Emerging Markets Retrospective:

Key Takeaways from Our Strategy's First Year

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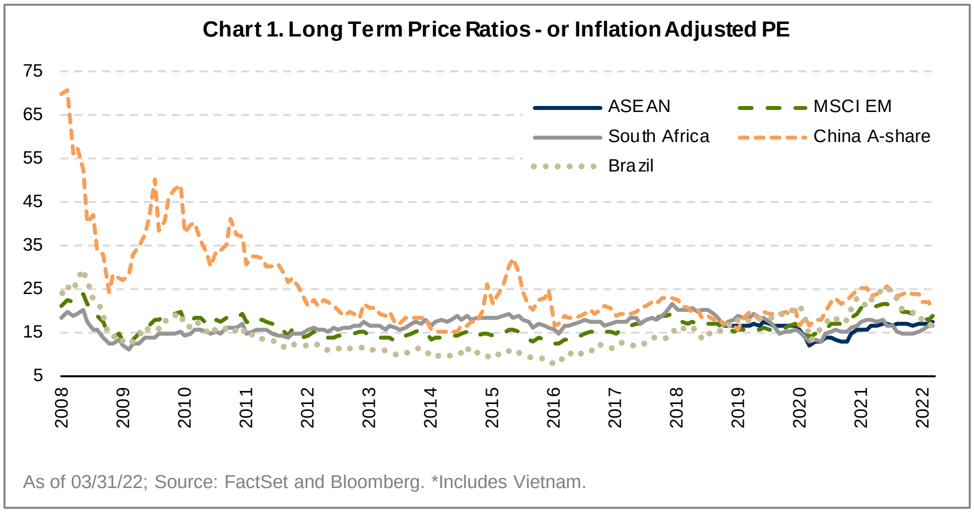
THE LAST 12 MONTHS – AND PARTICULARLY THE LAST THREE[i] – PROVED THAT "EMERGING MARKETS" FROM AN INVESTOR'S PERSPECTIVE SHOULD BE MUCH MORE THAN A HANDFUL OF NORTH ASIAN COUNTRIES AND CROWDED MEGA CAP STOCKS.

At Altrinsic Global Advisors, our emerging markets equity strategy is managed with a bottom-up, fundamentals-driven approach and an objective to identify high quality, underappreciated investment opportunities across the cap spectrum, truly reflecting the DNA of the EM asset class.[ii] Today, as we assess how our differentiated perspectives and exposures played out during the first year of our strategy[i], we find great alignment with our previous views (which we outlined in the September 2021 white paper report entitled *Exploring the True DNA of Emerging Markets*):

1. **Geographic breadth**: we found underappreciated gems in less popular EM countries
2. **Asset class DNA**: we stayed true to the DNA of the assets class, finding more opportunities in the small and mid cap space than the index reflects
3. **Pandemic reality**: our cautious stance on COVID recovery progress in emerging markets drove us toward value in forgotten telecom businesses
4. **Contrarian nature**: our contrarian approach led us to stock-specific winners in a stormy and volatile sector – Chinese real estate
5. **Frontier exploration**: our expanded universe and willingness to spend time identifying the path forward for off the beaten track economies allowed us to identify unique contributors in frontier markets

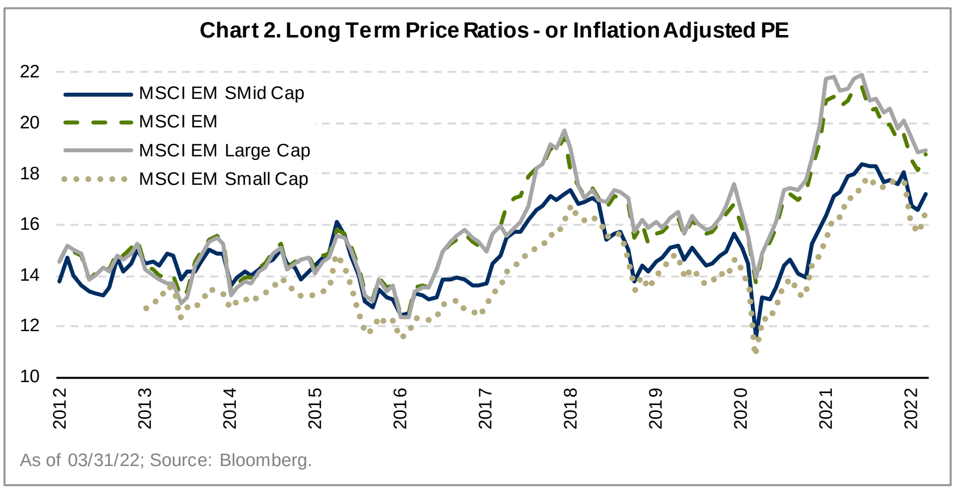
1. The "Other" EMs

The passive reference for emerging markets, the MSCI EM Index, remains lopsided with concentrated exposure in three countries (China, Korea, Taiwan), vastly ignoring the diverse set of smaller countries also classified as emerging markets. These "other" countries have outperformed over the past quarter and year. Our assessment that the Chinese market was expensive and less attractive proved right given our ability to find more compelling investment opportunities in Indonesia, South Africa, and Mexico. Despite China's underperformance, we continue to find more attractive prospects elsewhere (**Chart 1).**



2. Small and Mid Cap, the True DNA of EM

Over the past year, we observed the underperformance of large cap EM – driven predominantly by Chinese mega caps – and the broader outperformance of small and mid cap companies. Our bottom-up security selections led us (away from the Chinese mega caps that dominate the MSCI EM Index based on unattractive valuations and significant risks –. Instead, we found attractive opportunities in smaller companies reflecting the true DNA of the asset class where valuations were more favorable – and continue to be so today (**Chart 2**).



3. Slow, Bumpy COVID Re-openings and Consumption Beyond

As we built our strategy, we identified the likelihood for multiple un-synchronized pandemic waves and vastly different policy responses. Our conservative stance led us to identify new sustainable drivers for defensive businesses like telecom services, viewing them as enablers of digital services and consumption. Our investments in traditional communication companies provide a conduit to participate in developing macro trends of greater smartphone penetration and data consumption. In addition, we gain access to various ecosystems of services and benefit from frontier market exposure.

4. Contrarian and Unafraid to look at the Unloved

Our exposure to Chinese real estate companies has proven to be our most contrarian call. Beijing was tightening the screws on the sector, but despite this upheaval, we saw a clear dichotomy in company-specific performance across the sector. Healthy companies with solid balance sheets have the ability not only to survive, but also to thrive and capitalize on the regulatory headwinds. The market initially treated all participants the same way; we have been rewarded for our patient, bottom-up consideration.

5. Frontier Markets Exposure

We have specifically defined our universe to incorporate frontier markets. We believe there is untapped potential within countries that are evolving toward "emerging" status, and over the past year, certain domestic policy updates, liquidity, and other factors are supportive. As an example, Vietnam has several regulatory tailwinds coming its way. Relaxation of intraday trading and foreign ownership limits, as well as a parliamentary review of the Law on Enterprises, are just a few ongoing projects that underlie current reviews by both MSCI and FTSE Russell to upgrade the market to "emerging" status over the next 12-36 months. We have found, and continue to find, attractive investment opportunities across frontier markets.

The last 12 months – and particularly the last three[i] – proved that "emerging markets" from an investor's perspective should be much more than a handful of North Asian countries (China, South Korea, Taiwan). Investing in emerging markets involves an assumed level of volatility and risk, given the diversity of economies, political policies, and macro considerations that govern this disparate collection of nations. As a result, while many of our hypotheses turned in our favor this year, there will almost certainly be exogenous factors that swing market sentiment the other way across countries, sectors, and stocks during any given period. Over the long term, we believe that by focusing on companies with high quality fundamentals in countries with solid macro foundations, we will find no shortage of attractive investment opportunities.

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[i] Periods (12-month and 3-month) ending 03/31/22.

[ii] Past performance is not indicative of future results. The exposures noted throughout this document are current as of the date of publication and are subject to change without notice. Please see Important Considerations and Assumptions at the end of this document for important additional disclosures. Data sourced from FactSet, MSCI, and Altrinsic research.

[iii] As of 03/31/22.

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