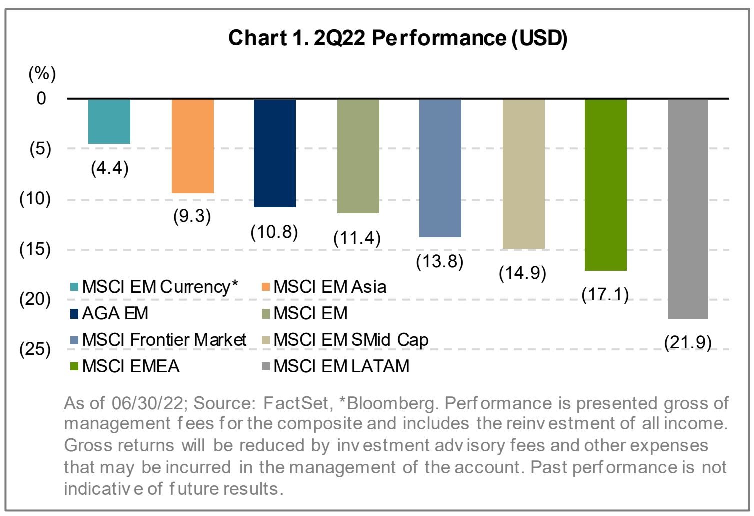
July 2022

Altrinsic Emerging Markets Opportunities Commentary – Second Quarter 2022

Dear Investor,

Uncertainty stemming from inflationary concerns, tightening central bank policies, and prospects of slowing economic activity weighed on emerging markets. Unlike previous drawdowns, emerging market equities fared better than broad markets (MSCI EM -11.4%, MSCI ACWI's -15.7%). The Altrinsic Emerging Markets Opportunities portfolio outperformed the MSCI Emerging Markets Index in the second quarter by 0.6%, as measured in US dollars.[i] Like most equity portfolios, ours was not immune to the market downdrafts, but we are confident in our positioning and encouraged by the investment propositions offered by a growing number of companies with strong long-term fundamentals and attractive valuations. Key contributors to our relative outperformance included our differentiated exposure to real estate, our overweight position and select investments in India, and our underweight exposures in materials and information technology.

Performance within the EM index varied significantly (**Chart 1**); small and mid cap stocks underperformed (-14.9%), as did frontier markets (-13.8%). Regionally, Latin America (MSCI LatAm -21.9%) and EMEA (-17.1%) underperformed Asia (-9.3%). Currency performance in EM was weak (MSCI EM Currency -4.4%); major Latin American currencies, including the Brazilian real, Chilean peso, and Colombian peso, all declined.



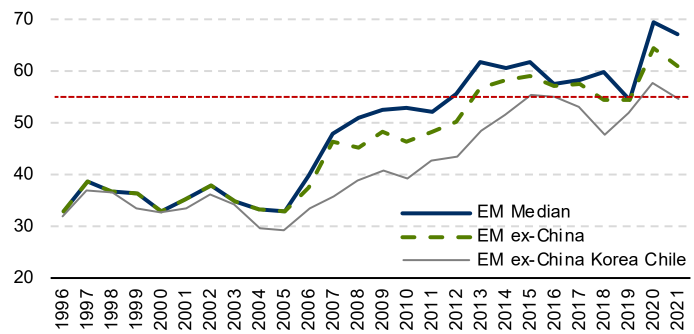
Perspectives

The macro environment in emerging markets remains stronger than what we saw during prior rate hike cycles. EM central bankers continue to lead their developed market peers in policy tightening. Despite the higher interest rates, our analysis suggests that EM businesses, in aggregate, should be able to manage this rate hike cycle better than in the past given low real interest rates, steady leverage levels, stronger financial systems, lower currency depreciation risks, and lower FX debt.

The level of non-financial corporate leverage is not a major risk in EM countries.

In aggregate, non-financial corporate leverage continued to increase over the last decade, reaching, on average, 67% of GDP by the end of 2021. Excluding three key outliers (China, South Korea, and Chile), leverage is 20% lower at 54% of GDP – near 2019 and 2013 (Taper Tantrum) levels (**Chart 2**). This volume of leverage is half that of the developed world. While most developed markets are experiencing their highest short-term rates in decades, most emerging markets have never experienced a 'low-for-long' interest rate world.

Chart 2. Credit to Non-Financial Corporations as % GDP (EM)

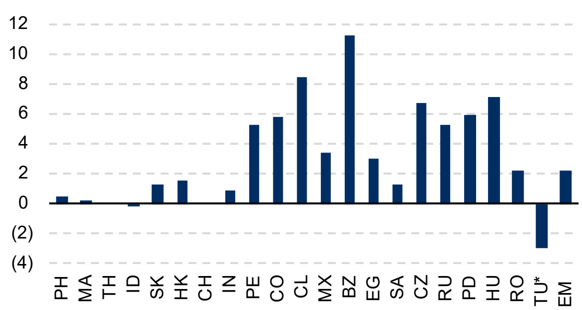


As of 12/31/21; Source: I Aldasoro, I, B Hardy and N Tarashev, "Corporate debt: post-GFC through the pandemic", BIS Quarterly Review, June 2021; Dealogic; Euroclear; Thomson Reuters; Xtrackter Ltd; BIS debt securities statistics.

Interest rates have increased in many emerging economies, but they remain manageable.

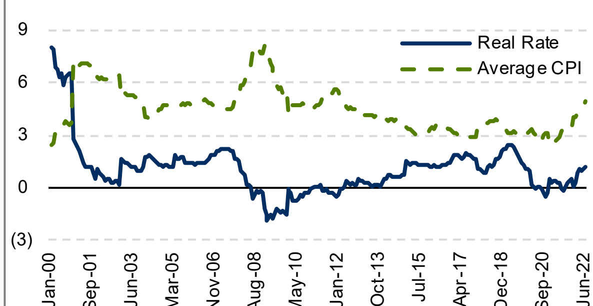
Since January 2021, EM central bankers have collectively tightened by an average of about 225 bps (**Chart 3**). Despite a tighter policy stance, lower inflation means real interest rates across emerging markets are close to five-year averages and historical lows (**Chart 4**). As such, non-financial corporates in emerging markets are in a good position to manage interest rate hikes.

Chart 3. EM Net Policy Rate Change from Jan' 21



As of 07/15/22; Source: Bloomberg

Chart 4. Average EM Real Rates

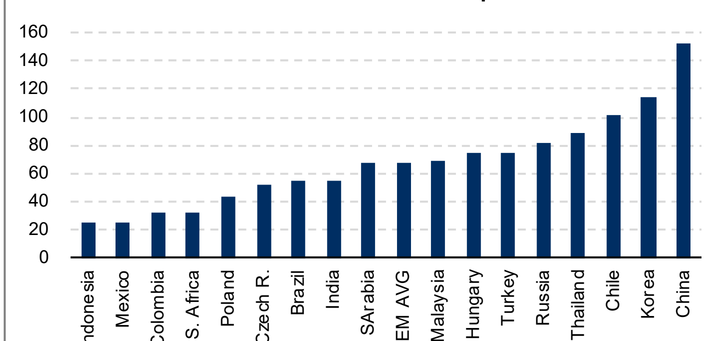


As of 06/30/22 Source: Bloomberg

Few EM countries have been on a corporate credit binge, and some have actually reduced debt levels.

Over the past several years, non-financial corporates in most emerging markets countries have been quite measured in taking on new corporate debt (**Chart 5**). More than one-third of countries report lower levels of corporate leverage relative to several years ago. In select countries (Indonesia and Mexico, in particular), debt penetration levels are so low that we see opportunities to increase corporate leverage should it be necessary for growth or balance sheet

Chart 5. Credit to Non-Financial Corporates as % GDP

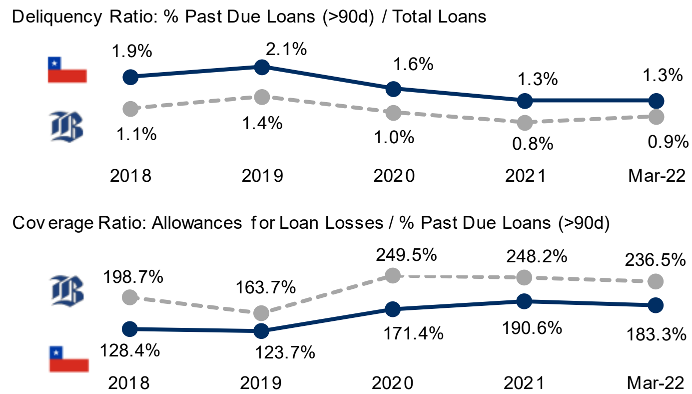


As of 12/31/21; Source: I Aldasoro, I, B Hardy and N Tarashev, "Corporate debt: post-GFC through the pandemic", BIS Quarterly Review, June 2021; Dealogic; Euroclear; Thomson Reuters; Xtrackter Ltd; BIS debt securities statistics.

management. On the other end of the spectrum, the areas of greatest risk are China, South Korea, and Chile, all of which are operating with similar leverage to the developed world (over 100% of GDP).

It is often underappreciated just how many lessons emerging market banks have learned from prior crises. Cycles of credit risk will unquestionably return, but EM banks are preparing (**Chart 6**). For example, Chilean banks (including our investment Banco de Chile) have set aside significant balance sheet buffers for credit risk. In South Korea, banks including KB Financial Group exhibit superior underwriting, strong balance sheets, and high collateral levels, collectively offering a material buffer to economic weakness. Chinese banks, where we have no exposure in the portfolio, face the greatest credit risks and worst disclosures, but they may benefit from their state-ownership in a weak economic cycle.

Chart 6. Risk Management Ratios in Chile

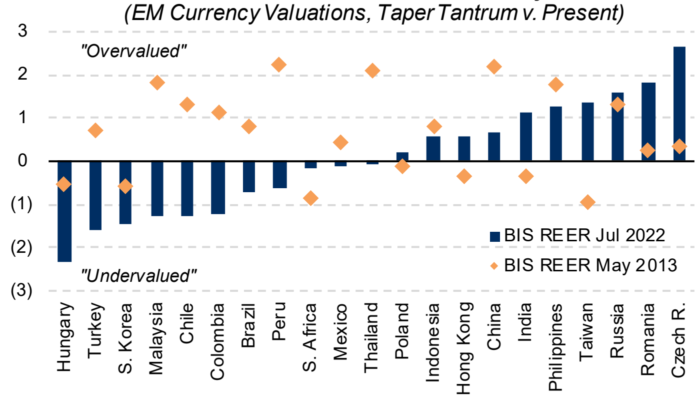


Source: Banco de Chile

Attractively valued currencies reduce headwinds for companies with foreign debt exposure.

Many EM currencies trade at a deep discount to their real effective exchange rates (REER)[1], and compared to the Taper Tantrum period (2013), more EM currencies are attractively valued. Over the long-term, these attractive valuations should aid companies with greater foreign debt exposure (**Chart 7**).

Chart 7. More EM Currencies Attractively-Valued
(EM Currency Valuations, Taper Tantrum v. Present)



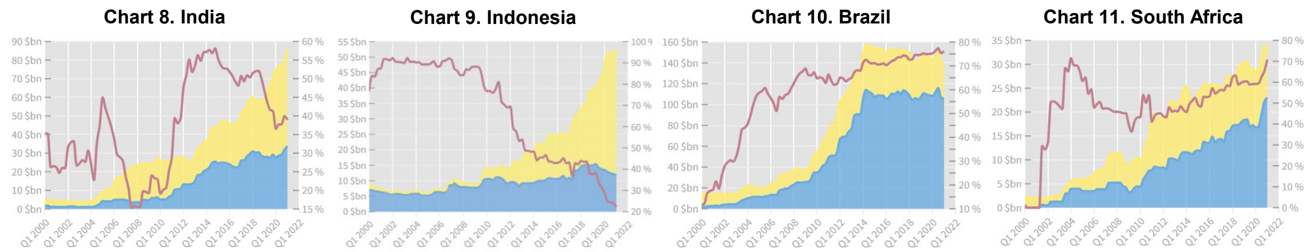
As of 06/30/22 Source: Bloomberg

Businesses in India and Indonesia, whose currencies suffered during the Taper Tantrum episode, have de-levered significantly (**Charts 8 & 9**). Additionally, the level of offshore corporate debt has declined markedly in these countries, lowering currency impact risks. These considerations increase the asset quality for well-run banks; our holdings Axis Bank and HDFC Bank are examples.

Brazil and South Africa, on the other hand, face the greatest FX debt risk (**Charts 10 & 11**). Though both currencies are cheap relative to EM and to their own historic REER valuations, both face far greater offshore, foreign currency-denominated debt. One element that seems underappreciated and stands to soften the risk is the significant FX revenues generated by the high volume of commodity exports in both countries.

[1] REER is an inflation-adjusted measure of a currency versus a basket of currencies.

Non-Financial Corporate (NFC) Offshore Debt Outstanding (% of Total)



As of 03/31/22; Source: BIS

Offshore share of NFC debt (%, right axis) | Offshore debt ($bn, left axis) | Onshore debt ($bn, left axis)

Performance Drivers and Portfolio Positioning

Our differentiated overweight exposure to Chinese Real Estate stocks (China Resources Land, China Overseas Land) and our underweight exposure to the information technology and materials sectors drove positive attribution this quarter. Conversely, holdings in consumer discretionary and financials weighed on relative performance. Consumer discretionary stocks (Lojas Renner, Mr Price Group) were affected by negative sentiment around inflation and the impact of rising interest rates on disposable income, while select financials stocks (Sanlam, Credicorp, Porto Seguro) detracted from performance due to several factors including disappointing results and heightened political risks.

Geographically, the greatest source of outperformance came from our underweight exposure to North Asia (namely Taiwan and South Korea), and our individual stock selection in India (Petronet LNG, ITC) also contributed. Meanwhile, some of our South African holdings (Sanlam, Vodacom) weighed on relative performance, and our underweight position in China also detracted – but specific Chinese stocks contributed positively.

Investment activity picked up as we added five new investments – Airtac (Taiwan), Vamos (Brazil), Shenzhen Transsion (China), HDFC Bank (India), and Hoa Phat (Vietnam) – and eliminated PingAn (China) and Vale (Brazil) in favor of more attractive opportunities.

Within the industrials sector, we added Airtac and Vamos. Airtac is a Taiwanese company and the second largest pneumatics equipment provider in China. Pneumatic systems enable automation; we expect the industry to continue delivering secular growth in light of ongoing manufacturing labor shortages and disruptions. We believe Airtac will be able to capitalize on this trend and has the ability to double revenue and profits by 2025. Vamos is the leading truck and machinery rental provider in Brazil with almost 80% market share. The company is operating in a market with extremely low leasing penetration and an attractive business model (contracts averaging five years), allowing for predictable cash flows and attractive returns. We believe Vamos's first-mover advantage, scale, and proven operational knowledge provide sustainable competitive advantages to capture the bulk of this rapidly growing market.

In information technology, we added Shenzhen Transsion, a Chinese smartphone manufacturer. The company produces Africa's largest mobile phone brand, with a presence in many emerging and frontier markets, and also has good penetration in Southeast Asia and South America. Transsion benefits from a long growth runway given low smartphone penetration across its key markets, and its growing internet apps and IoT[2] businesses strengthen local brand awareness and provide further optionality. We believe the market is not recognizing these drivers, and we

[2] IoT – Internet of Things

estimate that the company can deliver superior growth and stable margins compared to the global smartphone market over the medium term.

In financials, HDFC Bank is one of India's largest banks and will continue to use its superior cost structure, customer service, underwriting, and technology advantages to gain share from its poorly managed state bank rivals, particularly in smaller Indian cities where it has lower exposure. India's low credit penetration, pent-up credit demand, and low banking product usage provides a favorable backdrop for its growth.

In materials, Hoa Phat is the largest producer of steel in Vietnam, which is an attractive market given strong infrastructure-driven demand growth and premium pricing due to high import tariffs. Hoa Phat's low-cost structure, high-single digit steel production CAGR through 2025, and strong returns on capital employed make it among the best positioned to capitalize on that demand opportunity.

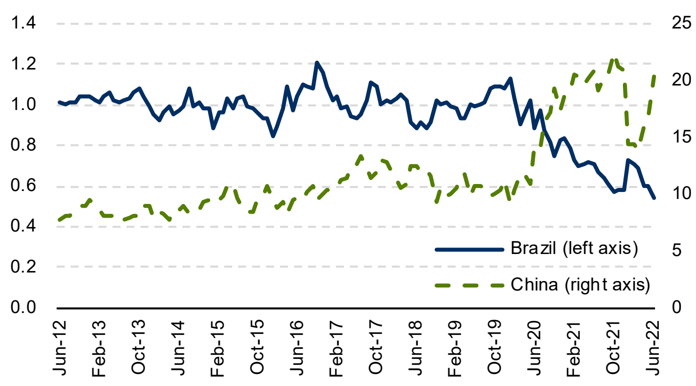
We identified Ping An, a Chinese insurance company, as a source of funding for some of our new investments with superior discounts to intrinsic value. Additionally, we sold our residual position in Vale, a Brazilian miner, to fund Hoa Phat, which offers a better growth runway and access to differentiated end market demand. Vale's long-term catalysts are more limited and provided a lower intrinsic value.

Uncertainty Presents Opportunity

Brazil and China are two large, influential markets that will capture investor attention for the balance of 2022, and both have major political events upcoming. In China, barring any significant social unrest or an internal CCP[3] political coup, Xi winning an unprecedented third term at the National Congress in October is almost a foregone conclusion. In Brazil, the election outcome is less clear, as the two main candidates representing opposite ends of the political spectrum (leftist Lula da Silva and far-right incumbent Jair Bolsonaro) both have tarnished reputations and precarious platforms – and have been disappointing leaders.

The relative level of political certainty in China and uncertainty in Brazil is embedded in market valuations; Brazil is trading at its widest discount to EM in over 10 years, while China is far above its 10-year relative value (**Chart 12**). Current valuations leave little room for policy missteps in China but ample room for policy surprises in Brazil. While we have initiated new investments in both countries, we remain overweight Brazil and underweight China from a bottom-up perspective.

Chart 12. PE FWD Relative to EM

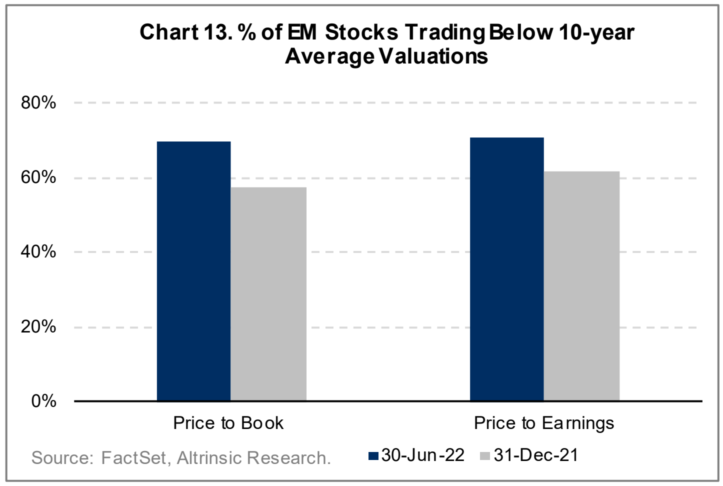


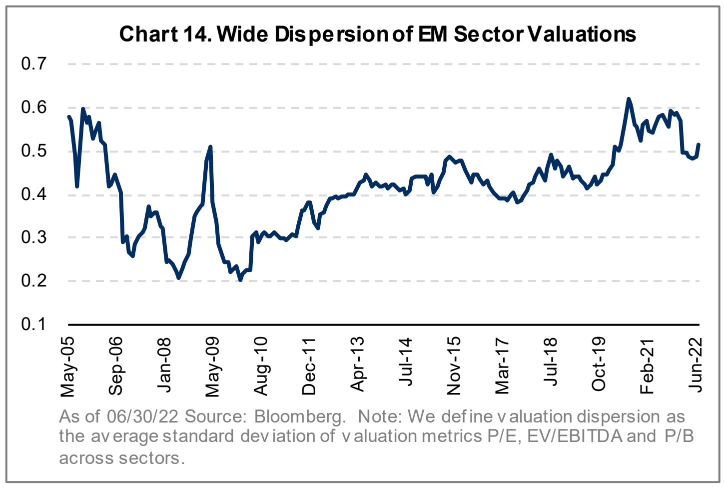
As of 06/30/22 Source: Bloomberg

More generally, the short- to medium-term horizon is filled with dark clouds – just consider the daily headlines on inflation and prospects for faster policy tightening, likely resulting in slowing economic activity. However, the volatility in the last quarter has provided us with unprecedented opportunity to initiate positions in companies that we believe will be structural winners and survivors of coming headwinds for economies and company earnings alike.

[3] Chinese Communist Party

Over the last several years[4], the information technology and communication services sectors drove 75% of outperformance in emerging markets[5]. This long period of narrow market leadership, combined with recent market volatility, has left a very broad cross-section of the market attractively valued on historic, absolute, and relative bases (**Charts 13**). We believe sectoral leadership will broaden, and with EM sector valuation dispersion[6] at historic highs (**Chart 14**), we expect a wide range of outcomes and an environment ripe for bottom-up, intrinsic value investors.





Thank you for your support and interest in the Altrinsic Emerging Markets Opportunities portfolio. We would be delighted to discuss these or other matters of interest.

Sincerely,

Alice Popescu

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[i] 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.

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[4] 5-, 10-, and 15-year timeframe
[5] Source: FactSet, Altrinsic research
[6] We define valuation dispersion as the average standard deviation of valuation metrics P/E, EV/EBITDA and P/B across sectors.

GIPS Report – Altrinsic Emerging Markets Opportunities Composite

	Total Firm	Composite Assets			Annual Performance Results				Ex-Post Standard Deviation (3 Yr Annualized)	
					Composite					
Year to Date	Assets (millions)	USD (millions)	% of Firm Assets	Number of Accounts	Gross	Net	MSCI EM (Net)	Composite Dispersion (Gross)	Composite (Gross)	MSCI EM (Net)
2021	10,533	72	1%	Five or fewer	-2.85%	-3.54%	-4.72%	N.A.[1]	N.A.1	N.A.1

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 2021 represent partial period performance from April 1, 2021 through December 31, 2021. The composite inception date is 1 April 2021.

The Altrinsic Emerging Markets Opportunities Composite is a diversified (typically between 60 - 90 holdings), bottom-up, fundamental, value oriented, Emerging Market focused portfolio, benchmarked to the MSCI Emerging Markets (Net) Index. The MSCI Emerging Markets (Net) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of emerging markets. Portfolios in the composite may invest in countries that are not in the MSCI Emerging Markets (Net) Index. The Altrinsic Emerging Markets Opportunities Composite invests in all capitalizations with no stated caps on small and mid-cap companies. Additional information is available upon request. The minimum account size for this composite is $5 million. Returns include the effect of foreign currency exchange rates.

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, 2021.

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 Emerging Market Opportunities Composite has had a performance

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. 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 Emerging Markets (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 0.95% applied monthly. 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 0.95% on the first $25 million, 0.85% on the next $50 million, and 0.75% on the remainder. Some accounts may pay incentive fees. Actual investment advisory fees incurred by clients may vary.

The Altrinsic Emerging Markets Opportunities Composite was created and incepted April 1, 2021

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