Money Wise UK®

Growing together, with integrity and respect

Fund Manager Review GSI Global Aware Value Fund & GSI Global Aware Focused Value Fund

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Strategy overview

The GSI Global Aware Value Fund and GSI Global Aware Focused Value Fund are systematic global equity strategies designed to deliver long-term returns by maintaining persistent exposure to the value factor, while integrating sustainability considerations in a disciplined, transparent way.

Both strategies are built on the same intellectual foundation:

- Well-evidenced factors, particularly value, drive long-term equity returns
- Markets periodically misprice companies due to behavioural and structural reasons
- Sustainability preferences can be incorporated without undermining expected returns, provided they are treated as constraints rather than alpha drivers

As discussed on the QuantQual/Money Wise UK podcast in February 2025, GSI is clear that ESG is not presented as a return factor. Instead, the funds are explicitly value-driven, with sustainability integrated to improve alignment and reduce certain risks, not to promise outperformance.

> "If ESG was a return factor, everyone would be rich by now."
> (Andrew Kane, GSI – Podcast, Feb 2025)

Fund snapshot

Metric	Global Aware Value (B GBP Acc)	Global Aware Focused Value (B GBP Acc)
Fund launch date	19 Oct 2015	15 Jun 2021
Benchmark	Solactive GBS Developed Markets Large & Mid Cap Net TR (GBP)	Same
Ongoing charges figure (OCF)	0.34%	0.48%
SRRI	5 / 7	5 / 7
No. of stocks (fund / benchmark)	973 / 1,402	672 / 1,402
Effective no. of stocks (fund / benchmark)	124 / 82	177 / 82
Aggregate top 10 weight (fund / benchmark)	21.7% / 29.8%	14.5% / 29.8%
Largest stock weight (fund / benchmark)	4.47% / 5.93%	2.13% / 5.93%
AUM (as at 14 Jul 2025)	£395m	£411m

Team & firm

GSI (Global Systematic Investors LLP) is a UK FCA-authorised investment manager specialising in systematic factor investing with integrated sustainability considerations.

- Co-CIOs and Managing Partners: Garrett Quigley (ex Dimensional; quantitative PM), Dr Bernd Hanke CFA (ex Goldman Sachs AM; PhD Finance), with Andrew Cain CFA (Managing Partner) also listed as a key investment professional.
- On the February 2025 Money Wise UK / QuantQual podcast, Andrew Cain described the firm's origin story around academic research and a disciplined, scientific approach to investing. He emphasised that 'trust', transparency and openness are central to the manager–client relationship.

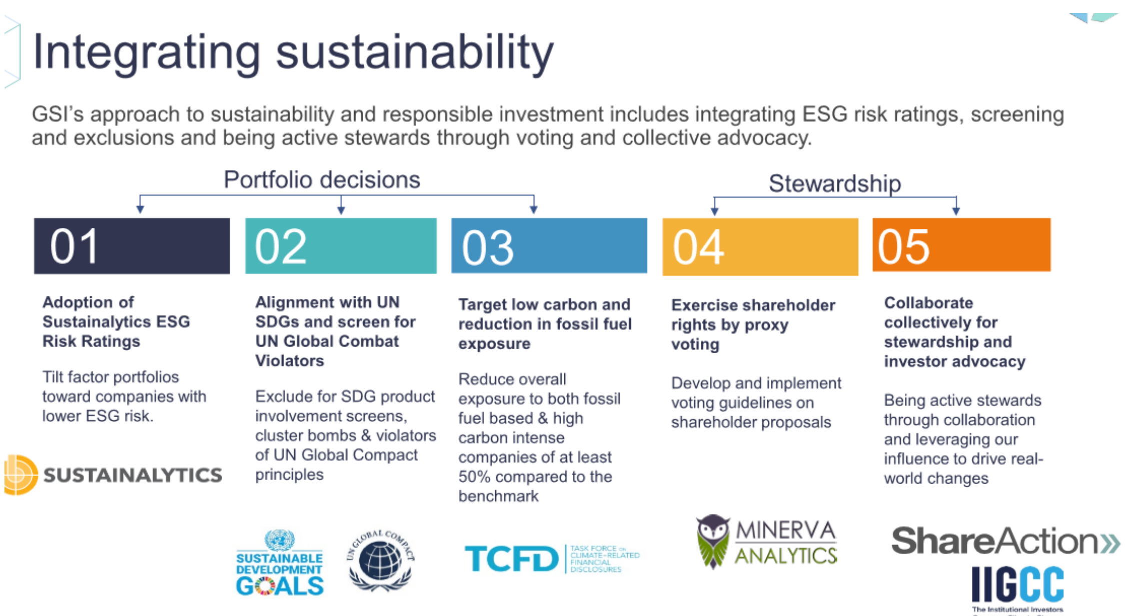
Investment philosophy & process

The core belief is that equity risk is rewarded over the long run, and that higher expected returns can be pursued most robustly through diversified exposure to well-researched factors rather than discretionary market timing or stock-specific forecasting.

- Factor framework: the strategies target size, value (price), profitability, net issuance and a passive capture of momentum. Value is measured using a composite of fundamental valuation metrics (book value, earnings, operating cash flows and net cash distributions).
- Rules-based portfolio construction: securities are scored/ranked using factor characteristics and ESG inputs; portfolios are rebalanced quarterly.
- Risk controls to maintain diversification and avoid unintended bets: sector weights and position sizes are constrained relative to the benchmark; security-level targets are capped at the greater of 5% or market weight.
- Focused Value has a wider sector cap (+10% relative to benchmark) than Global Aware Value (+5%), indicating a slightly larger 'active risk budget' while still subject to guardrails.

ESG integration, exclusions & stewardship

GSI integrates ESG as a set of rules and constraints rather than as a discretionary overlay, with the stated goal of maintaining intended factor exposures while favouring companies with stronger ESG characteristics.



- Data input: Sustainalytics ESG Risk Ratings are used to tilt portfolios towards lower ESG risk companies.
- Exclusions: product-involvement screens (e.g., thermal coal, oil sands, shale oil/gas, tobacco, controversial weapons, gambling, palm oil, pesticides and others) using a 10% revenue threshold; and exclusions for UN Global Compact violators.

Product Area	Product Involvement[1]	GSI Policy
Energy	Arctic Energy	Exclude
	Oil Sands	Exclude
	Shale Energy	Exclude
	Thermal Coal	Exclude
Environment	Greenhouse Gas Emissions[2]	Reduce by 50%
	Fossil Fuels[3]	Reduce by 50%
	Genetically Modified Plants	Exclude
	Palm Oil	Exclude
	Pesticides	Exclude
Health & Wellbeing	Cannabis	Exclude
	Tobacco	Exclude
	Adult Entertainment	Exclude
Business Practices	Fur and Specialty Leather	Exclude
	Whale Meat	Exclude
	Gambling	Exclude
	Predatory Lending	Exclude
Defense and Military	Controversial Weapons	Exclude
	Military Contracting	Exclude
	Riot Control	Exclude
	Small Arms	Exclude
UN Global Compact	UN Global Compact Violators	Exclude

- Climate constraints: target at least a 50% reduction in fossil fuel exposure and weighted-average carbon intensity versus benchmark (TCFD-style definition using Scope 1 and 2 emissions relative to revenue).
- Stewardship: proxy voting with voting guidelines, and collective stewardship/advocacy are described as part of the responsible investment approach.

Case Studies

These examples illustrate how GSI's stewardship protects capital and drives measurable, real-world improvements

Air Liquide — Decarbonisation engagement
Ask: Clear, time-bound emissions reductions and improved disclosure.
Action: Collaborative engagement with industry peers; targeted voting where disclosure lagged.
Outcome: Company committed to enhanced near-term targets and improved reporting cadence.
Client talking point: "GSI engaged constructively and secured clearer targets that reduce transition risk."

Sainsbury's — Living Wage and workforce standards
Ask: Adoption of the Real Living Wage and stronger supplier labour standards.
Action: Co-ordinated investor letters and voting support for workforce resolutions.
Outcome: Public commitment to a wage review and strengthened supplier oversight.
Client talking point: "GSI's stewardship supports fair pay, reducing operational and reputational risk."

Amazon — Freedom of association and worker rights
Ask: Improved worker representation and grievance mechanisms.
Action: Co-filing and coalition engagement with unions and investor groups.
Outcome: Enhanced dialogue and incremental policy changes; ongoing escalation where progress is slow.
Client talking point: "GSI's coalition engagement pushed for practical worker protections that reduce operational and legal risk, safeguard shareholder value, and deliver fairer outcomes for workers."

- Podcast insight: Andrew Cain noted the 'ESG naming mess' in the market but argued that ESG considerations remain important and increasingly mainstream, and that transparency about approach is crucial to trust.

Portfolio characteristics & positioning

Both funds are global developed-market equity portfolios with a significant North American weighting (roughly three-quarters of the benchmark) and tilt away from large-cap growth relative to a market-weighted index through their factor exposures.

- Global Aware Value currently shows a higher concentration in its top positions than the Focused Value fund (top-10 weight 21.7% vs 14.5% for the Focused Value share class factsheet).
- Both funds' largest stock weights are below the benchmark's largest weight, consistent with an emphasis on diversification versus a cap-weighted index.
- Valuation bias: the Global Aware Value fund shows a lower weighted average price/book than the benchmark in the factsheet, consistent with a value tilt.

Top-10 Holdings (in %)

As of 31 Oct 2025	Sector	Country	GAFV Fund	Solactive GBS Dev Large/Mid
JPMorgan	Financials	USA	2.13	1.08
Johnson&Johnson	Health Care	USA	1.83	0.57
Caterpillar	Industrials	USA	1.50	0.34
IBM	Info Tech	USA	1.44	0.36
Bank of America	Financials	USA	1.38	0.44
Alphabet	Comm Serv	USA	1.37	3.83
Cisco	Info Tech	USA	1.26	0.36
Booking Hldgs	Cons Discr	USA	1.22	0.20
Verizon Comm.	Comm Serv	USA	1.19	0.21
Pfizer	Health Care	USA	1.19	0.18

Country Weights (in %)

As of 31 Oct 2025	GAFV Fund	Solactive GBS Dev Large/Mid
North America	**74.1**	**74.9**
United States	70.9	71.5
Canada	3.2	3.3
Europe/Middle East	**16.3**	**15.6**
United Kingdom	4.6	3.7
France	2.2	2.4
Switzerland	1.4	2.0
Germany	2.5	2.2
Other	5.5	5.3
Asia-Pacific	**9.3**	**9.2**
Japan	6.2	6.3
Australia	1.4	1.8
Hong Kong	0.8	0.5
Other	0.9	0.6

Top-10 Holdings (in %)

As of 31 Oct 2025	Sector	Country	Global Aware Value	Solactive GBS Dev Large/Mid
NVIDIA	Info Tech	USA	4.47	5.93
Apple	Info Tech	USA	4.06	4.91
Microsoft	Info Tech	USA	3.70	4.74
Alphabet	Comm Serv	USA	3.33	3.83
Amazon	Cons Discr	USA	1.58	2.89
JPMorgan	Financials	USA	1.15	1.08
Johnson&Johnson	Health Care	USA	0.95	0.57
Meta	Info Tech	USA	0.89	1.75
Cisco	Info Tech	USA	0.78	0.36
IBM	Info Tech	USA	0.75	0.36

Country Weights (in %)

As of 31 Oct 2025	Global Aware Value	Solactive GBS Dev Large/Mid
North America	**74.4**	**74.9**
United States	71.2	71.5
Canada	3.1	3.3
Europe/Middle East	**16.1**	**15.6**
United Kingdom	4.3	3.7
France	2.3	2.4
Switzerland	1.8	2.0
Germany	2.2	2.2
Other	5.5	5.3
Asia-Pacific	**9.2**	**9.2**
Japan	6.2	6.3
Australia	1.7	1.8
Hong Kong	0.7	0.5
Other	0.7	0.6

Performance overview (as at 31 Oct 2025, GBP, net of fees)

The factsheets show both funds lagging the benchmark over the last year and three years (annualised), which is consistent with the challenging environment for global value and smaller companies during periods led by large growth stocks. There are plans to change the benchmark in 2026 to reflect the strategy better.

Period	GAV	GAFV	Benchmark
Year to date	12.23%	10.53%	14.65%
1 year	16.06%	11.96%	19.89%
3 years (annualised)	13.91%	11.48%	16.71%
Since inception (annualised)	10.80%	9.14%	12.61% (GAV) / 12.11% (GAFV)

Performance (in %) *

As of 31 Oct 2025	GAFV Fund	Solactive GBS Dev Large/Mid
Year to Date	10.53	14.65
Since Inception (Ann) **	9.14	12.11
1 Year	11.96	19.89
3 Years (Ann)	11.48	16.71
5 Years (Ann)	-	15.26

Performance (in %) *

As of 31 Oct 2025	Global Aware Value	Solactive GBS Dev Large/Mid
Year to Date	12.23	14.65
Since Inception (Ann) **	10.80	12.61
1 Year	16.06	19.89
3 Years (Ann)	13.91	16.71
5 Years (Ann)	14.05	15.26

Thematic context and manager commentary

In the podcast and supporting materials, GSI frames its approach as an 'active index' style: systematic and rules-based, with the intent to be transparent, diversified and repeatable. The central thesis is that a disciplined factor approach can improve long-term expected returns while avoiding the common pitfalls of short-term market timing.

- Long-term discipline: the firm explicitly does not attempt to time factor exposures; underperformance is expected when large-cap growth dominates markets.
- Transparency and implementation: the process is described as designed to be understandable and repeatable, with implementation quality (trading, turnover, diversification) treated as a key driver of outcomes.
- ESG realism: the 'aware' label reflects a focus on ESG risks and constraints rather than claiming a labelled, impact-led mandate (the factsheets also note the funds are Irish UCITS and not seeking a UK SDR label).

Strengths

- Clear philosophy grounded in decades of academic evidence on factor premiums and diversification.
- Rules-based approach with explicit risk controls (sector caps, position constraints, sustainability constraints) supports repeatability and governance.
- Cost and turnover awareness: systematic approach aims to capture factor exposure efficiently rather than paying for discretionary forecasting skill.
- Integrated sustainability framework that aims to reduce carbon and fossil fuel exposure materially versus benchmark while keeping factor tilts intact.
- Strong emphasis on transparency and trust (highlighted in the podcast), which is a practical strength for adviser firms explaining holdings and outcomes to clients.

Key risks and watchpoints

- Factor cyclicality: prolonged periods of growth/mega-cap dominance can lead to extended relative underperformance versus cap-weighted benchmarks.
- Benchmark-relative perception risk: clients comparing to MSCI World or a tech-heavy narrative may struggle with periods of lagging returns.
- Model and data risk: systematic approaches depend on data quality, stable relationships between factors and returns, and robust implementation during regime shifts.
- ESG constraint trade-offs: exclusions and sustainability constraints can create sector/stock skews and tracking error; the estimation work suggests the ESG overlay may have limited impact on returns historically, but outcomes can differ going forward.
- Currency risk: share classes priced in GBP while the fund base currency is USD; share-class hedging is not used (per factsheet risk disclosures).

Role within a diversified portfolio

These funds are best viewed as ‘core global equity with a systematic value/size/profitability tilt’ rather than as a pure index replacement or thematic ESG allocation.

- Potential use: as a diversifier to a cap-weighted global equity fund (which is structurally concentrated in mega-cap growth) by providing more balanced exposure across the developed-market opportunity set.
- Behavioural benefit: the rules-based, transparent process can support adviser/client discipline during periods when value and smaller companies are out of favour.
- Portfolio construction note: given factor cyclicality, many advisers will combine this style with complementary exposures (e.g., quality/growth, low volatility, or simple market-cap global equity) rather than rely on it as the only equity engine.

Money Wise UK view (research perspective)

From a due diligence standpoint, GSI's proposition is coherent: it is clear what the funds are trying to do (target diversified factor premiums), how they do it (rules-based scoring + quarterly rebalancing + risk controls), and how ESG is applied (constraints, exclusions and tilts without claiming to be an impact strategy).

The primary practical consideration for advisers is expectation-setting. These funds will not track a cap-weighted benchmark closely, and periods of relative underperformance should be expected when market leadership is narrow and growth-led. Where advisers can clearly explain the trade-off, a systematic factor 'core-plus' allocation can play a helpful role in building genuinely diversified equity exposure.

Insights from the QuantQual / Money Wise UK Podcast (February 2025)

In the February 2025 episode of the *QuantQual / Money Wise UK Podcast*, Andrew Kane (Founder & CIO, GSI) provided important context around the design philosophy, discipline and intended use of the Global Aware Value strategies.

Several themes from that discussion are particularly relevant for advisers assessing these funds:

Value is a return driver — ESG is not

Andrew was explicit that GSI does not present ESG as a source of alpha. Instead, expected returns are driven by well-documented, long-term equity factors, with value at the core.

"If ESG was a return factor, everyone would be rich by now."

In practice, this means:

- The value signal drives security selection and weighting
- ESG considerations are applied as constraints and preferences, not as performance levers
- The funds aim to improve sustainability characteristics without sacrificing expected returns

This clarity helps set realistic expectations and avoids one of the common pitfalls in ESG-labelled strategies.

This illustration shows minimal difference in performance between ESG and non-ESG.

Comparison of strategies

Each month, we then calculate three portfolio returns based on the following:

- WPxRP – Portfolio Return estimate
- WBxRB – Benchmark Return estimate
- WPxRB – Non-ESG estimate

	Annualised Return	Annualised Std Dev	
WPxRP	12.59%	16.92%	Portfolio Return estimate (inc ESG)
WBxRB	13.25%	16.83%	Benchmark Return estimate
WPxRB	12.77%	17.08%	Non-ESG Portfolio Return estimate

2. Systematic, but genuinely active

A key clarification in the podcast was that GSI's approach is often misunderstood as "index-like".

Andrew explained that while the strategies start from a broad global equity universe, the portfolio that emerges is meaningfully different due to:

- Multi-factor scoring (with value dominant)
- Rules-based reweighting away from expensive stocks
- Ongoing rebalancing driven by fundamentals, not market sentiment

"We're not trying to predict markets — we're trying to consistently tilt portfolios toward higher expected returns."

This reinforces that GSI sits in the middle ground between passive and traditional discretionary active management.

3. Clear distinction between the two strategies

The podcast was particularly helpful in articulating the difference between the two funds:

- Global Aware Value Fund
  Designed as a core, diversified global equity allocation with a persistent but moderate value tilt.
- Global Aware Focused Value Fund
  A much stronger expression of value, with:
  - Greater exclusion of growth stocks
  - Higher active share
  - More pronounced deviation from the market-cap benchmark

Andrew described the Focused strategy as deliberately accepting higher tracking error in exchange for greater exposure to the value premium over full market cycles.

4. Pragmatic stewardship and engagement

Andrew also discussed why GSI outsources engagement and voting to specialist providers rather than attempting to do everything in-house.

Key points included:

- Engagement works best when done collectively and persistently, not performatively
- Specialist providers can apply consistent pressure across hundreds of companies
- GSI’s role is to set priorities and monitor outcomes, not claim credit

This approach aligns with the funds’ overall philosophy: do fewer things, but do them well.

Money Wise UK Research View (Informed by the Podcast)

From a Money Wise UK perspective, the podcast reinforced several reasons why the GSI Global Aware Value strategies deserve serious consideration within a diversified portfolio.

First, the proposition's honesty stands out. GSI does not oversell ESG, does not claim impact where it cannot be measured, and does not suggest it can sidestep market cycles. Instead, it is very clear about what drives returns (value) and what ESG is intended to do (improve alignment and reduce certain risks).

Second, the distinction between the Value and Focused Value strategies is well thought through and genuinely useful for advisers:

- Global Aware Value works well as a core global equity building block, particularly for investors who want diversification away from growth-heavy indices without taking extreme active risk.
- Global Aware Focused Value is more appropriate as a satellite allocation, where investors explicitly want deeper value exposure and are comfortable with periods of relative underperformance.

Third, the systematic discipline discussed in the podcast helps address a common behavioural risk in value investing: giving up at the wrong time. By embedding value exposure in a rules-based process, GSI removes much of the emotion that undermines discretionary value strategies.

Finally, GSI's approach fits well with modern portfolio construction thinking:

- It avoids excessive concentration in mega-cap growth stocks
- It offers a transparent, repeatable alternative to both passive global equity and high-conviction stock-picking
- It integrates sustainability in a way that is credible but not return-dilutive

Overall, the podcast reinforces the view that the GSI Global Aware Value strategies are designed to be held through cycles rather than traded based on short-term style leadership.

Disclaimer

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