

iMGP Funds

iMGP US Small and Mid Company Growth

Share class : I USD
ISIN : LU0933609405
For qualified investors only

Managed by
Polen Capital Management, LLC

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 focused portfolio of investments in high quality common stocks of small and medium companies of issuers of the United States of America. At least two thirds of the Sub-fund's assets are invested at all times in equities and similar transferable securities issued by companies of medium or small stock market capitalization and having their registered office in the United States or operating predominantly in the United States. The MSCI US Small Cap Growth NR index is used, in the appropriate currency of a given Share Class of the Sub-fund, for comparison only, including for performance comparison. The Sub-fund is actively managed and the Sub-Manager's discretionary powers are not constrained by the index.

Risk/Return profile

LOWER RISK
(Typically lower rewards)

HIGHER RISK
(Typically higher rewards)



Fund facts

Fund manager	Polen Capital Management, LLC
Dividend policy	Accumulating
Last NAV	USD 1,599.74
Fund size	USD 19.2 mn
Fund type	Equity
Investment zone	USA
Recommended invest. horizon	At least 5 years
Share class currency	USD
Inception date	2013.08.06
Index	MSCI US Small Cap Growth NR index USD
Legal structure	Luxembourg SICAV - UCITS
Registration	SG (QI), NL, LU, IT (QI), GB, FR, ES, DE, CH, AT
New strategy implementation date	2020.06.30
Classification SFDR	Article 6

Performance & risk measures

Data as of 2022.10.31



S&P 500 Net since inception, MSCI US Small Cap Growth NR index since 30/06/2020

Monthly returns	Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	-42.7%	-16.3%	-5.1%	-4.7%	-16.9%	-6.1%	-10.1%	14.5%	-2.3%	-8.2%	5.0%	-	-
2021	20.3%	-1.2%	5.0%	-1.5%	6.2%	-3.8%	9.1%	2.7%	3.9%	-5.1%	8.5%	-3.7%	-0.2%
2020	30.1%	-0.8%	-9.1%	-16.9%	14.1%	8.8%	3.2%	6.2%	4.5%	-3.4%	3.1%	13.3%	8.2%
2019	20.3%	9.1%	5.4%	-0.2%	3.3%	-7.8%	5.9%	1.3%	-3.1%	1.1%	1.1%	1.6%	2.0%
2018	-10.5%	3.8%	-4.1%	-0.2%	0.1%	2.6%	-0.8%	2.0%	4.3%	0.3%	-10.9%	2.0%	-8.8%
2017	23.0%	2.8%	3.0%	-0.7%	1.0%	1.6%	1.1%	1.0%	0.1%	4.0%	3.3%	3.8%	0.8%

Cumulative performance	Fund	Index	Calendar year performance	Fund	Index	Annualized risk measures	Fund	Index
1M	5.0%	8.6%	YTD	-42.7%	-23.5%	Volatility	34.6%	27.8%
3M	-5.9%	-3.5%	2021	20.3%	11.4%	Sharpe ratio	-0.1	0.2
6M	-9.0%	-3.8%	2020	30.1%	34.8%	Tracking error	13.9%	-
1Y	-44.9%	-26.3%	2019	20.3%	30.7%	Information ratio	-0.7	-
3Y	-7.0%	22.5%	2018	-10.5%	-4.9%	Beta	1.1	-
5Y	0.4%	48.6%	2017	23.0%	21.1%	Correlation	0.9	-
Since inception	60.0%	139.9%						

Annualized performance	Fund	Index
3Y	-2.4%	7.0%
5Y	0.1%	8.2%
Since inception	5.2%	9.9%

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.

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Manager Comment

Highlights

- U.S. equity markets rebounded in October, albeit with leadership coming in cyclical and defensive sectors
- The Fund underperformed its benchmark
- The underlying fundamentals of the companies in the Fund remain compelling despite headwinds related to broader macro concerns

Cumulative performance	Fund	Index
1M	5.0%	8.6%
YTD	-42.7%	-23.5%

Market Review

U.S. SMID cap stocks rebounded in October on the back macro-related weakness in September. The MSCI USA Small Cap Growth index was +8.8% on the month. Energy was, again, the best performing sector, consistent with what we’ve observed over the year-to-date period. Other positive performing sectors included cyclicals (industrials and materials) on one end of the spectrum, and defensives (consumer staples) on the other end. Information technology and healthcare represented some of the laggards in October, as growth underperformed value and other factors like leverage and dividends were in favor.

Fund Review

The Fund underperformed the benchmark during the period driven by a combination of stock selection and relative positioning (a byproduct of stock selection). As it relates to positioning, the most acute weakness was felt in energy (no weight), industrials (underweight), and information technology (overweight). Stock selection in information technology and industrials also notably detracted from relative results. The most significant detractors to relative performance included The Trade Desk, Alarm.com, and Doximity. By contrast, Houlihan Lokey, Progyny, and Wingstop contributed the most to relative performance. The Trade Desk, the largest independent digital advertising platform, was the biggest detractor to results during the month. The stock traded off in sympathy with other companies, such as Snap and Alphabet, which highlighted declining ad spending in recent earnings reports. While declining ad spending is a common feature of more challenging macro environments, The Trade Desk has bucked this trend more recently, showcasing compelling results on tough comps when it reported last quarter. This is not to say that The Trade Desk will not experience some weakness in the short term amidst these broader macro headwinds—which may be what we see when the company reports in the coming weeks. However, the trends towards digital advertising and connected TV are powerful secular tailwinds working to the benefit of The Trade Desk over the longer term, and we maintain our positive stance on the company. Alarm.com is a cloud-based provider of security and automation systems software to the commercial and residential end markets. The underperformance in the period centered around preliminary results that highlighted a licensing dispute that will impact revenues to the tune of approximately \$6M. In the longer term, we see this impact as immaterial and does not change our positive view on the stock. In fact, we believe a company like Alarm.com is particularly well positioned for a more challenging macro environment given the stickiness of their core SaaS (software-as-a-service) revenue and the opportunity they have to expand further into today’s growing trend towards “smart” homes. Finally, Doximity was another notable detractor. Doximity is an app for doctors and other healthcare professionals that operates like a LinkedIn newsfeed for doctors. We initiated a small position in Doximity a few months ago and have opportunistically been adding to it amidst the volatility. Doximity makes money on advertising from biopharmaceutical companies given its unique ability to target physicians accurately by specialty. Similar to The Trade Desk, our research indicates that the weakness in Doximity during the month had more to do with broader concerns on declining ad spending than anything specific to the business. We remain positively inclined towards this profitable, high-margin business with high returns on capital. Turning to contributors, the top driver of positive performance in the Fund was Houlihan Lokey. Houlihan Lokey is a global investment bank with expertise in mergers and acquisitions, capital markets, financial restructuring, and financial and valuation advisory. The company reported an attractive set of results that came in better-than-expected on the top and bottom line, highlighting strength amidst challenging year-over-year comparisons. Finally, Wingstop, a chicken-wing-focused restaurant franchise, continues to execute at a high level, in our opinion. The company reported results during the month, showing resilience across the business. In particular the company continued to highlight attractive same-store sales growth. This is an asset-light business with industry-leading cash-on-cash returns and a long runway for expansion.

Outlook

The market reaction to changing macro conditions has happened much faster than what we have seen historically. Share prices have pulled back ahead of any weakness in earnings. As a result, the opportunity set in our universe is better than it has been in several years. While numerous economic data points are suggesting earnings will come down too, in our view, the more important question to be asking right now is, “What is priced in?” and to stay the course with those companies where the flywheel is intact, and the risk-adjusted returns are compelling. The underlying health of our businesses remains robust, even amidst a worsening economic outlook. As a reminder, in good times and in bad, one of the key tenets of our Flywheel is investing in businesses with strong balance sheets that can self-fund growth. We believe this allows them to invest and grow during challenging economic and funding environments, positioning them to emerge stronger following them. We have been working hard all year to leverage our distinctive collaborative team approach to look at our investments from all angles and perspectives. We are unafraid to update our views and we’ve made some adjustments to manage the evolving risk landscape as detailed later in this note. We are still pleased with the balance and ballast in our Portfolio as it stands today.

Portfolio Breakdown

By Country		By Sector		Top 10	
USA	87.5%	Technology	33.9%	PAYCOM SOFTWARE INC	5.6%
LUXEMBOURG	5.2%	Consumer Discretionary	30.0%	GLOBANT SA	5.2%
UNITED KINGDOM	4.8%	Financials	11.2%	DYNATRACE INC	5.0%
Cash & Others	2.5%	Health Care	6.3%	FOX FACTORY HLD CORP	4.8%
		Communications	6.0%	HOULIHAN LOKEY INC	4.7%
		Consumer Staples	3.9%	PROGYNY INC	4.1%
		Industrials	3.1%	COPART INC	4.0%
		Materials	2.9%	FIVE BELOW INC	3.9%
		Cash & Others	2.5%	TRADE DESK INC/THE -CLASS A	3.9%
				ASPEN TECHNOLOGY INC	3.8%
					45%
By Currency		By Market Capitalization		Top 3 Contributors	
USD	95.3%	Between 20 and 30 Bns \$	13.5%	HOULIHAN LOKEY INC	0.8%
GBP	4.7%	Between 10 and 20 Bns \$	17.3%	PROGYNY INC	0.7%
		Between 5 and 10 Bns \$	24.2%	WINGSTOP INC	0.6%
		Between 2 and 5 Bns \$	29.1%		
		Between 0 and 2 Bns \$	13.4%		
		Cash & Others	2.5%		
				Top 3 Detractors	
				TRADE DESK INC/THE -CLASS A	-0.5%
				DOXIMITY INC-CLASS A	-0.3%
				ALARM.COM HOLDINGS INC	-0.3%

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Dealing information

Liquidity	Daily
Cut-off time	TD 12:00 Luxembourg
Minimum initial investment	1,000,000
Settlement	TD+2
ISIN	LU0933609405
CH Security Nr	21758659
Bloomberg	OYUS2UI 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		

Important information

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For Switzerland, the prospectus, the key investor information document, the annual and semi-annual reports, as well as the statutes can be obtained without charges from CACEIS (Switzerland) SA- 35 Route de Signy - CH-1260 Nyon, representative for Switzerland and CACEIS Bank, Paris, succursale de Nyon / Suisse, paying agent for Switzerland. For other countries, the list of representatives is available on www.imgp.com. The information or data contained in the present document does not in any way constitute an offer or a recommendation or advice to buy or sell shares in the Fund’s units. Furthermore, any reference to a specific security in this document should not be construed as a recommendation or investment advice. They are intended solely to inform the investor as to past performance, and do not reflect the opinion of iMGP or any related companies as to future returns. 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It can vary from 1 to 7 depending on the weekly upward and downward fluctuations of the fund over the past 5 years. Level 1 on the scale does not mean that investing in the fund is risk free. The indicator is based on historic data and can therefore not guarantee the level of future risk of the fund. The indicator is also not intended to be an investment objective for the fund and therefore can vary over time. For further information, please refer to the most recent version of the key information for investors (“KIID”).