

# U.S. OPPORTUNISTIC VALUE

## OVERVIEW

The GMO U.S. Opportunistic Value Strategy (the "Strategy") seeks to generate total return by investing primarily in U.S. equities. The Strategy measures its performance against the S&P Composite 1500 Index.

GMO's U.S. Opportunistic Value Strategy seeks to profit from our Asset Allocation Team's top-down insights as to the most attractively valued segment of the U.S. market. Currently, the team finds "deep value" (cheapest 20%) stocks to be truly dislocated in the U.S. This actively managed Strategy avoids the "shallow value" stocks, which are expensive relative to their own history, and focuses solely on the deep value names. With this Strategy we focus on the U.S. stocks that GMO's Systematic Equity team identifies as the most undervalued, recognizing that relying on reported financials and index definitions of value can lead investors to misjudge the opportunity.

## CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

|                 | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2023</i> | <i>2022</i> |
|-----------------|------------|------------|------------|-------------|-------------|
| Composite       | -4.74      | -4.74      | 5.09       | 16.09       | 6.03        |
| Index           | -4.23      | -4.23      | 5.64       | 25.47       | 2.66        |
| Alternate Index | -4.46      | -4.46      | 2.79       | 21.64       | 6.97        |

## ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

|                 | <i>1 Year</i> | <i>3 Years</i> | <i>5 Years</i> | <i>10 Years</i> | <i>ITD</i> |
|-----------------|---------------|----------------|----------------|-----------------|------------|
| Composite       | 17.85         | -              | -              | -               | 15.06      |
| Index           | 22.07         | -              | -              | -               | 18.28      |
| Alternate Index | 17.44         | -              | -              | -               | 17.18      |

## FACTS

|                     |                          |
|---------------------|--------------------------|
| Strategy Inception  | 28-Jun-22                |
| Composite Inception | 30-Jun-22                |
| Total Assets        | \$1.5bn USD              |
| Index               | S&P Composite 1500       |
| Alternate Index     | S&P Composite 1500 Value |

## RISK PROFILE (SINCE INCEPTION 30-JUN-22)

|                    |       |
|--------------------|-------|
| Alpha (Jensen's)   | -3.08 |
| Beta               | 0.99  |
| R Squared          | 0.86  |
| Sharpe Ratio       | 0.55  |
| Standard Deviation | 19.11 |

## PORTFOLIO MANAGEMENT



**Simon Harris**  
Joined GMO in 1989  
BS, The City University  
(London)



**George Sakoulis**  
Joined GMO in 2020  
MA & PhD, University of  
Washington



**Warren Chiang, CFA**  
Joined GMO in 2015  
MBA, University of  
California Berkeley



**Tara Oliver, CFA**  
Joined GMO in 1996  
MBA, Amos Tuck School  
of Business  
Administration,  
Dartmouth College



**John Thorndike**  
Joined GMO in 2015  
AB, Bowdoin College

**Risks:** Risks associated with investing in the Strategy may include Focused Investment Risk, Commodities Risk, Market Risk-Equities, Management and Operational Risk and Smaller Company Risk. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit [www.gmo.com](http://www.gmo.com).

**Performance Returns:** Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of a model advisory fee and incentive fee if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Fees paid by accounts within the composite may be higher or lower than the model fees used. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®).** A Global Investment Performance Standards (GIPS®) Composite Report is available on [GMO.com](http://GMO.com) by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. The local market in which some accounts in the composite are priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the strategy and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return.

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## CHARACTERISTICS

|  | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|--|------------------|--------------|------------------------|
| Price/Earnings - Forecast 1 Yr Wtd Mdn | 11.7x            | 22.1x        | 16.8x                  |
| Price/Earnings - Hist 1 Yr Wtd Mdn     | 14.8x            | 27.3x        | 22.3x                  |
| Price/Book - Hist 1 Yr Wtd Avg         | 1.9x             | 4.2x         | 2.6x                   |
| Price/Cash Flow - Hist 1 Yr Wtd Mdn    | 8.9x             | 19.2x        | 14.6x                  |
| Return on Equity - Hist 1 Yr Mdn       | 15.6%            | 24.7%        | 15.6%                  |
| Debt/Equity - Wtd Mdn                  | 0.7x             | 0.7x         | 0.8x                   |
| Dividend Yield - Hist 1 Yr Wtd Avg     | 2.7%             | 1.4%         | 2.3%                   |
| Market Cap - Wtd Mdn Bil               | 116.7 USD        | 175.1 USD    | 95.4 USD               |
| Number of Equity Holdings              | 135              | 1488         | 1182                   |

## MARKET CAP BAND EXPOSURES (\$B)

|                                | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|--------------------------------|------------------|--------------|------------------------|
| Small (5.4 & Below)            | 5.1              | 3.8          | 5.0                    |
| Small - Medium (5.4 To 15.5)   | 9.9              | 6.6          | 8.2                    |
| Medium (15.5 To 40.4)          | 17.0             | 10.5         | 16.8                   |
| Medium - Large (40.4 To 111.8) | 17.3             | 18.8         | 26.0                   |
| Large (111.8 & Above)          | 50.8             | 60.3         | 44.1                   |

## SECTORS (%)

| <i>Sector</i>          | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|------------------------|------------------|--------------|------------------------|
| Communication Services | 13.6             | 8.5          | 4.2                    |
| Consumer Discretionary | 7.8              | 10.7         | 6.0                    |
| Consumer Staples       | 4.1              | 6.0          | 9.8                    |
| Energy                 | 9.7              | 4.2          | 6.7                    |
| Financials             | 27.4             | 13.4         | 23.0                   |
| Health Care            | 19.8             | 12.0         | 17.3                   |
| Industrials            | 4.1              | 9.8          | 11.9                   |
| Information Technology | 10.8             | 27.7         | 7.9                    |
| Materials              | 2.6              | 2.7          | 3.9                    |
| Real Estate            | 0.0              | 2.6          | 4.5                    |
| Utilities              | 0.0              | 2.4          | 5.0                    |

## TOP HOLDINGS

| <i>Company</i>             | <i>Sector</i>          | <i>%</i>    |
|----------------------------|------------------------|-------------|
| Alphabet Inc               | Communication Services | 6.4         |
| JPMorgan Chase & Co        | Financials             | 4.7         |
| Exxon Mobil Corp           | Energy                 | 3.7         |
| Bank of America Corp       | Financials             | 3.4         |
| Chevron Corp               | Energy                 | 3.3         |
| Johnson & Johnson          | Health Care            | 2.8         |
| Cisco Systems Inc          | Information Technology | 2.4         |
| Meta Platforms Inc         | Communication Services | 2.3         |
| Verizon Communications Inc | Communication Services | 2.2         |
| Comcast Corp               | Communication Services | 2.2         |
| <b>Total</b>               |                        | <b>33.4</b> |

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## IMPORTANT INFORMATION

**Index(es):** The S&P Composite 1500 combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.

**The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.**

## GLOSSARY

**Risk Statistics:** Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio.

**Sector Exposures:** The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS.

**Top Holdings:** Portfolio holdings are percent of equity. Where applicable, the top holdings are derived by looking through to the underlying portfolios in which the asset allocation strategy invests and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities.

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## ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO\*

SINGAPORE

SYDNEY

TOKYO\*\*

\*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area

\*\*Representative Office