FOR PROFESSIONAL INVESTORS ONLY

ALMA CAPITAL

Alma Hotchkis & Wiley Global Value Equity Fund

Hotchkis & Wiley

A sub-fund of Alma Capital Investment Funds SICAV

As of 30 June 2020

Fund description

- Investment objective: seek current income and long-term capital appreciation by investing in a portfolio of global 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 80 securities and generally invests in companies with a market capitalization above $1 billion
- The fund invests primarily in companies located in developed countries, with at least 40% outside the U.S. Emerging markets: up to 20%

Investment manager: Hotchkis & Wiley Capital Management, LLC

- Hotchkis & Wiley is a SEC-regulated, Los Angeles-based investment adviser founded in 1980, specialised in value equity and high yield bond strategies
- Employee owned firm: 90% of the investment team and 67% of all employees own equity
- Investment team has over 23 years average investment experience and 15 years average tenure at Hotchkis & Wiley
- Hotchkis & Wiley manages $25 billion

Cumulative performance (%)

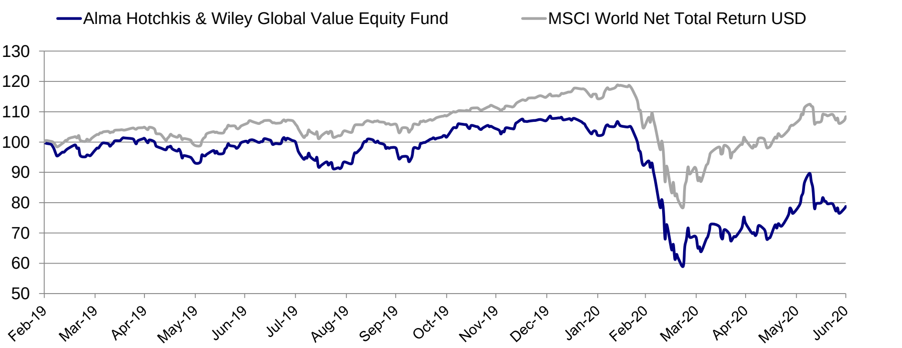
	1 M	3 M	6 M	YTD	1Y	3Y	ITD	ITD (annualized)
I USD C shares	2.93	15.17	-26.59	-26.59	-21.14		-21.26	-16.37
MSCI World Net Total Return USD	2.65	19.36	-5.77	-5.77	2.84		8.36	6.19

Fund launched on 28 February 2019

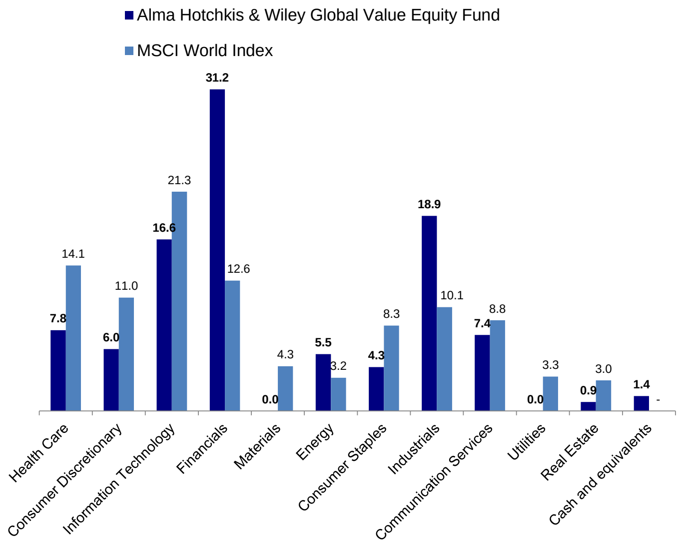
Portfolio characteristics

Main indicators	**Fund**	**Index**
No. of securities	53	1643
Weighted Average Market Cap ($ bn)	126.8	263.0
Median Market Cap ($ bn)	26.9	13.2
Projected P/E Ratio FY2 (x)	11.7	17.3
Price / Normal Earnings (x)	6.4	16.2
Price / Book (x)	1.0	2.4
Price / Sales (x)	0.8	1.7
Projected EPS Growth (%)	6.2	6.3
Active share (%)	92.4	-

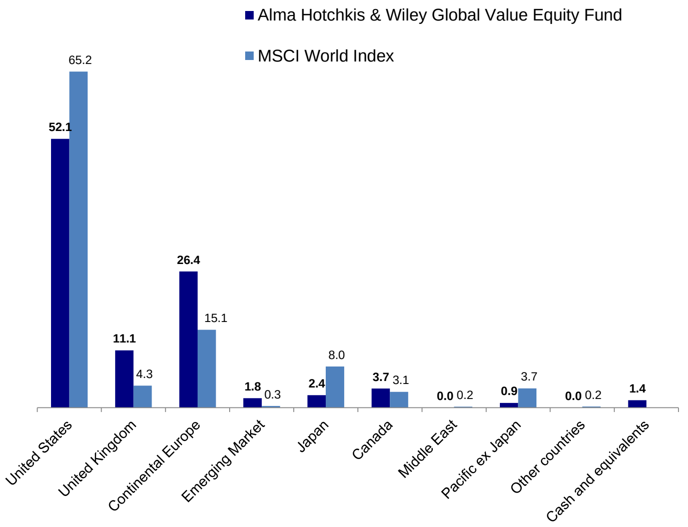
Performance (Indexed - Base 100)



Sector breakdown (% NAV)



Regional breakdown (% NAV)



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Top 10 positions details

Security name	Sector	Country	% NAV
AMERICAN INTERNATIONAL GROUP	Financials	United States	5.00
GENERAL ELECTRIC CO	Industrials	United States	4.69
MICROSOFT CORP	Information Technology	United States	4.58
MAGNA INTERNATIONAL INC	Consumer Discretionary	Canada	3.21
NEWS CORP/NEW-CL A-W/I	Communication Services	United States	2.92
ORACLE CORP	Information Technology	United States	2.89
SIEMENS AG-REG	Industrials	Germany	2.85
WELLS FARGO & CO	Financials	United States	2.52
TOKIO MARINE HOLDINGS INC	Financials	Japan	2.44
VODAFONE GROUP PLC-SP ADR	Communication Services	United Kingdom	2.28
		TOTAL:	**33.38**

Investment manager's commentary

Market:

The MSCI World Index returned +19.4% in the second quarter of 2020, recovering most of its first quarter decline; the index is -5.8% since the beginning of the year. During the quarter, economic activity began to rebound globally. Prices of risk assets, including equities, also benefited from aggressive central bank and government intervention. Volatility remained elevated, however, as the recovery remains uneven and uncertain, with the virus' continued presence complicating reopening efforts.

The MSCI World Growth Index outperformed the MSCI World Value Index by nearly 13 percentage points in the quarter (+25.5% vs. +12.6%). This extended growth's year-to-date advantage to more than 24 percentage points (+6.5% vs. -17.8%) and its three-year edge to 51 percentage points (+48.6% vs. -2.4%). The wide valuation gap between global growth and global value is approaching levels only previously observed during the late 1990's tech/growth bubble.

Our estimate of a company's intrinsic value is based on its earnings power over the long term, i.e. over a period of many years. If a company's earnings temporarily contract in any period—as will happen to many of our businesses due to the global pandemic and related recession—it should only modestly reduce our estimate of intrinsic value. The exception is when a company lacks the financial wherewithal to survive the contraction—something we work hard to avoid. We believe that the share price declines for many of our cyclical businesses have meaningfully outpaced the declines in intrinsic value. Meanwhile, companies that are largely insulated from COVID-19's reach, and those that benefit from it in the short term, have seen their stock prices rise considerably. Many of these companies traded at elevated valuations even before this period. We recognize the seriousness of the pandemic, including its extensive impact on the economy and capital markets; however, we view the market's response as myopic. While COVID-19 has taken a painful toll, both human and economic, we will get through it. When we do, we are confident that more rational economics will prevail, and valuations will revert toward more normal relationships—our clients are well positioned to benefit from such a scenario.

Recently, the Business Cycle Dating Committee of the National Bureau of Economic Research ("NBER") declared February 2020 as the official start of a recession in the United States. This ended the 128-month expansion, which was the longest, though not the strongest period of sustained economic growth in the history of US business cycles, dating back to at least 1854. Since the Great Depression, the average recession has lasted less than a year. In the recovery following recessions, value has outperformed growth consistently and by a large margin. In the five-year period following a recession's end, value beat growth in all 14 recovery periods dating back to the Great Depression, with an average performance advantage of more than 50 percentage points. Value has demonstrated similar performance trends in international markets.

The irrational gap between global growth and value indices represent an uncommon opportunity, but in our view, the true opportunity in today's market goes well beyond this simple relative incongruity. The opportunities within value are extraordinary. The portfolio trades at 6.4x normal earnings which is near record low levels compared to its history; this represents a significant discount to the MSCI World Index, which trades at 16.2x normal earnings.

Attribution: 2Q 2020

The portfolio underperformed the MSCI World Index in the second quarter of 2020. The strategy's value bias caused the underperformance as growth outperformed value considerably; the strategy did outperform the MSCI World Value Index meaningfully. Relative to the broad benchmark, stock selection in technology and industrials detracted from performance. The overweight exposure to financials and underweight exposure to technology also hurt. Positive stock selection in real estate and financials helped performance, along with the underweight exposure to real estate and utilities. The largest individual detractors to relative performance in the quarter were General Electric, Wells Fargo, Tokio Marine Holdings, BAE Systems, and Embraer; the largest positive contributors were Magna International, AIG, Siemens, Royal Mail, and News Corp.

Largest New Purchases: 2Q 2020

Euronet Worldwide is a provider of electronic payment systems, with a network of ATMs, a money transfer business, and a digital media payment business. Core markets are sensitive to travel, and as a result are under pressure today. We believe that travel ultimately resumes and recovers. The business has a long runway for growth, a history of consistent execution, a good balance sheet, and strong leadership. The current share price does not reflect these qualities.

Evercore has built a strong investment banking advisory business that has consistently gained market share from its peers. The company has a clean balance sheet and the business model generates extremely high incremental returns and should be able to return most of its net income to shareholders. Concerns about a sharp decline in M&A advisory activity have pressured shares, but we believe that the company's earnings will recover.

Popular, the largest bank in Puerto Rico, has a dominant market share of loans and deposits in the US territory. In addition to its leading share in Puerto Rico, it has a niche US regional banking business with operations primarily in Florida and New York City targeting the Hispanic market. As a result of this unique market position, the bank earns very high returns on its capital. The bank has substantial excess capital on its balance sheet, positioning it well to manage through the current environment.

Fund facts

Fund total net assets:	$8.04 M
Fund domicile:	Luxembourg
Fund type:	UCITS SICAV
Base currency:	USD
Management fee:	0.85% p.a.
Depositary, Administrator, Transfer Agent:	BNP Paribas Securities Services (LU)
Management company:	Alma Capital Investment Management (LU)
Investment manager:	Hotchkis & Wiley Capital Management, LLC (US)
Fund managers:	Scott McBride, Judd Peters Scott Rosenthal, Patrick Meegan

Dealing:

Each day with a 1-day notice — Cut-off time: 5 pm CET

Identifiers:

Institutional USD Capitalisation share class

Isin: LU1907586306 — Ticker: ALHWGIU LX — Launch: 28 February 2019

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