Market Commentary

Third Quarter 2019

ALTRINSIC

CI Global Value Fund

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Class F returns (in %) as at September 30, 2019	Year-to-date	1 year	3 year	5 year	10 year	Since inception (08/08/2000)
CI Global Value Fund	10.9	4.0	7.3	9.3	9.4	4.6

Sources: Bloomberg Finance L.P.; Morningstar Direct; FactSet, MSCI, and Altrinsic Global Advisors, LLC, as at September 30, 2019.

Market Overview

- Global stock markets were positive during the quarter, in local currency. Dovish central banks and subdued inflation supported equities, but tepid profit growth, weakening economic indicators, sizeable debt levels and escalating geopolitical risk (e.g., the U.S.-China trade war, U.S. politics, Brexit and developments in the Middle East) contributed to volatility that will likely persist. Aggregate portfolio risk, measured by beta, is well below market levels and we continue to emphasize attractively priced businesses in which our underlying investment thesis are not related to the broad economy.

Performance Summary

- Over the third quarter of 2019, Class F of CI Global Value Fund (the “Fund”) returned 3.7% while its benchmark, the MSCI World Total Return Index, gained 1.9% (in Canadian-dollar terms) over the same period.

- The Fund outperformed the benchmark due to stock-specific factors in the financials, health care and materials sectors.

Contributors to Performance

- Shares of Vodafone Group PLC performed well after the company's better-than-expected first-quarter results, which provided investors with confidence that growth will improve. Management also announced it is looking at ways to unlock hidden value in the tower portfolio.

- Shares of gold mining company Kinross Gold Corp. appreciated along with gold prices, which increased on expectations of central bank interest rate cuts. These rate cuts would be positive for gold prices and Kinross Gold's earnings.

Detractors from Performance

- Shares of Cabot Oil & Gas Corp., a natural gas exploration and production company, were weak due to reduced 2020 guidance on production growth in response to falling U.S. natural gas prices. While disappointing, we believe that Cabot can deliver growth with attractive returns on capital employed, while generating substantial free cash flow, much of which is to be returned to shareholders through dividends and buybacks.

- Shares of EOG Resources, Inc., a shale-oil focused exploration and production company, fell during the quarter due to weakness in the price of oil, which makes up 72% of production. Even with near-term weakness in oil prices, we continue to see value in EOG, as it can deliver growth and free cash flow with strong returns on capital employed at current depressed oil prices.

Portfolio Activity

- We initiated three new positions in the Fund during the quarter, including Samsung Electronics Co., Ltd., a leading consumer electronics and components company. Over the last 20 years, the company has created value by entering and dominating new markets in the information technology sector, and has built a commanding position in memory semiconductors. The strength in its semiconductor business is being driven by the growth of artificial intelligence and high-performance computing. At the same time, the industry is far more rational than in the past, with major players focusing on margins rather than market share. We think this continues to be undervalued by the market. We also see upside optionality from improving corporate governance, which would drive significant shareholder returns given Samsung's large cash pile and strong free cash flow generation.

- During the quarter, we did not exit any Fund positions.

Outlook

- We are mindful of economic and geopolitical risks, and incorporate related considerations into our financial models and risk appraisals, influencing our determination of a company's margin of safety. We have been significantly underweight economically cyclical businesses largely due to their valuations, mediocre fundamentals, and vulnerable earnings prospects. Among these are western banks, materials, and industrials, although value is beginning to emerge.

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