TOP 10 HOLDINGS

ALTRINSIC GLOBAL EQUITIES TRUST, 30 SEPTEMBER 2019

Altrinsic Global Advisors is a high conviction, fundamental, intrinsic value orientated global equity manager. All investment views and opinions expressed in this document have been written by Altrinsic Global Advisors.

Comcast Corporation
Consumer Discretionary

3.09% | Benchmark 0.45%

Comcast is the largest US cable company with close to 30 million customers domestically. Comcast also owns NBC Universal (NBCU), one of the four leading US broadcasters, and recently acquired Sky UK, which has over 20 million international customers. Comcast's US cable business has the premier cable infrastructure assets in the United States, and it should continue to show sustained and potentially growing returns on capital, even in a changing industry landscape with increasingly unbundled video. Driving this will be broadband and enterprise services, both of which are more profitable services than video. NBCU is recovering and likely has more room to improve before reaching steady-state returns. We think that having both distribution and content under the same umbrella will serve Comcast well in the current environment. Lastly, the company has a strong management team and generates strong cash flows.

Willis Towers Watson PLC
Health Care

2.69% | Benchmark 0.05%

Willis Towers Watson operates one of the largest insurance brokerage and consulting businesses in the world. The company was mismanaged under its old Willis Group leadership and has a significant opportunity to reach peer margins through merger synergies and back-office cost cutting. In addition, better leadership, continued market share gains, and an improving insurance backdrop should help boost long-term growth to mid-single digits, which is above historical levels. The company operates with high retention rates, and many of its business lines are necessary in any economic cycle, thereby providing downside protection to cash flows.

Chubb Limited
Financials

2.55% | Benchmark 0.16%

Chubb is one of the largest property and casualty insurers in the world. The company has consistently shown best-in-class execution, while shifting its business mix to higher-quality areas (e.g., emerging markets and high-net-worth insurance) and away from more commoditized businesses (e.g., reinsurance). Despite Chubb's improving business profile and a more stable insurance pricing environment, investors still underestimate its long-term return potential. We expect the shares to re-rate over time, as the company steadily improves its underwriting profits and deploys its significant excess capital.

GlaxoSmithKline PLC
Health Care

2.53% | Benchmark 0.23%

Over the past few years, GlaxoSmithKline (Glaxo) has transitioned from a company that is highly dependent on US blockbuster drugs to one that is more evenly balanced between pharmaceuticals, vaccines, and consumer healthcare. The pharmaceutical business contains a global franchise in respiratory medicines. Its vaccines business produces pediatric and adult vaccines to prevent a wide range of infectious diseases (e.g., hepatitis A and B, diphtheria, tetanus, measles, polio, influenza, and bacterial meningitis). Glaxo is making the right moves to reinvigorate pharma (e.g., Tesoro acquisition, 23&me partnership, and Dr. Hal Baron hire as Chief Scientific Officer and President R&D), although it will take time. The consumer business markets a range of consumer health products based on scientific innovation and will be augmented by the Pfizer consumer business in the coming years. We believe that a business model emphasizing the stability of consumer and vaccines, with little future generic exposure, should be more highly valued by investors.

Astellas Pharma Inc.
Health Care

2.52% | Benchmark 0.06%

Astellas is a global pharmaceutical company based in Japan. The company's major franchises are in overactive bladder and oncology. Astellas trades at about half the multiple of its Japanese peers due to concerns about the Vesicare patent (overactive bladder) and Xtandi (prostate cancer) growth. Although there have been several unforeseen setbacks in Xtandi's growth, we believe that its prescription growth has started to accelerate. This, combined with Astellas' successful conversion of Vesicare franchise to a follow-on drug, should result in an upward revision of earnings over the next few years.

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SEPTEMBER 2019

Zurich Insurance Group AG
Financials

2.50% Benchmark 0.13%

Zurich Insurance Group operates two crown jewels and one underperforming asset, non-life insurance, which is in the process of a massive turnaround under the stewardship of CEO Mario Greco. We value the stronger assets (personal insurance administration and life insurance) at two-thirds of Zurich's market cap, since we believe these businesses provide steady returns that are not fully appreciated by the market. The non-life insurance business has historically operated at volatile and substandard margins, but it should see meaningful improvement due to a strong new management team, improved cost discipline, and increased underwriting accountability. Zurich trades at a large discount to its peers, which we see as very attractive given our belief that the company can produce higher returns with lower volatility.

Sanofi
Health Care

2.42% Benchmark 0.23%

Sanofi engages in the research, production, and distribution of pharmaceutical products and operates in pharmaceuticals, human vaccines, and animal health. The concerns about its Lantus franchise, for diabetes, continue to dominate the Sanofi story, but this is reflected in the stock price. What is not being reflected is that Sanofi's diverse revenue base and strong product launches (e.g., Dupixent) are driving the top line. We also believe that the market is not fully recognizing the margin potential at Sanofi from its efficiency programs, and, more importantly, from the winding down of the Regeneron collaboration (Sanofi was booking the R&D expenses). Some of this will flow to the bottom line. Our intrinsic value assumes no margin improvement and no pipeline success. Thus, any innovative pipeline success will lead to a re-rating.

Vodafone Group PLC
Telecommunications

2.32% Benchmark 0.12%

Vodafone is a leading global provider of wireless communication services. Vodafone's cash flows have come under pressure due to a perfect storm of revenue weakness in Spain/Italy (25% portfolio), while the company is in the midst of an expensive spectrum auction cycle with leverage set to peak post the acquisition of Liberty Global's cable assets.
We acknowledge that the environment remains difficult in Spain/Italy, but current valuations assume further cash flow deterioration despite spectrum auctions that peak this year and tangible evidence that revenue growth in those markets will improve going forward. Investors also underappreciate the growth opportunities in Vodafone's fixed broadband business, which now passes over 50mn homes, and management's ability to further reduce costs. Finally, we continue to see opportunities for Vodafone to improve returns through better capital efficiency and asset utilization.

Aon PLC
Financials

2.24% Benchmark 0.10%

Under the leadership of CEO Greg Case, Aon has transformed itself from a slow-growing business with weak cash flow dynamics to a best-in-class insurance broker and consultant. We see significant opportunities for long-term organic growth and operating leverage through a combination of improved service offerings, share gains from smaller competitors, and continued leverage of its high-margin data analytics, which are of material benefit to insurance and pension clients.
In addition, after operating in an insurance bear market for years, improving pricing dynamics will continue to flow through to insurance commissions, thereby bolstering growth. Aon's improving free cash flow conversion continues to be underestimated. Combining this with solid revenue growth and margin expansion should allow Aon to produce significant shareholder returns.

Hartford Financial Services Group Inc.
Financials

2.14% Benchmark 0.05%

Hartford Financial Services Group operates one of the largest property, casualty, and benefits insurance businesses in the US. The company has transformed itself from a poorly capitalized global financial conglomerate to a pure play US property, casualty, and benefits insurer. As Hartford Financial shed poor returning assets and focused on its crown jewel, a small business insurance franchise with superior pricing power, its ROE reached levels at the upper end of its global peer group. Despite this, investors have questioned the company's return sustainability, leading the stock to trade at a significant discount to its insurance peers. We expect shares to re-rate over time, as ROE expands modestly due to stable underwriting margins and rising investment income.

Benchmark: MSCI All Country World Index (ex-Australia) Net Dividends Reinvested (A$)