

ALTRINSIC GLOBAL EQUITIES TRUST



Quarterly Report December 2018

Performance

Period ending 31 December 2018	1m %	3m %	6m %	1y %	3y % p.a.	5y % p.a.	Since inception % p.a.
Altrinsic Global Equities Trust (Net)	-4.72	-8.70	-2.04	2.96	6.97	8.30	12.57
MSCI AC World ex-Australia (Net) Index	-3.66	-10.39	-4.47	0.71	7.80	9.48	14.32
Out/(under) performance	-1.06	1.69	2.43	2.25	-0.83	-1.18	-1.75

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

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.

Portfolio review

In the fourth quarter, the Altrinsic Global Equities Trust (Net) was down 8.7%, outperforming the 10.4% decline by the MSCI All Country World ex-Australia Index. Financials, materials, and healthcare contributed the most to return, while energy, communication services, and industrials detracted the most from performance.

- In financials, Willis Towers Watson produced solid earnings in November, leading to a stock re-rating throughout the quarter. For Intercontinental Exchange, a volatile investment environment has increased activity on its exchanges.
- Outperformance in materials was due to Kinross Gold and Linde. Kinross, a gold miner, benefitted from the increase in gold prices, driven by a rotation into lower-risk assets, and Linde closed its merger with Praxair, creating new entity Linde PLC.
- In healthcare, Roche benefitted from the defensive characteristics of European pharmaceuticals, while Ionis held an investor day that highlighted the depth of its pipeline.
- Underperformance in energy was driven by the continued pressure on oil prices, which weighed on Apache, a U.S. oil-focused exploration and production company, and Schlumberger, an oilfield services business, on concerns that lower oil prices will lead to lower demand for their products and services.
- In communication services, Yahoo Japan's plans to increase investment in its ecosystem, including a mobile payments joint venture, further pressured operating profits, while Baidu is suffering from China's economic slowdown.
- Industrial holding, FedEx, underperformed after a disappointing second-quarter earnings report, while GE reported continued headwinds in its weaker businesses, particularly in power, and a reduction in its dividend.

Absolute Top 10 Holdings (%)

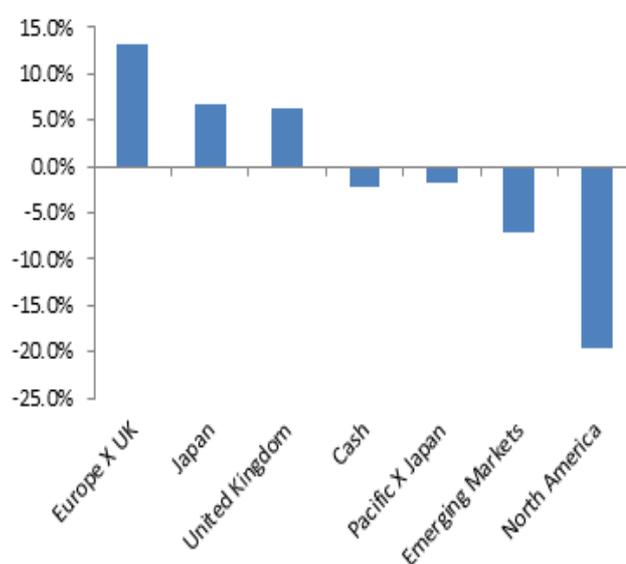
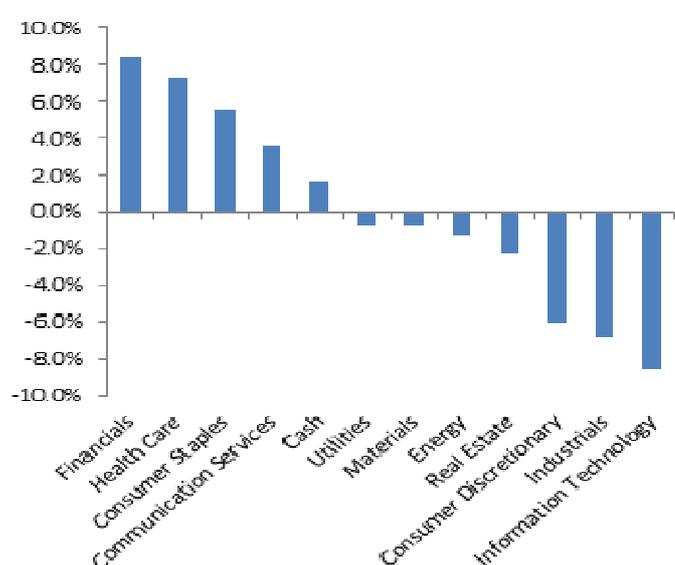
Company	Country	Altrinsic %	Index %
Chubb Ltd	United States	3.09	2.15
Willis Towers Watson plc	Ireland	2.89	0.05
Comcast Corporation	United States	2.80	0.39
GlaxoSmithKline plc	United Kingdom	2.68	0.24
Sanofi	France	2.65	0.25
Roche Holding AG	Switzerland	2.64	0.44
Zurich Insurance Group Ltd	Switzerland	2.34	0.11
Astellas Pharma Inc	Japan	2.33	0.06
Tokio Marine Holding Inc	Japan	2.23	0.08
PepsiCo Inc	United States	2.20	0.39

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

Economic Outlook and strategy

Cyclical businesses, such as industrial and financial companies, experienced considerable share-price weakness in 2018 given the combination of trade tensions, a worsening macro outlook, and relatively high normalized valuations. Global financials were particularly weak, down about 15% in local currency terms, resulting in their worst year since 2011's Euro crisis. We have been significantly underweight Western banks for several years due to poor risk/return dynamics. However, after Q4's steep share price declines, value is emerging, particularly in European banks and U.S. brokers. This led us to initiate a position in a strong European retail bank franchise, Lloyds Banking Group, a UK company focusing on basic mortgage and deposit services. Our portfolio has been more defensively positioned for fundamental reasons, but if these cyclical stocks continue to decline, we are likely to deploy more capital here, focusing on attractively valued, structurally sound businesses. If the investment environment remains as volatile as it was in 2018, we would expect the Trust to perform relatively well given our large weighting in companies with idiosyncratic opportunities to expand profits and our modest positioning in stocks that have benefited from such factors as momentum and cyclicity.

Active Sector and Regional Positioning (%)



Sector Positioning

Consumer Discretionary	Predominately positioned in select retail franchises with strong cash flow characteristics and/or the potential to improve profitability from current levels.
Consumer Staples	Meaningful positions in well-capitalised European-based multinational franchises.
Energy	Positioned in North American exploration and production companies and diversified oilfield service businesses.
Financials	Underweight European and U.S. banks with 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.
Communication Services	Positioned in an eclectic group of companies with idiosyncratic drivers and margin of safety.
Utilities	Invested in high-quality, long-dated assets that are positioned to realize upside from an eventual recovery in fundamentals and stricter environmental regulations.
Real Estate	Invested in an undervalued Japanese apartment construction company.

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