Market Commentary

First Quarter 2018

ALTRINSIC

CI Global Value Fund

Two distinct themes emerged in the first quarter. January saw a continuation of the market's optimism from 2017, reflected in the fund's solid performance (in absolute terms). During the remainder of the quarter, however, markets experienced a bout of volatility – arguably long-overdue – as investors began to focus more on risk relative to returns.

Overall, CI Global Value Fund performed well, measured in Canadian dollars, over the first quarter. Positive attribution was driven by holdings in the financials, health care and consumer staples sectors. Conversely, positions in industrials, information technology and consumer discretionary weighed on relative performance.

- Financials: AXA's shares rose on the French insurer's plan to acquire XL Group for $57.60 per share given the latter's attractive insurance franchise, particularly in the U.S. Also, global exchange operator Deutsche Boerse outperformed amid growing investor confidence in its new product initiatives, which began to flow through the company's earnings in 2017.

- Health care: Japanese pharmaceutical company Astellas Pharma continued to see a recovery in sentiment over the quarter related to its key prostate drug XTANDI and its overactive bladder franchise. Separately, investors appeared to be reassured about GlaxoSmithKline's (GSK's) dividend. By backing out of the bidding for Pfizer's consumer products division and buying out its joint venture with Novartis, GSK showed capital discipline. With the dividend secure and few generics ahead, the stock recovered.

- Consumer Staples: Shares of Ambev, a Brazilian brewer, reacted positively after reporting 2017 results with improved volume growth and margin progression – both outperforming Brazilian industry peers.

- Industrials: General Electric (GE) reported results that confirmed the weak demand for some of its end markets, particularly in power. We believe GE's new management is incentivized to improve the economics of this business by rightsizing its manufacturing base, though this may take time. We expect GE's high-quality businesses to drive earnings growth in the interim.

- Information Technology: Thomson Reuters announced plans to divest its Financial and Risk division as part of a strategic partnership with U.S. private equity firm Blackstone Group. Another key business unit – Accounting and Legal – is higher-quality and faster-growing than the division being divested, and we like management's commitment to unlocking value. However, the shares sold off due to the selling price and the complicated nature of the transaction with Blackstone. At this stage, the stock trades at a significant and unwarranted discount to its peers. We expect this

gap to narrow over time. Separately, Qualcomm's stock sold off following the termination of the proposed Broadcom takeover. Its shares trade at a significant discount to peers and at an attractive absolute valuation, which we think undervalues its strong technology leadership.

- Consumer Discretionary: Comcast shares underperformed after the company announced its offer to purchase U.K.-based Sky PLC. The proposed acquisition multiple looks high, but owning Sky would nearly double the U.S. cable company's addressable customer base and provide access to the European market. Fox and Disney are also interested in Sky, so another party could counter with a higher offer. In addition, Grupo Televisa continues to recover from issues in its Mexican advertising business, which has been under pressure for the last two years. Televisa also owns a number of attractive assets, including the largest Spanish-language content production business and scale cable/satellite assets in Mexico, which we think are significantly undervalued. We expect Televisa to show improvement in its domestic advertising business, as its new pricing strategy takes effect.

Class F Returns (in %) as at March 31, 2018	Year-to-date	1 year	3 year	5 year	10 year
CI Global Value Fund	2.3	6.4	6.8	12.5	8.0