ALTRINSIC

July 2019

Altrinsic International Equity Commentary – Second Quarter 2019

Dear Investor,

Global stock markets delivered robust gains thus far in 2019, outperforming all other asset classes. This strength continued during the second quarter as dovish central bank commentary outweighed the preponderance of weak economic data and tariff fatigue. Key developments during the second quarter included aggressive declines in bond yields, continued yield curve inversion in major markets, rallying equity markets led by US stocks, "growth" continuing to outperform "value," disparate performance among commodities, and reduced pricing of risk as indicated by narrowing CDS spreads in most countries. The Altrinsic International Equity portfolio gained 3.0% during the quarter. By comparison the MSCI ACWI ex-US and EAFE indices climbed 3.0% and 3.7% respectively, as measured in US dollars.[1]

From a broad perspective, the greatest sources of positive attribution were derived from holdings in the financial, consumer staples, and materials sectors. Information technology, communication services, and industrials were the greatest detractors. Detailed attribution analysis highlights the below-market risk embedded in the portfolio as an important driver of relative underperformance. We are well aware of the risk associated with our differentiated positioning and we fully believe in the fundamental underpinning and that the range of outcomes are skewed in our favor. On the other hand, we are disappointed in the performance of a few holdings that weighed on returns during the quarter. Baidu, BT, Japan Exchange, and Daito Trust were important detractors.

Baidu underperformed after the company reported disappointing quarterly earnings and guided to slowing revenue growth. We recognize the challenging competitive dynamics in Chinese search but we see underappreciated value coupled with upside optionality derived from Baidu's interests in travel and online video platforms, its self-driving car initiatives, and its AI assistant (DuerOS) efforts. Additionally, Baidu has a strong balance sheet with 25% of its market cap in cash.

BT reported year-end results that were better than expected, but its shares underperformed as management delivered cash flow guidance that was below expectations and did not commit to maintaining the dividend if the conditions to invest in fiber are appropriate. At current levels, the market underappreciates BT's strong competitive offering and Philip Jansen's (BT's new CEO) ability to improve BT's cost efficiency amidst a regulatory environment showing tangible signs of improvement.

Japan Exchange declined on slowing second-quarter Japanese derivative and equity volumes given the low volatility environment. We think investors have become too focused on short-term trends at Japan Exchange and underestimate the long-term opportunities to expand its market data business, increase its capital returns, and benefit from a more volatile market environment.

During the quarter, Daito Trust experienced a slowdown in apartment construction orders, as the industry grapples with negative headlines related to a few troubled competitors. We see this trend as a short-term phenomenon due to the ongoing need to rebuild dilapidated apartments throughout Japan.

Notable gainers during the quarter included Nintendo, Aon, and Zurich Insurance. Shares of Nintendo performed well as it is set to release a new version of the Switch later this year. This should help to expand its installed base ahead of a strong game release schedule, including Pokémon, Sword and Shield, and Animal Crossing. Additionally, Nintendo is expected to release two mobile games in the coming months, Mario Kart Tour and Dr. Mario World. We see the potential for outsized profit growth as the company better monetizes its hardware platform. Initiatives in mobile gaming could further add to long-term value creation. Aon is experiencing accelerating growth due to continued market share gains and better service offerings, leading its shares to rally sharply in the second quarter. In addition, Zurich Insurance continues to execute on the turnaround of its underperforming property and casualty business, while emphasizing the sustainability of its considerable capital returns.

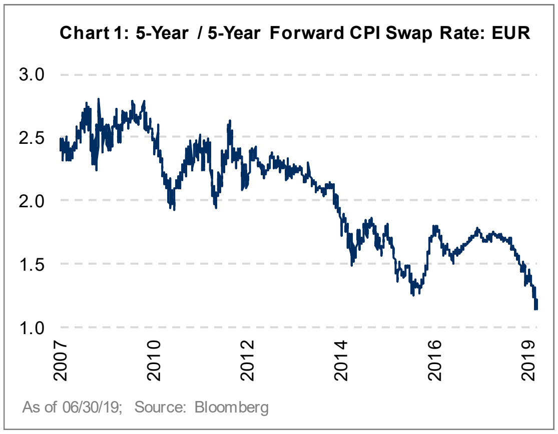
Investment activity was robust as we added new positions in 3 companies during the quarter, including KB Financial (Korea), THK (Japan), and Fresenius Medical Care (Germany). We sold Cielo (Brazil), Concordia (Japan), Dufry (Switzerland), Hoya (Japan), and Sodexo (France).

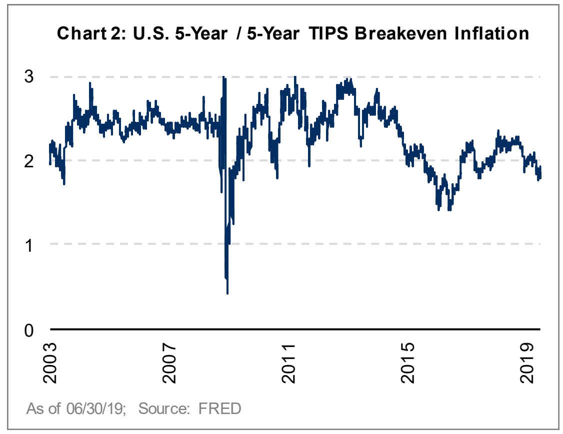
Resulting portfolio exposures are illustrated in the charts and tables in the appendix. Notable sources of exposure and differentiation versus broad market benchmarks include:

- Holdings in four industries represent approximately 74% of our invested capital: financials, healthcare, communication services, and consumer staples.[2]
    - Financials – Underweight European banks with exposure primarily among capital light insurers and non-bank, cash-flow-driven financials; overweight Japanese financials.
    - Healthcare – Invested in undervalued, established medical device and pharmaceutical companies, complemented by a dialysis service provider.
    - Communications – Exposure is among companies with shareholder-friendly management teams, strong balance sheets, and ownership of premier network, technology and/or content assets.
    - Consumer Staples – Meaningful positions in well-capitalized European-based multinational franchises.
- Our direct emerging market exposure is approximately 11%, however, we see a growing number of opportunities following years of EM underperformance and short-term macro uncertainty.
- Macro uncertainty is also leading to opportunities in the industrials and materials sectors. We are spending more time conducting due diligence in these areas and expect to capitalize should further volatility arise.

Market Commentary/Investment Perspectives

Although many investors are taking great comfort in lower interest rates and dovish policy comments, they present a delicate situation with fragile underpinnings. As illustrated in Charts 1 & 2* disinflationary and/or deflationary concerns are prevailing, likely caused by mountainous debt levels, the extended nature of this economic expansion, demographics, globalization, automation, and technological innovation. But, as articulated in previous commentaries, the tug-of-war between these pressures and inflationary forces (including those that could stem from expansive unorthodox monetary policy experimentation) will play out over the medium to long term and be a key source of both interest rate and market volatility in the years ahead.

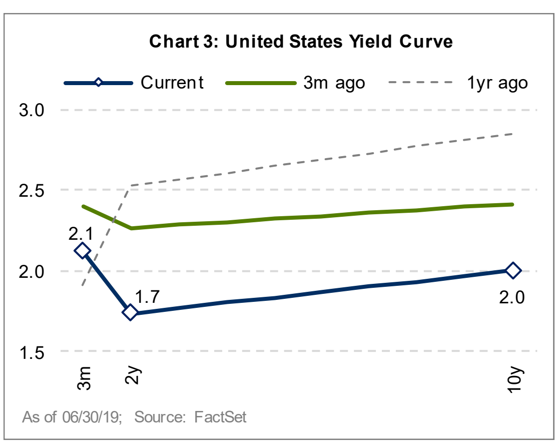


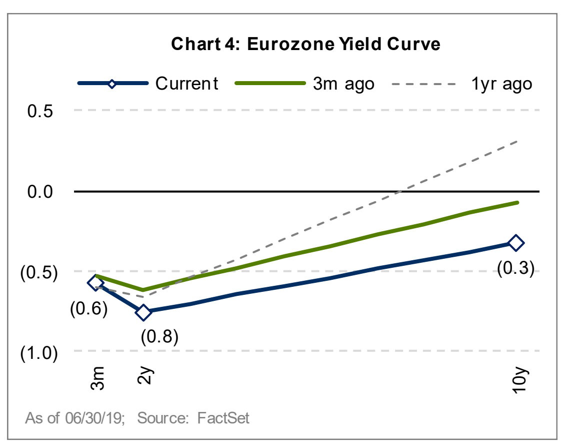


**5 year/5 year forward CPI swap rates and 5 year TIPS breakeven are market proxies for inflation expectations.*

Central bank policy and commentary have further contributed to inverted and flat yield curves as seen in Charts 3 & 4. Speculation swirls around the origin and significance of inverted yield curves, but they have often been a leading indicator of economic weakness or recessions. These conditions are particularly difficult for banks, which have performed terribly for years. Our limited exposure to banks has been primarily in Japan, but we expect opportunities to emerge in the western banks.

Overall, the suppression of interest rates and "extraordinary" stimulus has succeeded in one thing for sure: lifting asset prices. Since the 2008 crises, the big 5 central banks have bought $12.4 trillion in assets. However, the corresponding rise in debt levels (global debt to GDP has climbed from 190% to 235%) and underlying composition created vulnerabilities that could be amplified during an economic downturn and corporate bankruptcies could surprise in magnitude.





China in particular has experienced a significant increase in debt. Recognizing this, officials attempted a deleveraging campaign last year, but deteriorating growth forced them to quickly reverse course, providing additional fiscal stimulus and liquidity in the banking system. Despite these efforts, banking regulators had to bail out Baoshang Bank, the first Chinese bank to default, in May. China has the resources and tools to avoid a full-blown crisis, but the imbalances are significant and will persist for years. Similarly, the government's conflict with the West in areas of trade, intellectual property rights, cyber warfare, and geopolitical influence will be long-lasting.

Despite the swoon experienced during the fourth quarter, the market rally since has led to significant complacency among investors and market observers. Valuations are elevated, particularly for popular "growth" stocks. Risk measures like junk bond spreads and credit default swaps for leveraged countries and companies, not to mention a record $13 trillion of negative yielding bonds highlight major imbalances in global markets. Subdued capital expenditures suggest corporates have been conservative in their outlooks and planning, but their appetite to borrow and increase leverage suggests confidence and/or macro complacency. We have no ability to forecast economic variables, but we believe it is particularly timely and prudent to be conservative in our assumptions for economically sensitive businesses and in our risk assumptions.

While we recognize the significant issues facing investors, we believe that public equities are well-suited to deliver favorable absolute returns over the long term and outperform most other asset classes. This will come with volatility, as seen last year, and there will be winners and losers. While the pace of innovation is accelerating, well-managed companies can adapt to evolving economic and competitive environments, innovate, enter new markets, and allocate capital to enhance shareholder value. A few large tech companies have been generating significant buzz surrounding their innovation and market dominance, but beneficiaries are spreading across all industries. We believe some of the greatest surprises will come in healthcare, where focused management helps catalyze and harness scientific innovation. We are also encouraged by the greater alignment with shareholder values, not only in economic terms but regarding important environmental, social, and governance issues as well.

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On a final note, we are pleased to inform you that we have repurchased National Australia Bank's minority interest in our firm.

Trends in asset management have led many participants to exit the industry, consolidate via mergers and acquisitions, and/or pursue other defensive strategies as they confront skepticism towards active management and threats from passive, low-cost "factor oriented solutions." To the contrary, we believe there is no better time to invest in ourselves.

We will continue to work closely with NAB's wealth management arm, MLC, in the Australian marketplace where we manage the Altrinsic Global Equities Trust and other offerings. Under the new leadership of Geoff Lloyd, we are confident that MLC's wealth management business will continue to positively distinguish itself in the local marketplace.

This purchase will enable us to further incentivize the next generation of talent while even more deeply aligning our interests with those of our clients. We have been partners for 19 years and have since surrounded ourselves with a terrific and diverse team of younger professionals who are playing important roles at Altrinsic. With this transaction, the team will eat even more of its own cooking.

We launched Altrinsic in 2000, as the TMT bubble was unraveling and the cognoscenti were calling for the "death of value investing." Many value investors did capitulate during this period given short-term relative performance pressures, the prolific leadership by a narrow group of high-priced "growth/momentum" stocks, and emotions throughout the industry food chain. Sound familiar?

Benjamin Graham famously said, "An intelligent investor gets satisfaction from the thought that his operations are exactly opposite to those of the crowd." The confidence we had in 2000 is outweighed by the confidence we have today.

We are humbled by the challenge, exhilarated by the opportunity, and could not be more excited for what lies ahead.

Sincerely,

John Hock
John DeVita

[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. Please see Important Considerations and Assumptions at the end of this letter for additional disclosures.*

[2]*Industry/Sector/Regional portfolio weights included here and throughout this letter are presented as of June 30, 2019. Altrinsic independently analyzes each security recommended for purchase and categorizes it into the MSCI GICS sector and or country that it deems most appropriate. Altrinsic's sector and country classification may differ from MSCI. These percentages are based upon a representative fully discretionary account.*

Altrinsic International Equity Composite

Quarterly Report as of June 30, 2019

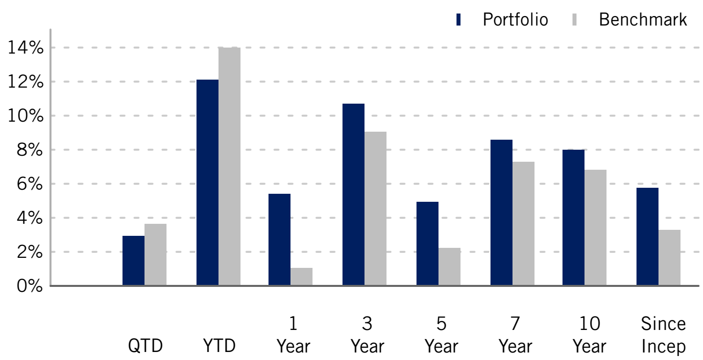
Benchmark: MSCI EAFE

Currency: USD

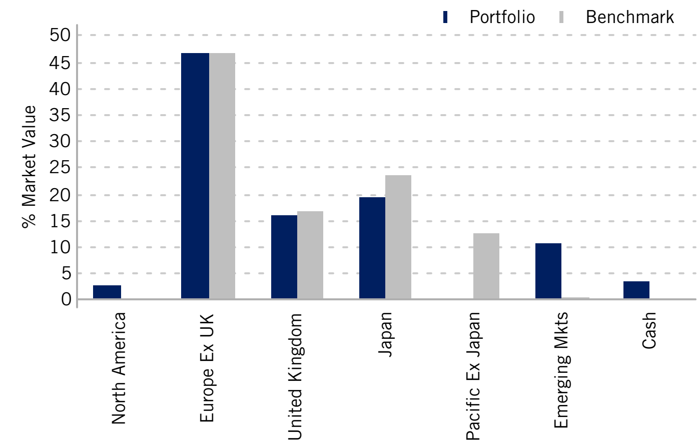
Inception Date: 6/30/2000

Performance (%)

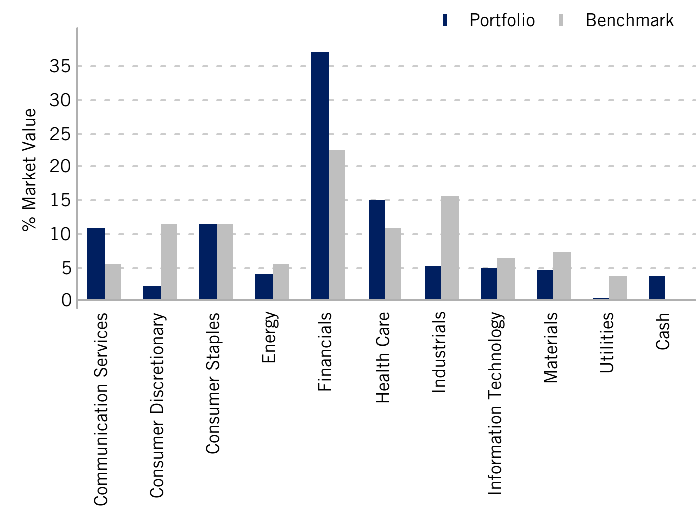
			Annualized					
	QTD	YTD	1 Year	3 Year	5 Year	7 Year	10 Year	Since Incep
Portfolio	3.0	12.2	5.4	10.7	5.0	8.6	8.1	5.8
Benchmark	3.7	14.0	1.1	9.1	2.2	7.3	6.9	3.4
Excess	(0.7)	(1.8)	4.3	1.6	2.7	1.3	1.2	2.4



Region Weights



Sector Weights



Top 10 Positions

Security	Sector	% Market Value
Chubb Ltd.	Financials	3.4
Zurich Insurance Group AG	Financials	3.1
Willis Towers Watson PLC	Financials	3.0
Astellas Pharma Inc.	Health Care	2.9
GlaxoSmithKline plc	Health Care	2.9
Aon plc	Financials	2.8
Sanofi	Health Care	2.7
Tokio Marine Holdings Inc.	Financials	2.6
Danone SA	Consumer Staples	2.6
Swiss Re AG	Financials	2.4
		28.5%

Positions Initiated/Eliminated (2nd Quarter 2019)

Initiated	Eliminated
KB Financial Group Inc.	Cielo SA
THK Co. Ltd.	Concordia Financial Ltd.
Fresenius Medical Care AG	Hoya Corp
	Dufry AG
	Sodexo SA

Characteristics

	Portfolio	Benchmark
Market Cap		
Weighted Average (USD M)	59,508	65,726
Median (USD M)	31,987	10,137
Portfolio Count	62	923
Dividend Yield	3.2%	3.3%
Price to Earnings	15.8x	15.6x
Price to Book	1.5x	1.6x

Performance is presented gross of management fees but net other fund expenses. Gross returns will be reduced by the investment advisory fee. The report reflects the composite inception date and performance. Individual client inception dates and since inception returns will vary. The portfolio may invest in countries, sectors and securities not included in the noted index. All investments involve risk of loss. Past performance is not indicative of future results. Due to rounding, numbers presented may not add up to the totals provided.

ALTRINSIC INTERNATIONAL EQUITY COMPOSITE
FULL DISCLOSURE PRESENTATION

Year to Date	Total Firm Assets (millions)	Composite Assets USD (millions)	Composite Assets % of Firm Assets	Composite Assets Number of Accounts	Annual Performance Results Composite Gross	Annual Performance Results Composite Net	Annual Performance Results MSCI EAFE (Net)	Annual Performance Results Composite Dispersion	Ex-Post Standard Deviation (3 Yr Annualized) Composite	Ex-Post Standard Deviation (3 Yr Annualized) MSCI EAFE (Net)
Q2 2019	6,653	3,049	46%	9	12.19%	11.72%	14.03%	N.A.	9.91%	10.92%
2018	6,284	2,381	38%	9	-7.19%	-7.98%	-13.79%	0.45%	9.92%	11.24%
2017	7,259	2,920	40%	10	22.45%	21.43%	25.03%	0.23%	11.35%	11.83%
2016	7,107	3,048	43%	16	8.86%	7.94%	1.00%	0.16%	12.14%	12.46%
2015	8,927	3,307	37%	19	0.16%	-0.69%	-0.81%	0.20%	12.01%	12.46%
2014	11,656	3,453	30%	24	-4.54%	-5.35%	-4.90%	0.12%	12.09%	13.03%
2013	14,261	3,608	25%	22	20.26%	19.26%	22.78%	0.32%	14.27%	16.25%
2012	12,586	3,057	24%	23	13.27%	12.32%	17.32%	0.23%	16.99%	19.37%
2011	10,683	2,671	25%	21	-9.90%	-10.67%	-12.14%	0.49%	18.82%	22.43%
2010	10,621	3,339	31%	19	11.61%	10.67%	7.75%	0.49%	22.25%	26.23%
2009	9,278	2,482	27%	10	29.28%	28.21%	31.78%	1.20%	19.75%	23.58%
2008	5,537	1,584	29%	9	-33.96%	-34.54%	-43.39%	0.28%	16.35%	19.24%
2007	7,582	1,840	24%	9	5.83%	4.93%	11.17%	0.27%	8.45%	9.43%
2006	5,574	947	17%	6	22.13%	21.11%	26.35%	0.13%	9.09%	9.33%
2005	2,563	530	21%	Five or fewer	10.98%	10.05%	13.56%	N.A.[1]	11.64%	11.39%
2004	1,603	262	16%	Five or fewer	23.37%	22.46%	20.25%	N.A.[1]	14.06%	15.43%
2003	871	155	18%	Five or fewer	41.87%	40.84%	38.60%	N.A.[1]	16.31%	17.81%
2002	561	87	16%	Five or fewer	-6.58%	-7.28%	-15.94%	N.A.[1]	N.A.	N.A.
2001	491	22	4%	Five or fewer	-14.74%	-15.39%	-21.45%	N.A.[1]	N.A.	N.A.
2000*	520	29	6%	Five or fewer	-6.56%	-6.91%	-10.53%	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.

Altrinsic International Equity Composite is a diversified (60 – 100 holdings), bottom-up, fundamental, value oriented, Global-ex U.S., all cap portfolio, benchmarked to the MSCI EAFE (Net) Index. The MSCI EAFE is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. Portfolios in the composite may invest in countries that are not in the MSCI EAFE (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 December 31, 2018.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Altrinsic International Equity Composite has been examined for the periods beginning December 8, 2000 through December 31, 2018. The verification and performance examination reports are available upon request.

Altrinsic Global Advisors, LLC is a registered investment adviser. The firm maintains a complete list and description of composites, which is available upon request.

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 the United States and Canada. The MSCI EAFE (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 U.S. 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 portfolios, calculating performance, and preparing compliant presentations 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 International 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.