up, fundamental, value oriented, Global-ex U.S., all cap portfolio, benchmarked to the MSCI EAFE (Net) Index. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. Portfolios in the composite may invest in countries that are not in the MSCI EAFE (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, 2023.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Altrinsic International Equity Composite has had a performance examination for the periods beginning December 8, 2000 through December 31, 2023. The verification and performance examination reports are available upon request.

Altrinsic Global Advisors, LLC is a registered investment adviser. A list of all composite and pooled fund investment strategies offered by the firm, with a description of each strategy, is available upon request. The type of portfolios in which each strategy is available (segregated account, limited distribution pooled fund, or broad distribution pooled fund) is indicated in the description of each strategy.

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. The MSCI EAFE (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 US 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 investments, calculating performance, and preparing GIPS Reports 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 International 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.GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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