

# ALTRINSIC GLOBAL EQUITIES TRUST



Monthly Report June 2018

## Performance

Period ending 30 June 2018	1m %	3m %	6m %	1y %	3y % p.a.	5y % p.a.	Since inception % p.a.
Altrinsic Global Equities Trust (Net)	2.50%	3.19%	5.10%	7.55%	6.97%	12.01%	13.94%
MSCI AC World ex-Australia (Net) Index	1.81%	4.27%	5.42%	15.00%	9.65%	14.32%	16.29%
Out/(under) performance	0.69%	-1.08%	-0.32%	-7.45%	-2.68%	-2.31%	-2.35%

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) gained 2.6% in June, outperforming the 1.8% increase by the MSCI All Country World ex-Australia Index. Consumer staples, healthcare, and consumer discretionary contributed the most to return, while information technology detracted from performance.

- Outperformance in consumer staples was dominated by Kroger on solid Q1 results. The company sold its convenience store operations (proceeds will be used to increase its share repurchases), entered into an agreement with UK's Ocado to accelerate home-delivery efforts, and purchased Home Chef to accelerate its home meal delivery business in the U.S.
- Healthcare holding Intercept Pharmaceuticals performed well. Competitor results highlighted the opportunity in non-alcoholic steatohepatitis (NASH), as some competitors' earlier-stage clinical trial data is promising. However, Intercept is nearing the end of its phase III clinical trial, and its drug could potentially be the first to enter the NASH market.
- In consumer discretionary, Grupo Televisa recovered after declining on concerns about the Mexican economy and the impact of trade issues with the U.S. Despite these concerns, Televisa showed resilience in its core advertising business, as it begins to benefit from an improved pricing strategy and better content.
- Technology holding, Nintendo, underperformed primarily due to fears of plateauing demand for the Switch. We trimmed the position as the stock neared our estimate of intrinsic value. However, the Trust continues to hold Nintendo, as we see continued optionality around efforts to improve monetizing its IP (intellectual property) via mobile, licensing, theme parks, and other avenues.

## Outlook and strategy

Global equities marked time in June with muted returns, however, Australian investors benefited from a weaker AUD. The narrow leadership of large U.S. technology companies continued, as investors rewarded growth. Performance in technology lagged during this period due to the Trust's differentiated positioning, which includes an eclectic mix of companies with their own unique drivers of value creation and a lack of exposure to these high-growth U.S. names. Going forward, we expect a continuation of volatility, as the impacts of escalating trade tensions and the normalization of central bank policy begin to percolate through the system. While economic indicators continue to paint a positive picture, we remain mindful of the risks, particularly as the trade disputes continue to ratchet up. These are likely to have broad and long-lasting implications, as businesses around the world could be forced to rethink their global supply chains. It's likely this would result in higher costs, potential product delays, and higher prices for end products, which could drive demand destruction, particularly for consumer electronics companies. The Trust has limited exposure to companies that would be impacted by these supply chain issues, and its cyclical exposure has been reduced. We remain focused on companies with idiosyncratic drivers of value creation and believe the Trust is well positioned to capitalize on the changing dynamics of the market.

## 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.

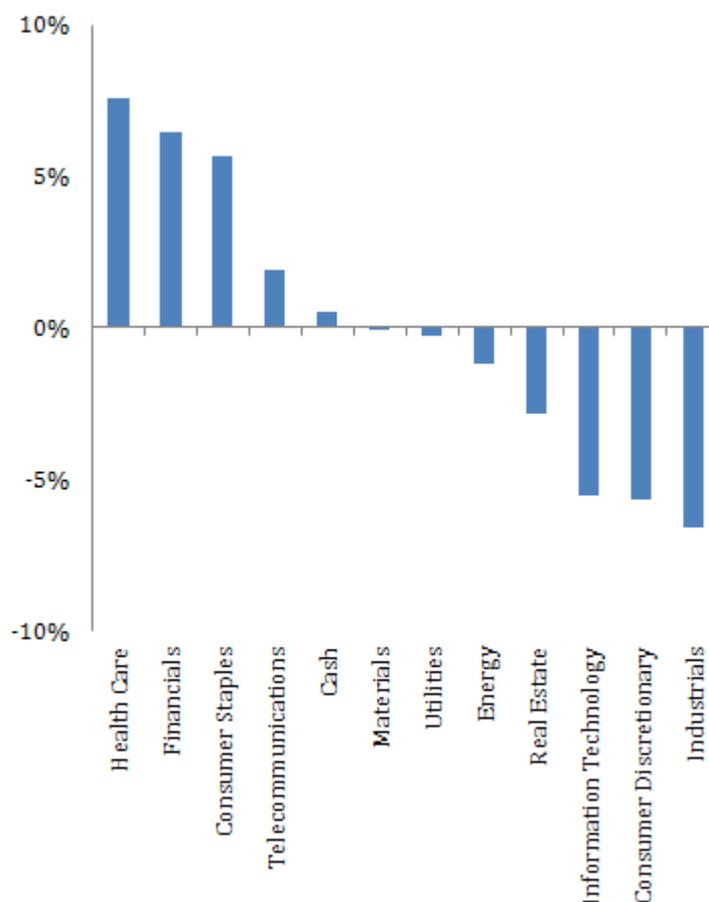
# Altrinsic Global Equities Trust- All Cap, All Market, Unconstrained

## Absolute Top 10 holdings

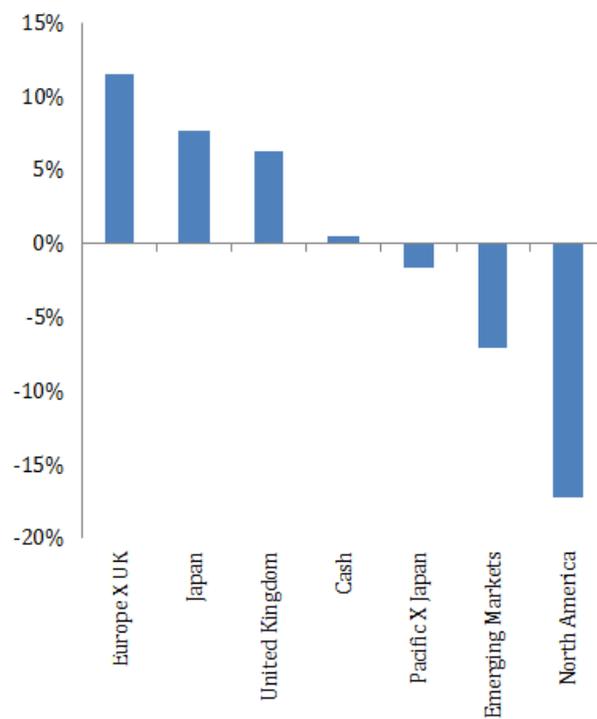
Company	Region	Altrinsic %	Index %
Chubb Ltd	UNITED STATES	2.86	0.13
GlaxoSmithKline plc	UNITED KINGDOM	2.68	0.23
Astellas Pharma Inc.	JAPAN	2.61	0.07
Comcast Corporation Class A	UNITED STATES	2.53	0.34
PepsiCo, Inc.	UNITED STATES	2.50	0.35
Intercontinental Exchange, Inc.	UNITED STATES	2.50	0.10
Advance Auto Parts, Inc.	UNITED STATES	2.43	0.02
Sanofi	FRANCE	2.30	0.20
Medtronic plc	UNITED STATES	2.25	0.26
Roche Holding Ltd	SWITZERLAND	2.23	0.35

## Fund Positioning

Active Sector Weights (%)



Active Regional Weights (%)



# 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.
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 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.

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