



# Alma Hotchkis & Wiley US Large Cap Value Equity Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 31 October 2018

## Fund description

- Investment objective: seek current income and long-term capital growth by investing in a concentrated portfolio of large US companies
- Investment process: analyse long term company fundamentals through in-house bottom-up research aiming to identify undervalued stocks
- The fund typically holds 40 to 60 securities and generally invests in companies with a market capitalization above \$3 billion
- Benchmark: Russell 1000 Value Index

## Investment manager: Hotchkis & Wiley Capital Management, LLC

- Hotchkis & Wiley is an SEC-regulated, Los Angeles-based investment adviser founded in 1980, specialised in US value equity and US high yield bond strategies.
- Interests aligned with investors: employee owned firm – all 21 investment professionals own equity
- George Davis, the CEO of Hotchkis & Wiley and senior portfolio manager of the fund, has over 30 years of investment experience. He coordinates the day-to-day management of around \$27 billion of equity value assets
- Hotchkis & Wiley manage \$33 billion

## Cumulative performance (%)

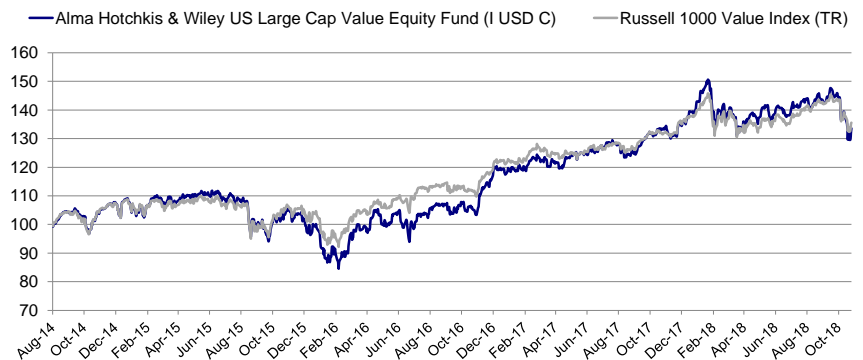
	1 M	3 M	6 M	YTD	1Y	3Y	ITD
<b>I USD C shares</b>	-7.51	-7.10	-2.72	-3.65	0.21	29.16	33.57
<b>R USD C shares</b>	-7.51	-7.11	-2.74	-3.69			
<b>Russell 1000 Value Index (TR)</b>	-5.18	-3.59	1.07	-1.46	3.03	29.09	35.55

Fund launched on 6 August 2014

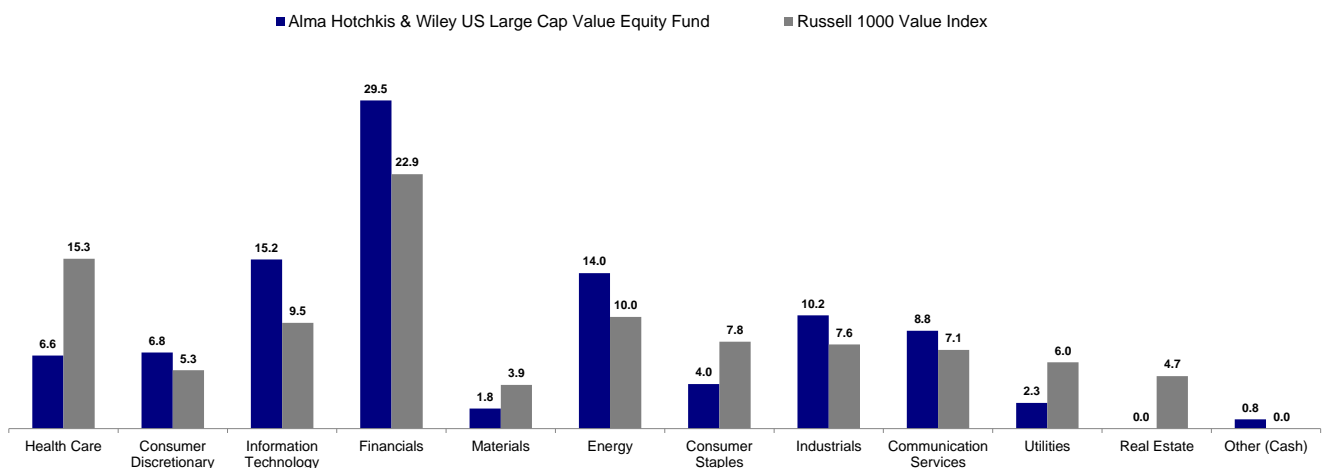
## Portfolio characteristics

Main indicators	Fund	Index
No. of securities	54	726
Weighted Average Market Cap (\$ bn)	98.4	117.8
Median Market Cap (\$ bn)	27.5	9.2
Projected P/E Ratio	10.4x	13.2x
Price / Normal Earnings	8.8x	14.3x
Price / Book	1.4x	2.0x
Price / Sales	1.0x	1.5x
Projected EPS Growth	5.4x	5.5x
Active share (%)	82.3	-

## Performance (Indexed - Base 100)



## Sector breakdown (% NAV)



## Top 10 positions details

Security name	Sector	% NAV
AMERICAN INTERNATIONAL GROUP	Financials	4.85
HEWLETT PACKARD ENTERPRISE	Information Technology	4.27
WELLS FARGO & CO	Financials	4.10
CITIGROUP INC	Financials	3.71
ORACLE CORP	Information Technology	3.49
GENERAL MOTORS CO	Consumer Discretionary	3.33
MARATHON OIL CORP	Energy	2.94
DISCOVERY INC-C	Communication Services	2.86
MICROSOFT CORP	Information Technology	2.76
GOLDMAN SACHS GROUP INC	Financials	2.73
<b>TOTAL:</b>		<b>35.05</b>

## Investment manager's commentary

### Market:

The S&P 500 Index returned -6.8% in October, though it was down more than -9% before markets partially recovered over the last two trading days. Non-cyclicals held up better than cyclicals; consumer staples and utilities were slightly positive in the month while consumer discretionary, energy, and industrials each declined more than 10%. Investor concerns regarding US/China relations and rising interest rates, which seemed to have been percolating for months, came to the forefront. Vice President Pence delivered a contentious speech on Chinese relations, and several multinational companies reported that tariffs and slowing Chinese demand were affecting their businesses. Meanwhile, the Fed continued to raise rates, which combined with increasingly bearish sentiment in equities, caused the 10-year treasury yield to increase to the highest levels since 2011. We find it prudent to avoid sectors where valuations continue to appear stretched, particularly in trying times. The portfolio's current discount to the market is substantial: the portfolio's price-to-normal earnings ratio is 8.8x, compared to the Russell 1000 Value Index at 14.3x and the S&P 500 Index at 17.6x. The portfolio's price-to-book ratio is 1.4x, compared to the Russell 1000 Value Index at 2.0x and the S&P 500 Index at 3.2x.

### Fund:

The Hotchkis & Wiley Large Cap Fundamental Value portfolio underperformed the Russell 1000 Value Index in October. Stock selection in financials, energy, and consumer staples detracted from relative performance in the month. The underweight allocation to consumer staples and utilities, along with the overweight position in energy hurt also as non-cyclical sectors held up better during the market decline. Positive stock selection in industrials, technology, materials, and utilities helped relative performance. The underweight position in materials and overweight position in communications services were modest positive contributors as well. The largest individual detractors to relative performance were ALG, Apache, Marathon Oil, Hess, and State Street; the largest positive contributors were General Motors, Wells Fargo, Discovery, Goldman Sachs, and Comcast.

## Fund facts

<b>Fund total net assets:</b>	\$86.54 M	<b>Dealing:</b>	Each day with a 1-day notice
<b>Fund domicile:</b>	Luxembourg	<b>Cut-off time:</b>	5 pm CET
<b>Fund type:</b>	UCITS SICAV	<b>Identifiers:</b>	Institutional USD Capitalisation share class
<b>Base currency:</b>	USD	<b>Isin:</b>	LU0963547111
<b>Management fee:</b>	0.75% p.a.	<b>Ticker:</b>	ALDCPBI LX
<b>Depositary, Administrator, Transfer Agent:</b>	BNP Paribas Securities Services (LU)	<b>Launch:</b>	6 August 2014
<b>Management company:</b>	Alma Capital Investment Management (LU)	<b>Retail USD Capitalisation Ticker:</b>	ALDCBRU LX
<b>Investment manager:</b>	Hotchkis & Wiley Capital Management, LLC (US)	<b>Isin:</b>	LU0963547970
<b>Fund managers:</b>	George Davis Scott McBride Judd Peters Patty Mckenna Patrick Meegan	<b>Countries where the fund is registered:</b>	France, Germany, Luxembourg, Switzerland, United Kingdom, Austria
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