



# Alma Hotchkis & Wiley Global Value Equity Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 30 June 2021

## 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 \$36 billion

## Cumulative performance (%)

	1 M	3 M	6 M	YTD	1Y	3Y	ITD	ITD (annualized)
<b>I USD C shares</b>	-3.27	4.54	21.46	21.46	63.72		28.91	11.48
<b>MSCI World Net Total Return USD</b>	1.37	7.74	13.05	13.05	39.04		50.67	19.17
<b>MSCI World Value Net Total Return</b>	-1.52	4.71	14.72	14.72	37.91		25.57	10.23

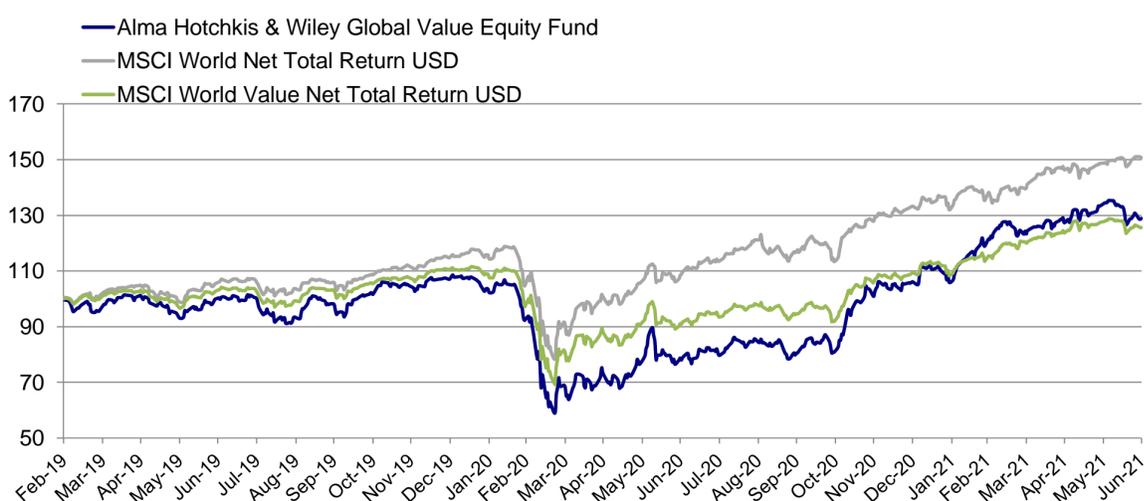
Fund launched on 28 February 2019

## Portfolio characteristics

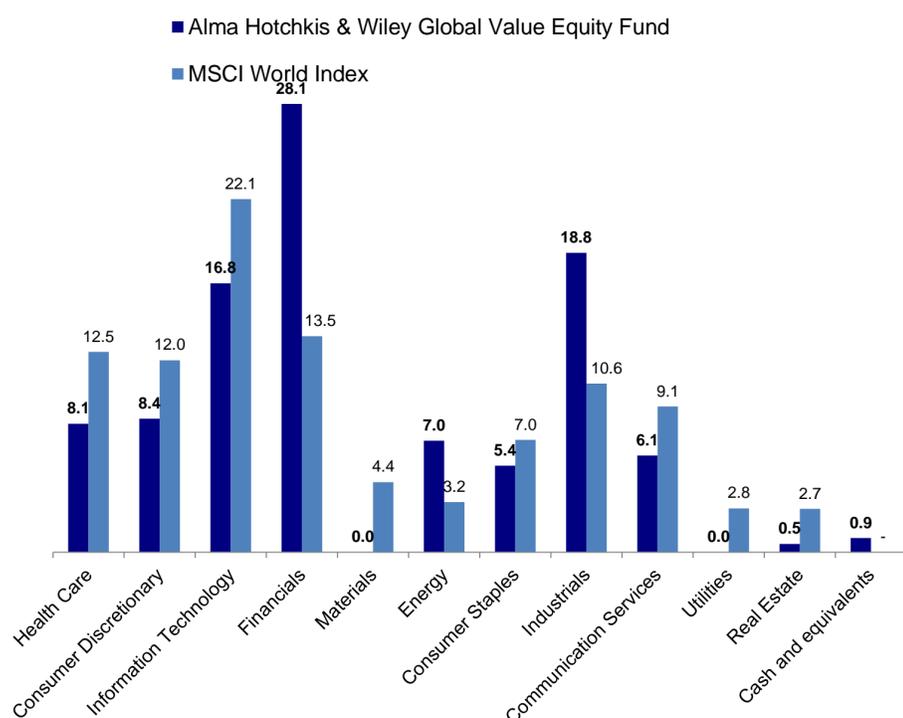
Main indicators	Fund	Index*
No. of securities	54	1563
Weighted Average Market Cap (\$ bn)	153.3	369.9
Median Market Cap (\$ bn)	35.6	20.2
Projected P/E Ratio FY2 (x)	12.6	18.0
Price / Normal Earnings (x)	9.4	19.4
Price / Book (x)	1.5	3.1
Price / Sales (x)	1.2	2.4
Projected EPS Growth (%)	5.7	5.8
Active share (%)	91.3	-

\*: Index - MSCI World Net Total Return USD

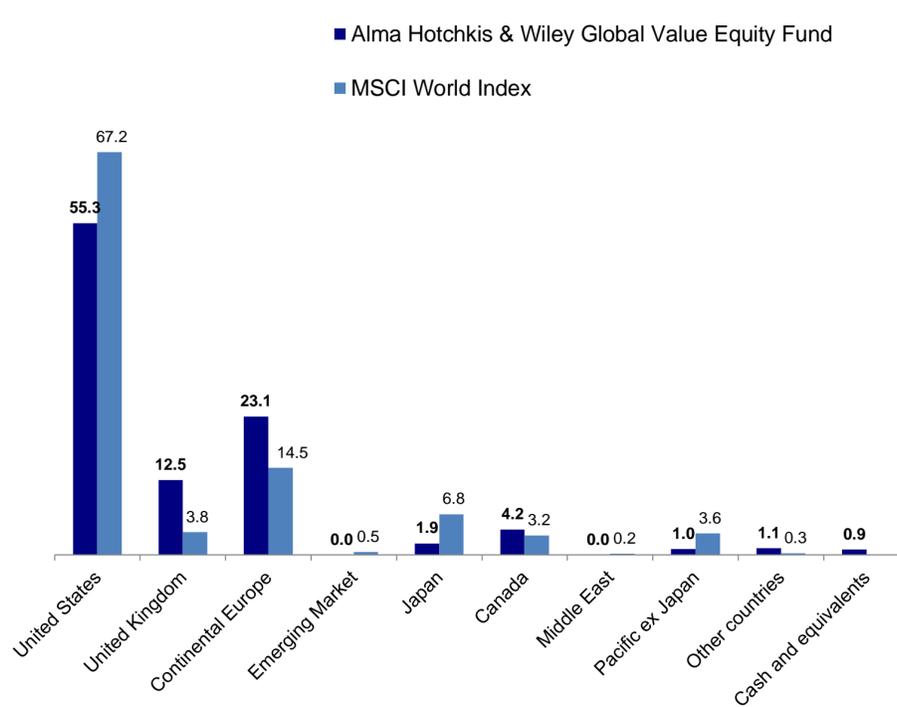
## Performance (Indexed - Base 100)



## Sector breakdown (% NAV)



## Regional breakdown (% NAV)



### Top 10 positions details

Security name	Sector	Country	% NAV
WELLS FARGO & CO	Financials	United States	4.91
GENERAL ELECTRIC CO	Industrials	United States	4.46
AMERICAN INTERNATIONAL GROUP	Financials	United States	4.45
ANTHEM INC	Health Care	United States	3.98
F5 NETWORKS INC	Information Technology	United States	3.52
MICROSOFT CORP	Information Technology	United States	3.42
ROYAL MAIL PLC-W/I	Industrials	United Kingdom	2.97
CREDIT SUISSE GROUP AG-REG	Financials	Switzerland	2.97
HEINEKEN HOLDING NV	Consumer Staples	Netherlands	2.88
BAE SYSTEMS PLC	Industrials	United Kingdom	2.83
<b>TOTAL:</b>			<b>36.38</b>

### Investment manager's commentary

#### MARKET COMMENTARY

The MSCI World Index rose 7.7%, closing the second quarter of 2021 just shy of an all-time high. It is up +13.1% since the beginning of the year. While the threat of new COVID variants persists, vaccination levels increased and new cases slowed in most regions. Consequently, governments continued to ease closures/restrictions, accelerating economic activity around the globe. Manufacturing and labor markets showed signs of improvement, highlighting the potential for tight supply conditions. Consumer prices in the US rose at the fastest level in years. Brent crude oil touched \$76/barrel, its highest level in more than two years. Corporate earnings continued to show strength, with 77% of MSCI World companies outperforming consensus expectations.

The yield on most developed market government bonds fell during the quarter (Germany Bunds were a slight exception), particularly for long-dated bonds. Real estate was among the top-performing sectors in the MSCI World index as REITs often trade inversely to interest rates, though at 2.7% it entered the quarter as the index's smallest sector. Technology was the top-performing sector. The 8 largest individual contributors for the MSCI World were all technology-driven companies, though technically 3 of them reside in other sectors (Google and Facebook = communication services; Amazon.com = consumer discretionary; the others were Microsoft, Apple, Nvidia, PayPal, and Adobe). Utilities was the only sector that declined in the quarter, though industrials, materials, and consumer staples also lagged.

The MSCI World Growth Index outperformed the MSCI World Value Index (+10.9% vs. +4.7%) in the second quarter. This does not mean that value's recent, limited stretch of outperformance has come to an end. Nearly all prolonged value-led markets contain stints when growth outperforms value. In perhaps the strongest value rally ever, for example, the MSCI World Value outperformed the MSCI World Growth by 78 percentage points from March 2000 through December 2006. However, growth outperformed value in more than one-third of those months (31 out of 82 months).

We continue to observe value spreads that are considerably wider than average. So too is the spread between the portfolio and the value benchmark, which means the spread between the portfolio and either the core or growth index is extreme. We believe this bodes well going forward as value relationships normalize. We continue to focus on companies trading at large discounts to intrinsic value but that have strong balance sheets, quality businesses, and employ appropriate corporate governance—a combination that we believe should continue to benefit our clients.

#### ATTRIBUTION: 2Q 2021

The Hotchkis & Wiley Global Value portfolio underperformed the MSCI World Index in the second quarter. The portfolio's value focus hurt performance relative to the broad benchmark as global growth stocks outperformed global value stocks by a wide margin. The portfolio modestly underperformed the MSCI World Value Index. Relative to the broad benchmark, stock selection in technology and communication services detracted from performance, along with the overweight position in industrials. Positive stock selection in energy and consumer staples, along with the lack of exposure to utilities helped. The largest detractors to performance were F5 Networks, Discovery, Euronet Worldwide, Citigroup, and General Electric; the largest positive contributors were Wells Fargo, Heineken, Hess, Royal Mail, and Oracle.

#### LARGEST NEW PURCHASES: 2Q 2021

Babcock International Group is a U.K. government outsourcer with a focus on Ministry of Defense (MoD) contracts. Babcock's 35k employees generally perform complex technical work with high barriers to entry and limited competition. The business saw productivity—and as a result margins—decline due to COVID-related health and safety measures put in place. Additionally, a few of Babcock's key end markets, mainly Training and Aviation, have experienced depressed demand. With new leadership refocusing the business, we expect a significant recovery in profitability. Trading around 6x our view of normal earnings, we believe this is an attractive opportunity.

CVS Health operates fast growing insurance and pharmacy benefit management businesses. These well-positioned businesses should deliver strong earnings growth. Yet the value of these assets has been overshadowed by concerns regarding CVS' front-end retail business. While the headwinds facing retail are real, this business is ultimately a very small piece of CVS Health's value. We believe that CVS Health's sum-of-the-parts valuation is attractive.

Gruma is the world's largest tortilla and corn flour company. It competes in a small but growing category that benefits from favorable secular trends. The Company's brands are well-positioned: nearly all of Gruma's business has #1 or #2 market positions. Gruma is unusual among Mexican consumer staples companies in that 75% of its sales and profits are earned outside of Mexico in hard currency rather than pesos, with the U.S. representing more than half of EBITDA. The balance sheet is healthy, cash flow generation strong, and we trust management to be good stewards of shareholder value.

### Fund facts

<b>Fund total net assets:</b>	\$16.8 M	<b>Dealing:</b>	Each day with a 1-day notice	Cut-off time: 5 pm CET
<b>Fund domicile:</b>	Luxembourg	<b>Identifiers:</b>	Institutional USD Capitalisation share class	
<b>Fund type:</b>	UCITS SICAV	Isin: LU1907586306	Ticker: ALHWGIU LX	Launch: 28 February 2019
<b>Base currency:</b>	USD			
<b>Management fee:</b>	0.85% p.a.			
<b>Depositary, Administrator, Transfer Agent:</b>	BNP Paribas Securities Services (LU)			
<b>Management company:</b>	Alma Capital Investment Management (LU)			
<b>Investment manager:</b>	Hotchkis & Wiley Capital Management, LLC (US)			
<b>Fund managers:</b>	Scott McBride, Judd Peters Scott Rosenthal, Patrick Meegan			
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