ALTRINSIC GLOBAL EQUITIES TRUST

ALTRINSIC GLOBAL ADVISORS

Monthly Report October 2019

Performance

Period ending 31 October 2019	1m %	3m %	6m %	1y %	3y % p.a.	5y % p.a.	7y % p.a.	Since inception % p.a.
Altrinsic Global Equities Trust (Net)	-0.25	4.50	6.39	12.04	12.39	11.76	14.50	13.69
MSCI AC World ex-Australia (Net) Index	0.60	2.51	5.10	15.73	15.14	12.54	16.09	15.58
Out/(under) performance	-0.85	1.99	1.29	-3.69	-2.75	-0.78	-1.59	-1.89

Net Performance returns are calculated net of management fees and are pre-tax in A$. Past performance is not a reliable indicator of future performance.

About Altrinsic

Altrinsic is a high-conviction, fundamental, value-oriented global equity manager.
It searches developed and emerging markets to uncover companies with unrealised value. Altrinsic only pursues an investment after in-depth, bottom-up, fundamental research with a focus on long-term drivers of intrinsic value.

Key facts

Investment objective

The Trust aims to provide long-term growth of capital by investing predominantly in publicly traded global equity securities (unhedged to A$). The Trust aims to outperform the MSCI All Country World ex-Australia Index Net Dividends Reinvested (A$) over rolling five year periods, before fees and taxes.

Index

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

Performance inception date

01 DEC 2011

APIR code

ANT0005AU

mFund

AGA01

Management costs (including GST)

0.99% p.a.

Portfolio review

The Altrinsic Global Equities Trust (the Trust) was down 0.2% in October, underperforming the 0.6% gain by the MSCI All Country World ex-Australia Index. Healthcare, communication services, and industrials contributed the most to return, while holdings in financials, consumer staples, and our underweight exposure to technology detracted from performance.

- Outperformance in healthcare was driven by earnings upgrades from lower-multiple pharmaceutical companies, Astellas and Bristol Myers, and Biogen's positive clinical trials success with an Alzheimer's drug.
- In communication services, BT Group rallied on the increased likelihood of a Brexit deal and a more supportive broadband regulatory environment. Also, Charter Communications delivered strong Q3 results that exceeded market expectations.
- In industrials, the Trust's outperformance was driven by improving sentiment towards certain end-markets, particularly machine tools, and continued company-specific operational strength.
- The Trust's financials holdings had a solid start to the year but appeared to experience some profit taking in October. This was particularly the case for insurance-related names, Chubb, Hartford, and Willis Towers Watson.
- In consumer staples, Danone underperformed. For now, this is being treated as a quarterly hiccup with an improvement to come in Q4 and fiscal year 2020, as Danone is exposed to great staples categories (water, early life, dairy, plant based) centered on health and wellness.
- In information technology, the Trust is particularly underweight the more cyclical areas of technology, where valuations have expanded significantly despite questionable fundamentals.

Altrinsic Global Equities Trust- All Cap, All Market, Unconstrained

Absolute Top 10 Holdings (%)

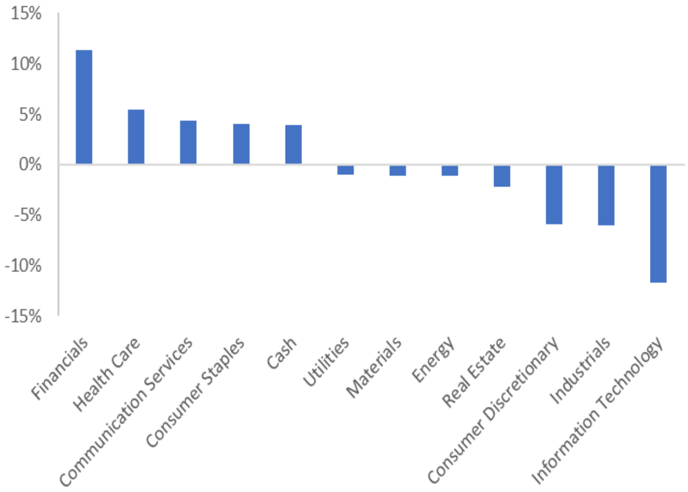
Company	Country	Altrinsic %	Index %
Comcast Corporation	United States	3.03	0.43
Astellas Pharma Inc.	Japan	3.00	0.07
GlaxoSmithKline Plc	United Kingdom	2.65	0.24
Willis Towers Watson Public Limited	Ireland	2.56	0.05
Zurich Insurance Group AG	Switzerland	2.52	0.13
Chubb Limited	Switzerland	2.37	0.15
Sanofi	France	2.37	0.22
Vodafone Group Plc	United Kingdom	2.35	0.12
Bristol-Myers Squibb Company	United States	2.34	0.20
Aon Plc	United Kingdom	2.20	0.10

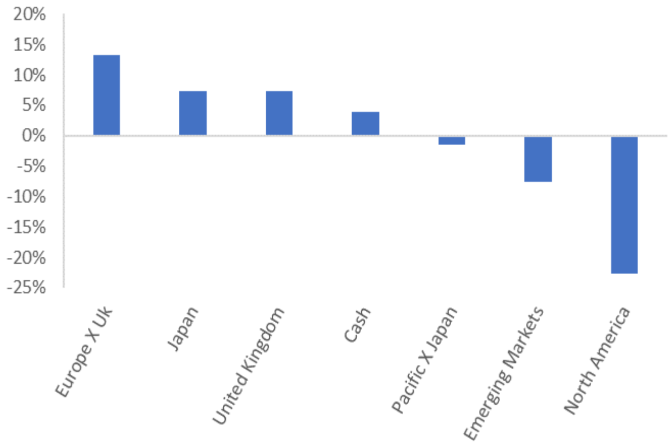
Economic Outlook and Strategy

The Trust has been significantly underweight economically cyclical businesses largely due to their high valuations on normalized profits, mediocre fundamentals, and vulnerable earnings prospects. One cyclical area hotly debated among value investors involves Western banks. U.S. banks and regulators acted quickly and decisively in addressing the excesses from the GFC a decade ago. However, valuations appear full to us considering their fundamental prospects. We have a list of U.S.-domiciled banks to buy should there be an opportunity at more favorable valuations. European banks, however, have been much slower to act and fundamental underpinnings remain fragile. Based upon traditional and popular “factors,” such as price to book, price to earnings, and dividend yield, EU banks have screened cheaply for a long time. However, an important shortcoming of such “factors” is that they have not captured elements essential to determining whether banks are just “cheap” or are truly undervalued. Among these elements are 1. Undercapitalization, 2. Structural pressures such as unlikely consolidation, erosion of historical competitive advantages (trust, convenience, location), new competition from fintech and other businesses, risk of material cost increases, and anemic loan demand, and 3. Uncertainty about the sustainability of European banks’ attractive dividend yields. Over the course of our careers, investment exposure to European banks has ranged from significant to none. Since the GFC, our exposure to European banks has been very low. Only in recent quarters have we begun to identify opportunities. We will continue to be opportunistic, thorough, and responsible as we identify opportunities in this shaky environment.

Altrinsic Global Equities Trust- All Cap, All Market, Unconstrained

Active Sector and Regional Positioning (%)





Sector Positioning

Communication Services	Positioned in an eclectic group of companies with idiosyncratic drivers and margin of safety.
Consumer Discretionary	Predominately positioned in select retail franchises with strong cash flow characteristics and/or the potential to improve profitability from current levels.
Consumer Staples	Meaningful positions in well-capitalized European-based multinational franchises.
Energy	Positioned in U.S. exploration and production companies, diversified oilfield service businesses, and a global integrated oil company.
Financials	Underweight European and U.S. banks with exposure primarily among insurers and non-bank, cash-flow-driven financials; overweight Japanese financials.
Health Care	Invested in undervalued, established medical device and pharmaceutical companies, complemented by holdings in unique specialty pharmaceutical and healthcare services companies.
Industrials	Positioned in infrastructure, transport, and capital goods companies, with long-term structural tailwinds and leading scale in their relevant markets.
Information Technology	Focused on unique undervalued businesses with idiosyncratic drivers of value creation and a strong margin of safety.
Materials	Underweight with selective exposure to mining, specialty chemical, and industrial gas companies.
Real Estate	Invested in an undervalued Japanese apartment construction company.
Utilites	Invested in high-quality, long-dated assets that are positioned to realize upside from an eventual recovery in power fundamentals and stricter environmental regulations.

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