

# ALTRINSIC GLOBAL EQUITIES TRUST



## Monthly Report October 2018

### Performance

Period ending 31 October 2018	1m %	3m %	6m %	1y %	3y %	5y %	Since inception %
Altrinsic Global Equities Trust (Net)	-2.77	1.18	5.16	10.14	7.33 p.a.	11.57 p.a.	13.93
MSCI AC World ex-Australia (Net) Index	-5.56	-1.69	2.35	7.73	7.98	12.66	15.56
Out/(under) performance	2.79	2.87	2.81	2.41	-0.65	-1.09	-1.63

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

### Portfolio review

The Altrinsic Global Equities Trust (the Trust) was down 2.7% in October, outperforming the 5.6% decline by the MSCI All Country World ex-Australia Index. Financials, consumer discretionary, and consumer staples contributed the most to return, while energy detracted from performance.

- Financials outperformed during a volatile month, as many of the Trust's holdings operate with less-cyclical characteristics. Also, ICICI Bank's solid earnings results gave investors comfort that its high credit losses are improving
- In the consumer discretionary sector, Comcast outperformed after reporting strong 3Q results, as its broadband business continues to accelerate.
- Despite a difficult market backdrop, consumer staples holding Molson Coors delivered very solid 3Q results. An adjusted 3Q EPS of \$1.84 was well above expectations with year-over-year revenues up 1.8%.
- Energy holdings came under pressure along with the weakness in oil prices, especially oilfield service providers, Schlumberger and Baker Hughes, and exploration and production holdings, Apache and EOG.
- Telecom holding Vodafone continued to underperform on concerns about increased competition in Spain and Italy and whether the company can sustain current dividend levels, while BT Group outperformed during the month.
- In technology, Conduent gave back some of the strong gains made during the year, offsetting Cielo's strong performance.

### Outlook and strategy

As central bank Quantitative Easing gives way to Quantitative Tightening, significant cracks have begun to appear in equity markets. In some cases, such as in Italy, these cracks have a reasonable risk of deteriorating into canyons. We believe the risks emanating from Italy are more severe than markets and headlines suggest. The country suffers from high debt levels, low productivity, a large "shadow" economy, bad demographics, and substantial non-performing loans in its weak banking sector. Having been sold the merits of the European Union, its population is not experiencing the benefits, suffering from high unemployment (11%), which is more than double that of Germany. This is giving rise to populist voices from the extremes, both with underlying anti-EU pillars. EU parliamentary elections are scheduled for May 2019, but national elections could take place earlier. While U.S. stock markets have mostly shrugged off these developments, European sovereign credit markets and bank equities are telling a different story. Italy's bonds are now at a 3% spread over German 10-year interest rates, the highest level since mid-2013. European bank stocks continue to suffer as well. The Trust has been significantly underweight this sector for years. The team has lined up potential investments but will be extremely disciplined on price given the political risks, the variability of outcomes, and the inherent leverage in even the best bank. Currently, the Trust's financials include developed market insurers, exchanges, and one European bank (acquired in 3Q), Japanese banks and insurers, and two emerging market banks.

### 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)

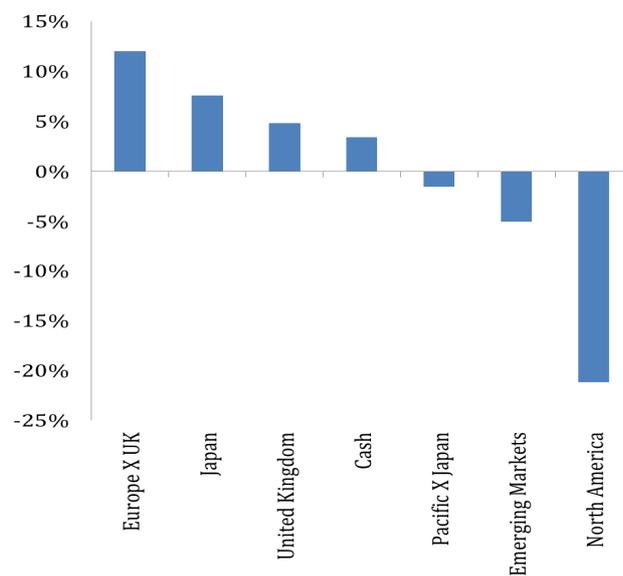
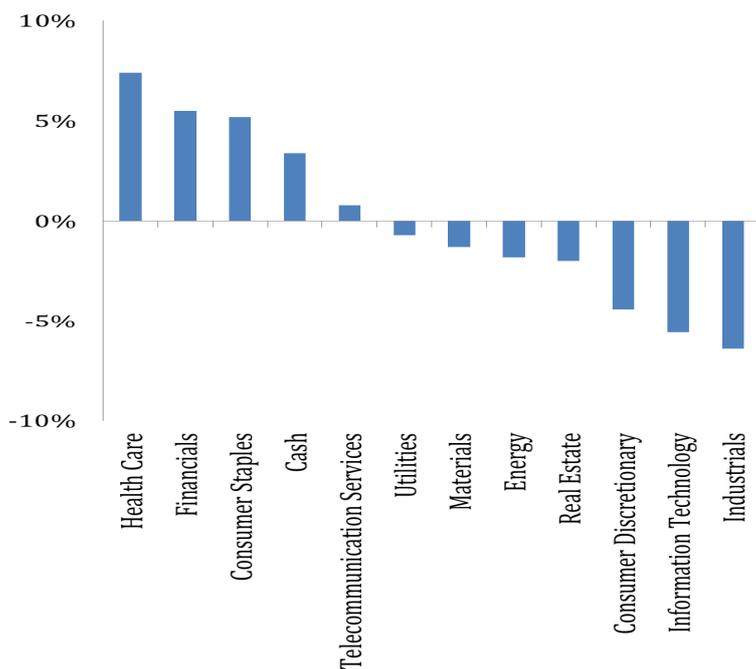
1.25% p.a.

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

## Absolute Top 10 Holdings (%)

Company	Region	Altrinsic %	Index %
Comcast Corporation	United States	2.91	0.41
Chubb Ltd	United States	2.77	0.14
Astellas Pharma Inc	Japan	2.61	0.07
Sanofi	France	2.53	0.24
Wilis Towers Watson Plc	Ireland	2.53	0.04
GlaxoSmithKline Plc	United Kingdom	2.52	0.23
Aon Plc	United Kingdom	2.44	0.09
Roche Holding AG	Switzerland	2.42	0.40
Zurich Insurance Group AG	Switzerland	2.27	0.11
Intercontinental Exchange Inc	United States	2.21	0.11

## Active Sector and Regional Positioning (%)



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

## Sector Positioning

Consumer Discretionary	Positioned in select media and retail franchises with strong cash flow characteristics and/or potential to improve profitability from current levels.
Consumer Staples	Meaningful positions in well-capitalised European-based multinational franchises.
Energy	Positioned in North American and Japanese exploration and production companies and diversified oilfield service businesses.
Financials	Underweight European and U.S. banks with an 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 pharmaceuticals and healthcare services companies.
Industrials	Positioned in infrastructure, transport, and capital goods companies, with long-term structural tailwinds and leading global scale.
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.
Telecommunication Services	Selectively positioned in companies with shareholder-friendly management teams, strong balance sheets, and ownership of premier mobile and fixed networks.
Utilities	Invested in high-quality, long-dated assets that are positioned to realize upside from an eventual recovery in fundamentals and stricter environmental regulations.

**Important:** This information is issued by Antares Capital Partners Ltd ABN 85 066 081 114, AFSL 234483 ('ACP'), as the Responsible Entity of the Altrinsic Global Equities Trust ('Trust'). This information is general in nature and does not take account of your individual objectives, financial situation or needs. Before making a decision to invest in the Trust you should read the current Product Disclosure Statement ('PDS') and the accompanying Product Guide, and, with the assistance of a financial adviser, consider if it is appropriate for your circumstances. A copy of the PDS and Product Guide is available from [www.nabam.com.au](http://www.nabam.com.au) or by calling our Client Services Team on 1300 738 355. An investment in the Trust is not a deposit with or liability of National Australia Bank Limited ('NAB') or any other member of the NAB Group of Companies ('National Australia Group') and is subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither ACP nor any other member of the National Australia Group guarantees the repayment of your capital, payment of income or the performance of your investment. NAB does not provide a guarantee or assurance in respect of the obligations of ACP, the Trust or Altrinsic Global Advisors. Securities identified and any investment views and market opinions/analysis expressed constitute judgments as of the report date and are subject to change at any time. Any opinions or analysis expressed should not be considered a recommendation or solicitation to purchase or sell any security. It should not be assumed that any investment in this security was, or will be, profitable. Any specific investments referenced do not represent all of the investments purchased, sold or recommended for the Trust. Altrinsic and the logo shown are registered trademarks of Altrinsic Global Advisors, LLC. MSCI. The fund referred to herein are not sponsored, endorsed, or promoted by MSCI, and MSCI bears no liability with respect to any such fund.

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