GVA's Advantaged Subset Versus A Standard Value Approach

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March 2021

GVA's research shows that value has outperformed growth over the very long term. On a performance basis, markets are back to 2000's level of growth outperforming value. The valuation spread of value stocks vs growth stocks is the widest in history, higher than the TMT bubble. GVA has no insight into when this growth super-cycle will end, but its portfolios are highly geared for the eventual value recovery. An advantage of GVA's approach is that it tends to slightly outperform when growth beats value by a little bit but tends to lag when growth dramatically outperforms value.

Creation of GVA

GVA's back-tested models* were created by Philippe Rolland in 2014, while working at GMO. It became apparent that standard value models had lost their efficacy. Philippe was tasked with creating a model that stuck to a value discipline, but produced superior performance. GVA's models search the globe for companies that rank highly on four cornerstone investment criteria:

1. High and consistent free cash flow generation.
2. High and consistent shareholder yield.
3. Strong balance sheet.
4. Valuation in the cheapest 20%.

The end result is a model that typically outperforms in both value and growth markets. GVA's portfolios will always be made up of companies in the cheapest 20%, without any ability to style drift. We believe the back-test is also successful in comparison to standard value models.

The table below shows the results of GVA's model for its International Small Cap product. Highlights from GVA's model output:

- The model produces an annualized alpha of 8.4% against the MSCI ACWI ex US Small Cap Index.
- Risk metrics similar to benchmark, with a beta 1.0 and standard deviation of 20%.
- Information ratio is also strong at 1.3x.

The green bars show the historical excess return of a standard value model, looking only at companies in the cheapest 20%. Highlights from the standard value output:

- The annualized alpha is 3.5% against the MSCI ACWI ex US Small Cap Index.
- Risk metrics close to the benchmark but higher than GVA's levels, with a beta 1.2x and standard deviation of 22%.
- The information ratio drops to 0.7x.

The main conclusion is that GVA's model has historically identified a subset that has produced close to 5% higher annualized Alpha compared to a standard value approach, and it accomplishes this with lower overall risk metrics. GVA's focus on value companies within an Advantaged Subset of the universe, specifically those that generate high Free Cash Flow and return significant capital to shareholders.

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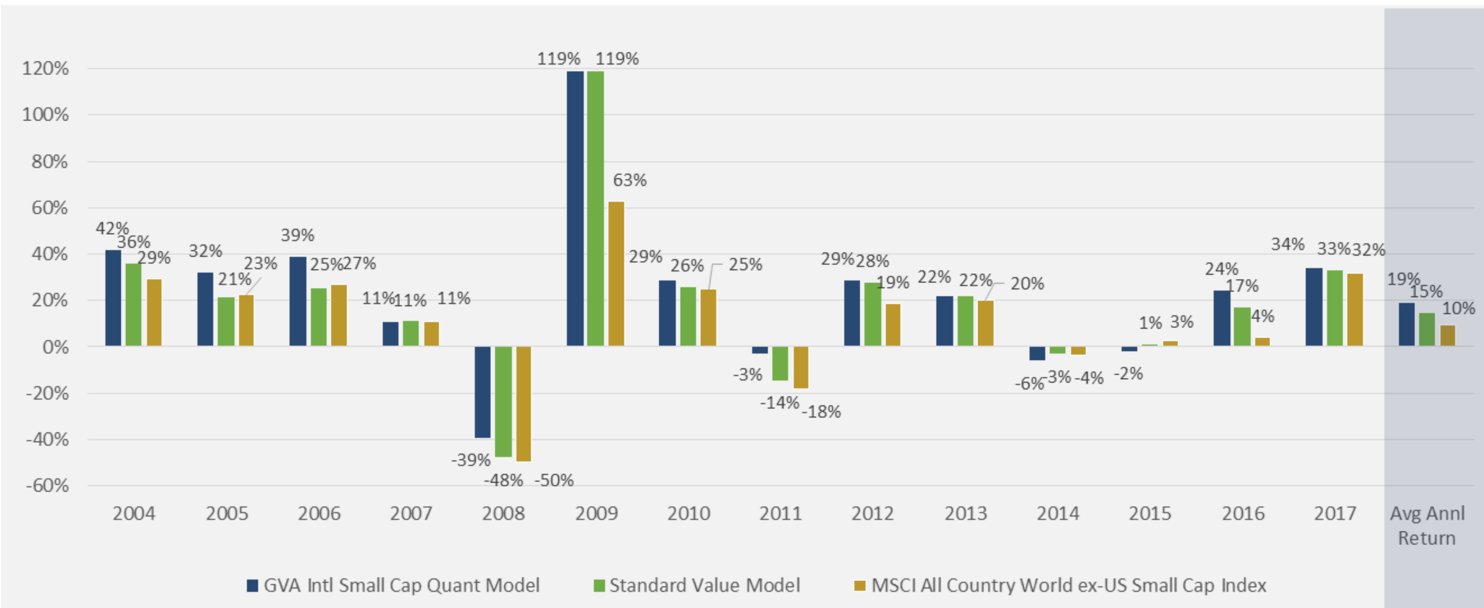
Back Test: GVA's International Small Cap Model* vs Standard Value Model Annualized Returns



Statistics	Alpha Annualized	Beta	Standard Deviation	Tracking Error	Information Ratio	Excess Return Annualized
GVA International Small Cap Model*	8.4%	1.03	20.2%	7.1%	1.35	9.6%
Standard Value Model**	3.5%	1.16	22.2%	6.9%	0.66	5.0%
MSCI ACWI ex US Small Cap Index		1.00	18.3%			

*Source: FactSet – (Aug 2018) GVA International Small Cap Model back test results are hypothetical and involve inherent limitations, please see disclosures at the end of this presentation. Note this presentation is through the end of 2018 whereas the backtest in GVA's standard presentation was updated through the first half of 2018.
Results do not reflect fees or expenses.
**Standard Value Model measures the performance of the cheapest 20% of the stocks in the MSCI ACWI ex-US Small Cap Index, rebalanced monthly, and based on the weighted average of 6 valuation metrics (PE TTM, PE NTM, P/B, P/FCF, P/Gross Margin, and Div Yield).

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*GVA Backtest Disclosure:

The information presented in the presentation represents back-tested performance based on the GVA Proprietary Model (the "Model") and does not include qualitative analysis or portfolio manager selections. The performance results shown represent a larger group of stocks than would be included if qualitative analysis was applied. Our Model narrows down our universe to approximately 125-175 stocks and then we conduct fundamental analysis in order to determine inclusion in the portfolio. The strategy being offered includes both the quantitative and qualitative analysis together however performance shown in the back-test only reflects the quantitative portion of analysis as the qualitative analysis cannot be applied retroactively. Back-tested presentations may not be relied upon for investment purposes and are not meant to represent actual current or future performance.

The Model is described on a previous slide. For more details on the Model please contact info@globalvalueadv.com. Back-tested performance is hypothetical (it does not reflect trading in actual accounts) and is provided for informational purposes only to indicate historical performance had the portfolios been available over the relevant time period. Securities were selected with the full benefit of hindsight, after their performance over the period shown was known. There are inherent limitations of data derived from retroactive application of a model portfolio. The results may not reflect the impact that any material market or economic factors might have had on GVA's use of the back-test Model if the Model had been used during the period to actually manage client assets. GVA was not managing money during the period tested. For comparison purposes, the GVA International Small Cap Model performance is measured against the MSCI All Country World ex-US Small Cap Index. Results in back-test do not guarantee future results.

The Model identifies companies with positive free cash flows, that have positive total return to shareholders, excludes companies whose leverage is in the highest 20% of the starting universe, are the cheapest 20% of the starting universe and illiquid companies are eliminated. Foreign exchange is implicit in the total return. The Model assumes it is fully invested with no cash and includes the reinvestment of all income. The U.S. dollar is the currency used to express performance. All returns are presented gross of investment management fees, trading costs, and all other costs, expenses and commissions associated with client account trading. As there are no fees or expenses deducted, actual client returns could be materially different. The client may experience a loss.