

# ALTRINSCIC GLOBAL EQUITIES TRUST

Monthly Report August 2022



## Performance

Period ending 31 August 2022	1 month (%)	3 months (%)	6 months (%)	1 year (%)	3 years (% pa)	5 years (% pa)	7 years (% pa)	Since inception (% pa)
Altrinsic Global Equities Trust (Net)	-2.14	-4.15	-6.05	-5.61	3.71	6.78	6.14	10.73
MSCI AC World ex-Australia (Net) Index	-2.01	-1.23	-6.16	-10.48	7.46	10.19	8.94	13.24
Excess Return	-0.13	-2.92	0.11	4.87	-3.75	-3.41	-2.8	-2.51

Notes: Performance returns are calculated net of management fees and are pre-tax in A\$. Past performance is not a reliable indicator of future performance. The numbers are rounded to two decimal places.

## 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)

0.99% p.a.

## Portfolio review

The Altrinsic Global Equities Trust ("the Trust") was down -2.14% this month, in line with the MSCI All Country World ex Australia Index's decrease of -2.01%, as measured in Australian Dollars.<sup>1</sup> The Trust's positions in information technology, financials, and energy were sources of positive attribution. Positions in health care, industrials, and consumer staples weighed on relative performance.

- The information technology sector pulled back this month as many highly valued technology leaders reported tougher macro conditions and worsening business prospects. Our technology holdings outperformed after most of them, including Alight, GoDaddy and New Relic, reported better than expected results and offered steady guidance. While our investments will not be immune to macro pressures, they all have idiosyncratic drivers that should help them offset some of these pressures and create long-term shareholder value.
- Our financials outperformed due to strength in our insurance-related holdings, as the improving interest rate environment, along with stable competitive commentary, buoyed the stock in a volatile month. Everest Re and Zurich were notable outperformers in the month due to these factors and stronger than expected excess capital.
- Energy's outperformance was driven by our holding in EOG Resources, a US shale oil-focused producer. EOG reported strong Q2 results, paid out 100% of its free cash flow as dividends, and kept production and capital expenditure guidance unchanged despite industry-wide inflationary and supply chain pressures. The market rewarded the operational resilience and reaffirmation of capital discipline.
- Underperformance in health care was driven by some portfolio exposure to Zantac, a heartburn drug, that was withdrawn from the market in 2019. Poor storage of this drug degraded it into a potentially carcinogenic byproduct thereby exposing the companies involved to liability. While we acknowledge the uncertainty associated with this liability, stocks are now discounting one of the largest settlements in pharmaceutical history. We believe this provides an investment opportunity.
- Concerns over weakening economic growth prospects coupled with rising cost pressures drove underperformance in our industrial stocks this month. Our more cyclically geared companies declined the most, particularly those with exposure to construction, such as Acuity and Masco. While their underlying end-markets are unquestionably cyclical, both companies have strong idiosyncratic drivers that will support long-term outperformance.
- Consumer staples underperformed as economic uncertainty weighed on shares of Heineken. While beer consumption is not necessarily economically sensitive, investors may be discounting a slowdown in premiumization trends. Heineken has weathered multiple downturns successfully and now has broader geographic exposure to diversify results. Elsewhere, our new position Haleon was caught up in potential Zantac litigation. We believe the risks are over-discounted.

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

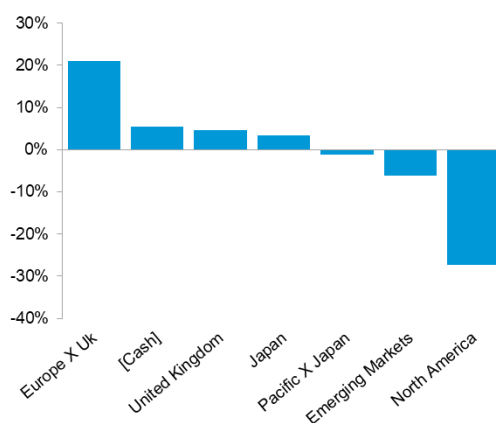
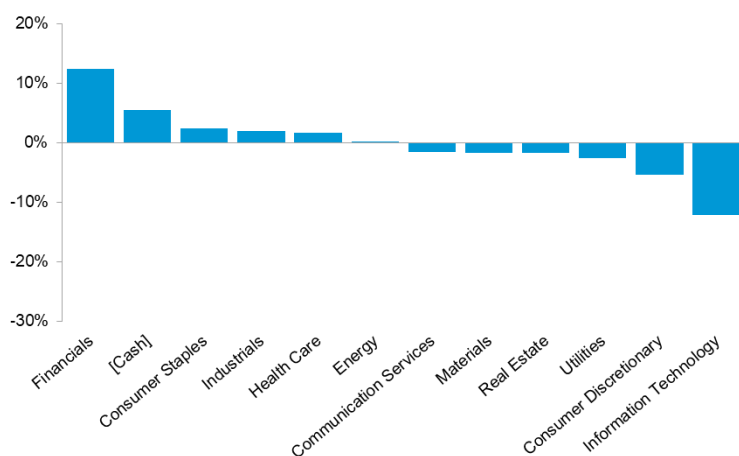
## Absolute Top 10 Holdings

Company	Country	Altrinsic %	Index %
Willis Towers Watson Public Limited Company	Ireland	3.12	0.04
Intercontinental Exchange, Inc.	United States	2.90	0.10
Chubb Limited	Switzerland	2.67	0.14
Zurich Insurance Group AG	Switzerland	2.44	0.12
EOG Resources, Inc.	United States	2.39	0.13
Bristol-Myers Squibb Company	United States	2.38	0.26
Sanofi	France	2.29	0.17
Heineken NV	Netherlands	2.28	0.04
Medtronic Public Limited Company	Ireland	2.16	0.21
Raytheon Technologies Corp.	United States	2.10	0.24

## Economic Outlook and Strategy

After a brief rally in July, global equities declined in August after hawkish comments by US Fed Chair Jerome Powell; his short speech at the annual Jackson Hole Symposium signaled further rate hikes, and other central bankers followed suit. Understandably, many central bankers are erring on the side of higher interest rates, with most countries still experiencing multi-decade-high inflation. Our portfolio focuses on businesses that have greater control over their destinies through a combination of management focus, efficiency improvements, and stronger capital allocation. This focus should help navigate volatile economic and market environments ahead.

## Active Sector and Regional Positioning



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## Sector Positioning

Communication Services	Positioned in an eclectic group of companies with shareholder-friendly management teams, strong balance sheets, and ownership of premier network, technology, and/or content assets.
Consumer Discretionary	Positioned in select retail, hospitality, and online franchises with strong cash flow characteristics and/or the potential to improve profitability from current levels.
Consumer Staples	Meaningful positions in well-capitalized European-based multinational franchises.
Energy	Positioned in a US shale oil-focused exploration and production company and two global integrated oil companies, all with low-cost production and returns-focused managements.
Financials	Underweight European and US 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 pharmaceutical and health care services companies.
Industrials	Positioned in infrastructure, transport, and capital goods companies with long-term structural tailwinds and leading scale in their relevant markets.
Information Technology	Focused on unique undervalued businesses with idiosyncratic drivers of value creation and a strong margin of safety.
Materials	Selective exposure to precious metals, copper mining, building materials, and a paints and coatings producer.
Real Estate	Invested in Japanese homebuilders with growing opportunities in zero energy housing, real estate management, and remodeling services.
Utilities	Invested in quality long-dated assets that are positioned to realize upside from an eventual recovery in power fundamentals and stricter environmental regulation.

## Contacts

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