

iMGP Funds

iMGP US Value

Managed by
Scharf Investments LLC

Share class : R EUR HP
ISIN : LU0821217147
For qualified and retail investors

Investment objective

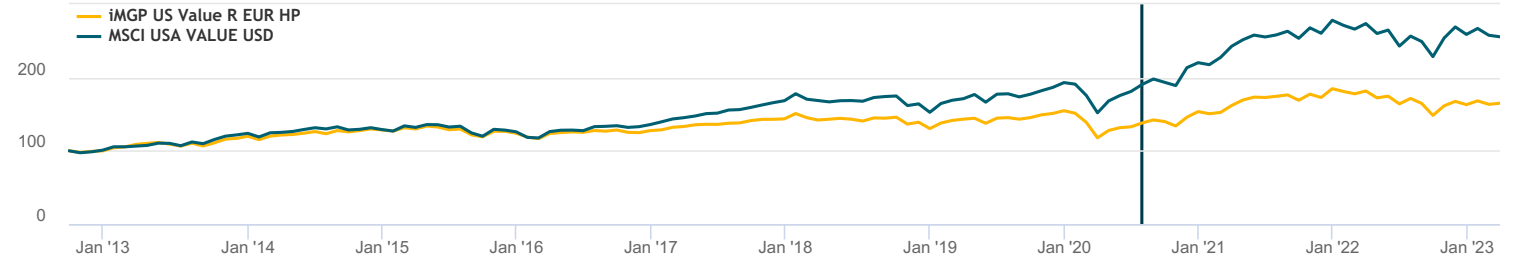
The objective of this Sub-fund is to provide its investors with a long-term appreciation of their capital, principally by means of a diversified portfolio of investments in equity securities and other similar instruments of issuers of the United States of America that the Sub-Manager believes have significantly 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



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	1.2%	3.2%	-2.8%	0.9%	-	-	-	-	-	-	-	-	-
2022	-11.8%	-2.1%	-1.8%	2.2%	-5.2%	1.4%	-6.0%	4.5%	-4.0%	-9.9%	8.8%	3.8%	-2.7%
2021	20.4%	-1.9%	1.2%	6.2%	4.6%	2.4%	-0.3%	0.9%	1.1%	-4.2%	5.0%	-2.6%	7.0%
2020	-0.8%	-2.2%	-8.3%	-15.2%	8.5%	2.9%	0.9%	4.0%	3.0%	-1.5%	-4.3%	8.9%	5.3%
2019	18.7%	5.8%	2.5%	1.2%	0.9%	-4.8%	5.1%	0.5%	-1.4%	1.5%	2.6%	1.3%	2.4%
2018	-9.3%	5.0%	-3.8%	-2.2%	1.6%	-0.8%	-1.7%	3.0%	-0.3%	1.0%	-6.5%	1.9%	-6.3%

Cumulative performance	Fund	Index
1M	0.9%	-0.8%
3M	1.2%	-1.2%
6M	11.2%	11.9%
1Y	-9.2%	-6.6%
3Y	40.1%	68.3%
5Y	16.2%	53.4%
Since inception	64.9%	155.6%

Calendar year performance	Fund	Index
YTD	1.2%	-1.2%
2022	-11.8%	-7.0%
2021	20.4%	26.3%
2020	-0.8%	14.1%
2019	18.7%	26.6%
2018	-9.3%	-9.4%

Annualized risk measures	Fund	Index
Volatility	16.2%	17.7%
Sharpe ratio	0.8	1.2
Tracking error	5.4%	-
Information ratio	-1.4	-
Beta	0.9	-
Correlation	1.0	-

Annualized performance	Fund	Index
3Y	11.9%	19.0%
5Y	3.0%	8.9%
Since inception	4.9%	9.4%

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	0.9%	-0.8%
YTD	1.2%	-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		By Sector		Top 10	
USA	69.3%	Health Care	24.2%	MCKESSON CORP	6.9%
CANADA	6.9%	Financials	15.9%	BERKSHIRE HATHAWAY-B	6.8%
UNITED KINGDOM	5.2%	Technology	13.3%	MICROSOFT CORP	5.3%
SWITZERLAND	4.2%	Communications	13.0%	BOOKING HOLDINGS INC	4.5%
NETHERLANDS	3.6%	Consumer Staples	9.1%	ORACLE CORP	4.5%
CHINA	1.0%	Industrials	6.2%	MARKEL CORP	4.4%
Cash & Others	9.8%	Consumer Discretionary	4.5%	COMCAST CORP-CLASS A	4.3%
		Materials	3.9%	NOVARTIS AG ADR	4.2%
		Cash & Others	9.8%	LOCKHEED MARTIN CORP	4.0%
				CVS HEALTH CORP	3.9%
					48.8%
By Currency		By Market Capitalization		Top 3 Contributors	
USD	79.2%	Mega Cap > 30 bn	73.9%	MICROSOFT CORP	0.8%
CAD	6.9%	Large Cap 5 bn - 30 bn	13.9%	NOVARTIS AG ADR	0.5%
GBP	5.2%	Mid Cap 1 bn - 5 bn	2.4%	ACTIVISION BLIZZARD	0.4%
CHF	4.2%	Cash & Others	9.8%		
EUR	3.5%			Top 3 Detractors	
				CVS HEALTH CORP	-0.5%
				ADVANCE AUTO PARTS	-0.4%
				MILLERKNOLL INC	-0.4%

Source: iM Global Partner Asset Management

Dealing information

Liquidity	Daily
Cut-off time	TD 12:00 Luxembourg
Minimum initial investment	-
Settlement	TD+2
ISIN	LU0821217147
CH Security Nr	19336842
Bloomberg	OYGHDI LX

Fees

Subscription fee	Max 0.00%
Redemption fee	Max 1.00%
Management fee	Max 0.90%
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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