ALTRINSIC

April 2021

Altrinsic Global Equity Commentary – First Quarter 2021

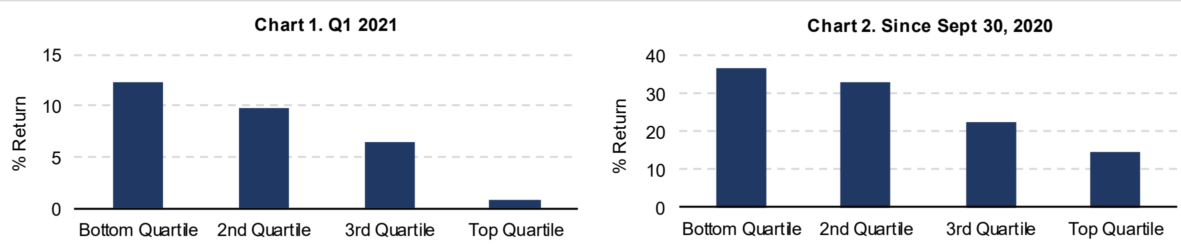
Dear Investor,

Equity returns were strong in the first quarter, supported by positive economic and corporate earnings revisions that offset the negative impact of rising interest rates. The Altrinsic Global Equity portfolio gained 6.1%, as measured in US dollars, compared with the MSCI World Index's 4.9%. The most significant market developments were a continued rotation into cyclical and leveraged equities, a surge in commodity prices (S&P GSCI +14.2%), increased inflation expectations, and negative returns for bonds (FTSE WGBI -3.2%).[1]

Perspectives

Following a 10+ year run dominated by a small group of highly-priced "growth" stocks, a long overdue broadening out began in the fourth quarter of 2020 and continued into 2021. The early beneficiaries have been leveraged and highly-cyclical companies in sectors such as energy (+22.3% in Q1), banks (+19.0%), financials ex. banks (+9.0%), and industrials (+7.5%). **Charts 1-4** below illustrate the extent to which cyclical companies and those in the bottom quartile of balance sheet strength outperformed. Ongoing stimulus, the "reopening" trade, and prospects for robust 2H earnings revisions have given a major boost to these companies, but we see little value in them and much more compelling opportunities elsewhere.

Charts 1-2: Performance has been Led by Highly Cyclical Companies and Those with the Lowest Quality Balance Sheets

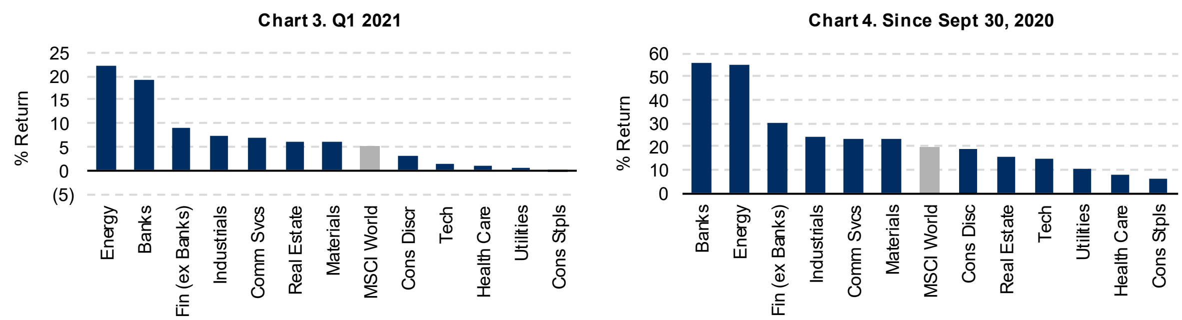


Global Stock Performance by Balance Sheet Strength[1]

As of 03/31/21; Source: FactSet, MSCI. [1]Market cap over $3bn, balance sheet strength as defined by Altman Z-scores for non-financials and equity-to-assets for financials. The Z-score calculates credit risk by taking into account profitability, leverage, liquidity, solvency, and activity ratios.

Charts 3 & 4 follow on the next page…

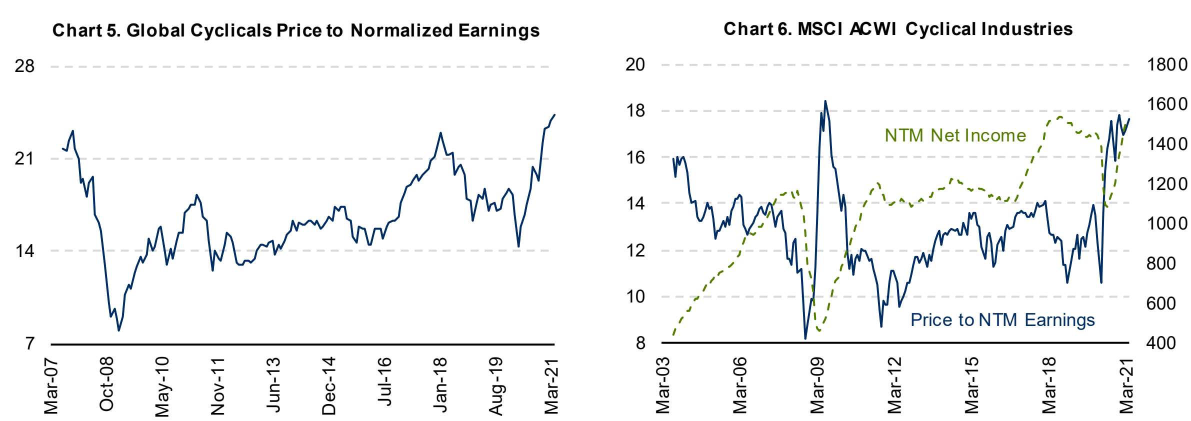
Charts 3-4: Performance has been Led by Highly Cyclical Companies and Those with the Lowest Quality Balance Sheets



As of 03/31/21; Source: FactSet, MSCI.

Will the prolonged leadership of the last decade (technology and "quality growth stories") be followed by prolonged narrow leadership from the subset of businesses at the other end of the quality spectrum? We don't think so. Near term, there is a lot of momentum behind their earnings and stock prices as many investors are playing the rotation game. Many suggest the coming months could resemble the Roaring Twenties as economies reopen and pent up demand is released. This seems sensible to us from an economic and social perspective. However, equities are discounting mechanisms. As markets look beyond the near-term lift in economic data and focus on longer-term prospects, tailwinds for these businesses should subside. As shown in **Charts 5-6**, earnings expectations already exceed pre-COVID levels and valuations are quite elevated.

Charts 5-6: Earnings Expectations and Valuations for Global Cyclicals are Already Elevated



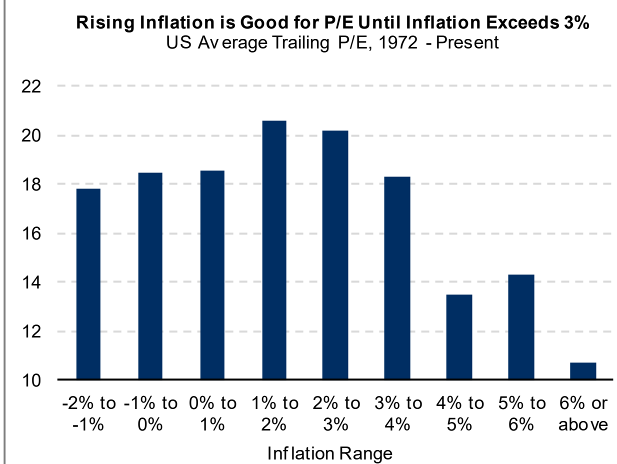
As of 03/31/21; Source: MSCI ACWI; market cap weighted based on $23 trillion in market cap; includes tech hardware, semis, consumer durables, auto, capital goods, transport, banks, materials, and diversified financials.

Instead, we see the most attractive investment propositions and greatest beneficiaries among companies that are not overly dependent on continued robust economic growth but have the ability to create value and improve returns even if we enter a more middling economic environment. From a broader economic perspective, war-time stimulus and unconventional policies have pulled forward a tremendous amount of GDP and earnings. As economic conditions and underlying earnings approach a "new normal," we believe value will accrue to more durable and sustainable business models as opposed to the cyclical and leveraged. This is also where we see the most compelling investment propositions, considering underlying business quality and public market valuations.

Since interest rates are at the root of all asset values, the intensifying debate about inflation is timely, relevant, and warrants some commentary. As outlined in previous letters, there is an ongoing interplay of prolific deflationary forces in the global economy (debt, excess capacity, technology, demographics) and inflationary ones (stimulative policy and short-term bottlenecks), so a reasonable base case is to assume that the orderly decline in rates we have seen in recent decades is over. At a minimum, greater gyrations in rates and inflation expectations (as we have already begun to see) is likely to be the new norm. This ends a major tailwind for highly-valued, long-duration, "growth at any price" equities and will likely contribute to greater volatility in all asset prices.

The path ahead is uncharted and the underlying forces are unlike anything presented in economic textbooks. **Chart 7** provides a historical perspective of the impact of different inflation regimes on equity valuations. Having been in the goldilocks inflation/rate zone for 30 years, our best guess (and it is little more than a guess) is that the near-term narrative will focus on economic overheating and rising inflation risks. Then, as base effects pass, current supply chain bottlenecks are addressed, and pent-up demand normalizes, attention will return to disinflation/stagflation concerns. Longer term, inflation and interest rates could be heavily influenced by excessive monetary policy interference, the mountain of money created by central banks, and supply/demand imbalances faced by nations attempting to finance deficits.

Chart 7. Implications of In/De/Dis/Stag Flation on Equities



As of 08/2020; Source: Credit Suisse

Our conversations with company management teams and other participants throughout industry food chains give further perspective into these issues, their unpredictability, and their varying degrees of relevance. Most have a common refrain of "uncertainty but cautious optimism" as it pertains to the global economy. These discussions have also further strengthened the conviction we have in our large and growing weighting toward industries such as property & casualty insurance, exchanges, health care, consumer staples, and enterprise technology.

Our insurance investments (including Chubb and Zurich) will benefit from the combination of the strongest competitive environment in decades, increased demand for risk-reduction products, considerable cost control, and any increase in economic activity. Our exchange holdings (including Euronext and ICE) have sustainable competitive moats and are shifting their business mix to proprietary high-margin products like data and clearing services. Our health care holdings (including GSK and Astellas) are moving away from their declining pipelines, investing heavily in innovative sciences, and shifting business models to more recurring revenues but still trade at very attractive valuations. Our positions in staples (including Diageo and Heineken) are often seen as boring and defensive but in our view offer several avenues for growth including improving category mix, better capital allocation, and significant tailwinds from the world reopening to consumers. Our enterprise technology investments (including Check Point and SAP) are transitioning to stickier, recurring revenues and will see an uptake in demand as companies seek to reduce risks, lower costs, and become more digital.

As investors chase the headline-grabbing reopening trades and new economy disruptors, we see considerable and underappreciated opportunities among higher quality and/or misperceived businesses that are improving the underlying return profile and should lead to compounding long-term value creation.

Performance and Investment Activity

Reflecting on Q1, the greatest sources of positive attribution were investments in consumer discretionary (AutoZone, Lowes), financials (Hartford Financial, Sumitomo Mitsui Trust), communications (Baidu), and real estate (Daito Trust). The greatest sources of negative attribution were derived from the materials (Agnico Eagle) and traditionally defensive health care (Fresenius, Ionis Pharmaceuticals) and consumer staples (Nestlé, Heineken) sectors. Regionally, Europe was a drag amidst lingering COVID closures and disappointing vaccine administration.

Investment activity picked up and included four sales (HDFC Bank, Intercept Pharmaceuticals, Tenaris, and Hitachi) and nine purchases (Alibaba, American Financial Group, Norton LifeLock, Henkel, Waste Management, Acuity Brands, FTI Consulting, Tencent Music, and Euronext). Many of these companies do not fit neatly in popular off-the-shelf style boxes that are determined by traditional factors. In fact, we have found some of our most successful investments among companies that don't fit neatly in these factor-determined style boxes: companies going through transitions or those where management is embarking on a value-creating path that is not fully recognized in current snapshot metrics.

Many investors have gravitated to popular and narrower factor-determined "growth" or "value" indices, such as those provided by MSCI and other index providers, for screening, risk management, and reporting. We have eschewed them primarily because we believe their determination of "value" has flaws and tends to have structural biases in favor of lower quality, cyclical, and leveraged businesses rather than true value. Although we respect factors as possible indications of "value," none of them capture the true definition of value, which is a function of a company's future cash flow generation, adjusted for risk. In a basic discounted cash flow (DCF) model, current year cash flow represents less than 10% of each company's intrinsic value. By nature, factors are typically backward looking and do not capture value creation looking out 3-5 years which is our preferred time horizon. We respect the quantitative suitability and application for many investors but less so for those approaching public equities as if buying them outright.

Table 1 below provides a depiction of overall portfolio exposures and risk. We are very different from the benchmark with below-market risk, greater idiosyncratic stories that are not dependent on a robust economy, sustainable or improving earnings power, and balance sheet strength.

Table 1. Altrinsic Global Equity Portfolio

			N. AM		EUROPE		JAPAN		OTHER	
	AGA	Index	AGA	Index	AGA	Index	AGA	Index	AGA	Index
	98.3	100.0	44.8	68.3	41.5	20.6	7.8	7.5	4.2	3.6
Comm Svcs	9.3	9.1	3.4	7.5	4.2	0.9	0.4	0.7	1.3	0.1
Cons Disc	9.0	12.7	6.0	8.6	1.8	2.4	--	1.5	1.1	0.2
Cons Stpls	12.2	6.4	3.2	3.1	8.6	2.7	--	0.5	0.4	0.2
Energy	3.2	3.2	2.3	2.1	0.9	0.9	--	--	--	0.1
Financials	25.9	14.0	9.3	8.4	11.7	3.5	3.6	0.7	1.4	1.4
Health Care	14.2	12.4	4.7	8.6	7.3	2.8	2.2	0.8	--	0.3
Industrials	7.5	11.1	4.0	6.1	3.0	2.8	0.6	1.9	--	0.3
Info Tech	8.7	21.1	5.8	18.5	2.9	1.7	--	0.8	--	0.1
Materials	3.0	4.5	1.8	1.9	1.2	1.8	--	0.4	--	0.4
Real Estate	2.7	2.6	1.7	1.7	--	0.3	1.0	0.2	--	0.4
Utilities	2.6	3.0	2.6	1.9	--	0.9	--	0.1	--	0.1

Portfolio Risk Summary

- Concentration in three areas:
  I. Quality global franchises
     – eg., Nestlé, Heineken, Chubb
  II. Asian companies with improving financial productivity at undemanding valuations
     – eg., Sumitomo Mitsui Trust, Tokio Marine, Makita, Daito Trust, Trip.com
  III. Event driven, idiosyncratic, and/or "deeper value" plays across industries
     – eg., Nintendo, Liberty Global, KB Financial, Bureau Veritas
- Significantly overweight non-US versus US
- Large exposure to financials. Significantly underweight Western banks.

As of 03/31/21; 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. Altrinsic independently analyzes each security recommended for purchase and categorizes it into the MSCI GICS sector and/or region that it deems most appropriate. Altrinsic's sector and region classification may differ from MSCI. 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.

Closing Thoughts

A long overdue breakdown in market leadership by high flying "quality growth" stocks began during the fourth quarter with highly-leveraged and cyclical businesses the greatest beneficiaries. We see the most compelling investment propositions, considering their underlying quality and valuation, among companies between these two extreme segments of markets. We will remain disciplined, sensible, and opportunistic during what we believe could be turbulent times as interest rate regimes reset and economies search for a new normal.

Thanks for your interest in Altrinsic.

Sincerely,

John Hock
John DeVita
Rich McCormick

[1] *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 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 Global 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 World (Net)	Composite Dispersion (Gross)	Composite (Gross)	MSCI World (Net)
2021 1Q	9,606	697	7%	6	6.09%	5.87%	4.92%	N.A.[1]	16.96%	17.87%
2020	8,763	691	8%	6	3.56%	2.68%	15.90%	N.A.[1]	16.98%	18.27%
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. The composite inception date is 1 July 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 June 30, 2020.

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 Global Equity Composite has had a performance examination for the periods beginning December 8, 2000 through June 30, 2020. 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. 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 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 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.

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