



Fund Manager Review – GSI Global Aware Value Fund

Date of Review: May 2025

Fund Website: <https://www.gsillp.com/our-funds/global-sustainable-value-fund>

Overview and Strategy

The GSI Global Sustainable Value Fund is a diversified, factor-based equity fund designed to deliver long-term returns above a market-weighted benchmark with comparable levels of risk. The fund tilts towards companies with attractive valuation characteristics, high ESG ratings, and strong profitability, while maintaining broad diversification across sectors and regions.

The strategy incorporates a systematic bias to value and size factors, favouring small and mid-cap companies. ESG ratings are integrated into portfolio construction, and the fund generally avoids overexposure to megacap growth names. It is actively managed with long-term academic research at its core.

Portfolio Characteristics (as of 31 March 2025)

- Number of Stocks: 996
- Weighted Average Price/Book: 2.56 (vs 3.45 for benchmark)
- Dividend Yield: 2.26%
- Top-10 Holdings Weight: 18.1% (vs 24.4% benchmark)
- ESG Risk Ratings: Lower proportion of high-risk companies compared to benchmark
- Significant underweight to 'Magnificent Seven' vs benchmark (14.7% vs 22.5%)

Performance and Attribution

As of Q1 2025, the fund showed:

- 1-Year Return: 3.30% (vs 4.83% benchmark)
- 3-Year Annualised Return: 7.53% (vs 8.30%)
- 5-Year Annualised Return: 14.16% (vs 15.10%)
- Since Inception (2019): 9.08% p.a. (vs 10.30%)

Underweight positions in megacap US growth stocks like Nvidia and Amazon significantly impacted 2024 performance. Sector attribution in Q4 2024 showed positive contributions from Consumer Discretionary, Financials, and Materials, but size and value tilts detracted, especially in North America. In Q1 2025, factor tailwinds reversed, delivering a 1.6% net outperformance, aided by positive exposure to value and size.

Investment Philosophy

GSI's strategy is underpinned by evidence-based investing and draws on academic work from Fama-French and others. The firm focuses on the long-term benefits of tilts to value, size, and profitability factors, combined with ESG considerations. These tilts are not tactically adjusted, as GSI believes factor timing adds little value. The fund is designed to weather various market environments while maintaining a disciplined approach to diversification and risk.

Adviser Meeting Summary

In a recent meeting with GSI, the following points were discussed to support adviser communications:

1. The fund is not benchmark-tracking. Benchmark underperformance is expected during growth-led cycles.
2. Size and value tilts are intentional and long-term. ~20% of the portfolio is reallocated from growth to value.
3. The Magnificent Seven's overweight in the benchmark remains a significant attribution drag in short-term comparisons.
4. Advisers should focus on long-term principles, diversification, and factor cycles when communicating with clients.
5. Attribution tools like Style Analytics help quantify these impacts and build transparency.

Despite recent headwinds, the long-term academic rationale for this strategy remains intact.

Conclusion

The GSI Global Sustainable Value Fund continues to provide a robust, academically grounded investment strategy for clients seeking diversified global equity exposure focusing on value and sustainability. Its systematic approach is well-suited to investors who understand the cyclical nature of factor returns and are focused on long-term outcomes.

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