

iMGP Funds

iMGP US Value

Managed by
Scharf Investments LLC

Share class : I USD D
ISIN : LU0821217063
For qualified investors only

Investment objective

The objective of this Sub-fund is to provide its investors with a long-term appreciation of their capital, principally by means of a diversified portfolio of investments in equity securities and other similar instruments of issuers of the United States of America that the Sub-Manager believes have significantly more appreciation potential than downside risk over the long term. Equity securities and other similar instruments in which the Sub-fund may invest include, but are not limited to, common and preferred stock of companies of all size, sector. The Sub-fund promotes environmental and social characteristics according to article 8 of the Regulation (EU) 2019/2088 but does not have sustainable investment as its objective. The Sub-Manager believes that Environmental, Social and Governance (ESG) consideration allows for long-term value creation, allowing to foster a positive change.

Risk/Return profile

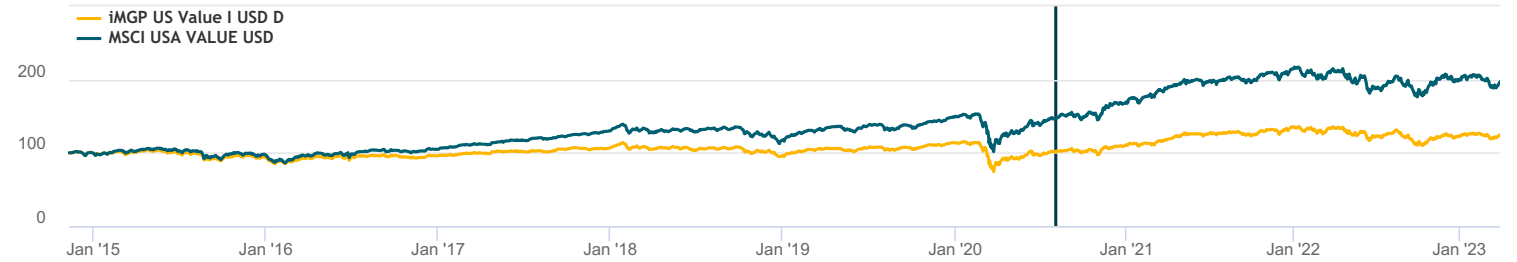
LOWER RISK
(Typically lower rewards)

HIGHER RISK
(Typically higher rewards)



Performance & risk measures

Data as of 2023.03.31



MSCI World All Countries USD Net since inception, MSCI USA Value Net Total Return since 31/07/2020

Monthly returns	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2023	2.1%	3.4%	-2.6%	1.3%	-	-	-	-	-	-	-	-	-
2022	-9.2%	-2.0%	-1.6%	2.5%	-5.0%	1.5%	-5.8%	4.7%	-3.9%	-9.5%	9.2%	4.1%	-2.3%
2021	21.5%	-1.8%	1.2%	6.3%	4.7%	2.4%	-0.2%	1.0%	1.2%	-4.1%	5.0%	-2.5%	7.2%
2020	2.0%	-2.0%	-8.2%	-14.5%	8.8%	3.2%	1.1%	4.3%	3.1%	-1.4%	-4.2%	9.1%	5.5%
2019	22.9%	6.2%	2.8%	1.5%	1.1%	-4.5%	5.5%	0.7%	-1.2%	1.9%	2.9%	1.5%	2.9%
2018	-6.0%	5.4%	-3.6%	-1.9%	1.9%	-0.6%	-1.4%	3.3%	0.0%	1.2%	-6.2%	2.2%	-5.9%

Cumulative performance	Fund	Index
1M	1.3%	-0.8%
3M	2.1%	-1.2%
6M	13.3%	11.9%
1Y	-6.3%	-6.6%
3Y	49.3%	68.3%
5Y	33.0%	53.4%
Since inception	86.2%	159.4%

Calendar year performance	Fund	Index
YTD	2.1%	-1.2%
2022	-9.2%	-7.0%
2021	21.5%	26.3%
2020	2.0%	14.1%
2019	22.9%	26.6%
2018	-6.0%	-9.4%

Annualized risk measures	Fund	Index
Volatility	16.2%	17.7%
Sharpe ratio	0.9	1.1
Tracking error	5.4%	-
Information ratio	-1.0	-
Beta	0.9	-
Correlation	1.0	-

Annualized performance	Fund	Index
3Y	14.3%	19.0%
5Y	5.8%	8.9%
Since inception	6.2%	9.7%

Source: iM Global Partner Asset Management. Past performance does not guarantee or predict future performance. Annualized risk measures based on 3-year weekly returns if more than 3-year history or 1-year if less than 3-year history.

Manager Comment

Highlights

- The bill has come due for lower-for-longer interest rates
- The fund returned 1.3% vs. -0.8% for the MSCI USA Value in March
- The strategy’s focus on earnings predictability generally eschews banks and the fund’s zero exposure led relative performance

Cumulative performance	Fund	Index
1M	1.3%	-0.8%
YTD	2.1%	-1.2%

Market Review

Fed tightening finally broke something. The sudden collapse of Silicon Valley Bank clearly exposed the significant systemic interest rate risk built over a generation of easy monetary policy. Banking system pressure and mixed economic readings translated to investor flight from banking and other cyclicals to treasuries, defensive equities and IT growth stocks. The benchmark’s financial sector declined -11.26% while information technology increased 6.87%. The Russell 1000 Growth index returned 6.84% vs. -0.40% for the Russell Value index as investors ignored broad earnings deterioration and focused on the US Treasury Ten Year’s 50bps decline.

Fund Review

The fund increased 1.3% in March vs. -0.8% for the MSCI USA Value index.

At the sector level, monthly relative attribution contribution was led by stock selection in Financials (2.01%), Communication Services (0.39%), and Information Technology (0.33%). The largest March laggards were stock selection in Healthcare (-0.39%) and Industrials (-0.39%), and zero allocation to outperforming Utilities (-0.30%).

At the stock level, the top relative attribution contributors for March were Berkshire Hathaway (0.58%), Novartis (0.50%), Microsoft (0.38%), Markel (0.37%) and Fiserv (0.32%). The largest detractors were CVS (-0.42%), Advance Auto Parts (-0.41%), MillerKnoll (-0.39%), Centene (-0.31%) and Smith & Nephew (-0.11%).

We trimmed Valvoline and Booking Holdings given their recent relative outperformance and lower Favorability Ratios than at purchase. The investment team constantly evaluates holdings and potential candidates based on Favorability Ratios, or the upside % return potential vs. the downside % return potential. We believe an equal focus on managing the downside and upside is always important, but especially during adverse markets. We continue to position the portfolio with companies that generally have Favorability Ratios of > 3-to-1 and higher than average earnings predictability.

Outlook

Risks: We believe investors are not fully discounting the risks of earnings deterioration in 2023 and may be too confident about economic conditions given the banking strain and its impact on credit. As we warned in 2021 and early 2022, S&P 500 net margins were unsustainably high (>13%) in the pandemic and are now normalizing. As of Q4 2022, they had returned to pre-pandemic levels (10.9%), but remain elevated versus a post millennium average of 7.75%. Meanwhile, core inflation remains elevated as does labor strength. Multiples have risen smartly off their fall 2022 bottoms and also present downside risk.

Opportunities: P/E dispersion, still on par with levels last seen during the 2000 tech bubble, presents a compelling investment opportunity for value stocks. Meanwhile, quality value (low EPS volatility) should mitigate the risk of traditional value stocks’ (e.g. Energy, Financials, Materials) high operating leverage in a slowing 2023 global economy. Banking stocks remain concerning.

Portfolio Breakdown

By Country

USA

CANADA

UNITED KINGDOM

SWITZERLAND

NETHERLANDS

CHINA

Cash & Others

By Sector

Health Care

Financials

Technology

Communications

Consumer Staples

Industrials

Consumer Discretionary

Materials

Cash & Others

Top 10

MCKESSON CORP

BERKSHIRE HATHAWAY-B

MICROSOFT CORP

BOOKING HOLDINGS INC

ORACLE CORP

MARKEL CORP

COMCAST CORP-CLASS A

NOVARTIS AG ADR

LOCKHEED MARTIN CORP

CVS HEALTH CORP

By Currency

USD

CAD

GBP

CHF

EUR

By Market Capitalization

Mega Cap > 30 bn

Large Cap 5 bn - 30 bn

Mid Cap 1 bn - 5 bn

Cash & Others

Top 3 Contributors

MICROSOFT CORP

NOVARTIS AG ADR

ACTIVISION BLIZZARD

Top 3 Detractors

CVS HEALTH CORP

ADVANCE AUTO PARTS

MILLERKNOLL INC

Source: iM Global Partner Asset Management

Dealing information

Liquidity	Daily
Cut-off time	TD 12:00 Luxembourg
Minimum initial investment	1,000,000
Settlement	TD+2
ISIN	LU0821217063
CH Security Nr	19336816
Bloomberg	OYGHUJ LX

Fees

Subscription fee	Max 0.00%
Redemption fee	Max 1.00%
Management fee	Max 0.80%
Performance fee	-

Administrative information

Central Administration	CACEIS Bank, Luxembourg Branch	Auditor	PwC Luxembourg
Transfert Agent	CACEIS Bank, Luxembourg Branch	Management company	iM Global Partner Asset Management S.A.
Custodian Bank	CACEIS Bank, Luxembourg Branch		

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