Market Commentary

Second Quarter 2018

ALTRINSIC

CI International Value Fund

Quarterly investment performance was mixed across asset classes against a backdrop of stronger economic growth in the U.S. and China, election uncertainties, particularly in Italy and Mexico, intensifying trade tensions, and central banks' transition away from policy stimulus and quantitative easing and toward quantitative tightening. The fund underperformed during the second quarter of 2018. Positions in information technology, energy, and consumer staples weighed on performance. Positive attribution was derived by holdings in the industrials, consumer discretionary, and financials sectors.

Information technology: Yahoo Japan and Cielo underperformed during the quarter. Yahoo Japan came under pressure after announcing plans to increase investment, further pressuring its operating profit, and it did not announce a share buyback from Altaba, which owns approximately 36% of its stock. Although disappointed in Yahoo Japan's plans to increase spending, we think the company is poised to benefit from the growth of online video advertising in Japan, which comes at a higher margin and should help to support profits. Cielo's shares were down during the quarter, as the market remained concerned about intensifying competition for card-processing services in Brazil, particularly from new entrant PagSeguro Digital. We believe the market is overly pessimistic about Cielo's prospects, as new entrants are primarily addressing the unserved micro-merchant segment and do not have the resources to compete in the high-touch mid-sized and large-company segments.

Energy: Shares of Inpex, a Japanese exploration and production company, were weak during the quarter due to the poor market reception of its new five-year business plan. Especially disappointing was the lower implied dividend payout ratio despite the robust free cash flow from the company's Ichthys LNG project. Inpex shares now trade at one of the cheapest valuations and discount the overly pessimistic delivery of that guidance, which we believe is conservative and can be exceeded.

Consumer staples: Shares of Ambev remain pressured by market and currency weakness in Brazil and increased competition, particularly from Heineken at the high end of the beer market. Heineken's shares underperformed a rising market after strong performance earlier in the year. Rumors of CO_2 shortages throughout Europe were a contributing factor along with persistently pressured beer sales in the U.S.

Industrials: Outperformance by Babcock benefited performance, as it reported solid 2018 results and the unwinding of some of the working capital pressures, driving strong cash flow growth.

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Consumer discretionary: Shares of Grupo Televisa recovered after they had fallen 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 due to investments made over the past two years. We think that Televisa will exhibit continued improvement in its core advertising business and should show substantial free cash flow leverage as its capital expenditure requirements come down.

Financials: Japanese insurer Tokio Marine outperformed, as sell-side analysts continued to increase their earnings expectations due to an improving outlook on underwriting margins.

Class F Returns (in %) as at June 30, 2018	Year-to-date	1 year	3 year	5 year	10 year
CI International Value Fund	2.5	4.3	7.3	11.3	6.9