

## U.S. SMALL CAP VALUE

## OVERVIEW

The GMO U.S. Small Cap Value Strategy seeks to generate total return in excess of its benchmark, the S&P Small Cap 600 Value Index, by investing primarily in equities of U.S. companies that are included in the S&P 600 Index or whose market capitalization at the time of investment is less than that of companies in the bottom decile of market capitalization of the MSCI U.S. IMI Index.

The Strategy's investment approach is grounded in the Systematic Equity team's belief that, in the short term, equity markets exhibit exploitable inefficiencies as a result of irrational investor actions, the imperfect flow of information, and the participation of non-economic actors, while in the long-term returns are ultimately driven by economic reality. The Strategy aims to take advantage of these inefficiencies by utilizing a multi-factor valuation model in conjunction with other methods, such as momentum and corporate alerts, to identify undervalued equity securities.

## FACTS

Strategy Inception	01-Jul-19
Composite Inception	31-Jul-19
Total Assets	\$36mm USD
Benchmark	S&P 600 Value +

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Composite	-7.72	-0.67	11.18	11.18	22.79	-14.03	35.66	2.34
Benchmark	-6.76	1.43	7.56	7.56	14.89	-11.04	30.95	5.34

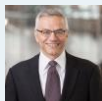
## RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	1.70
Beta	0.98
Information Ratio	0.32
R Squared	0.96
Standard Deviation	25.84

## 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	11.18	5.48	10.25	-	10.74
Benchmark	7.56	3.21	8.68	-	9.47

## PORTFOLIO MANAGEMENT



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



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

**Risks:** Risks associated with investing in the Strategy may include: (1) Market Risk - Equities: The market price of equities may decline due to factors affecting the issuer, its industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. (2) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. (3) Smaller Company Risk: Smaller companies may have limited product lines, markets, or financial resources, lack the competitive strength of larger companies, have less experienced managers or depend on a few key employees. The securities of companies with smaller market capitalizations often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations. For a more complete discussion of these risks and others, please consult the Fund's offering documents. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information. **Performance Returns:** 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 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.

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## CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	11.0x	13.8x
Price/Earnings - Hist 1 Yr Wtd Mdn	15.6x	23.0x
Price/Book - Hist 1 Yr Wtd Avg	1.4x	1.3x
Price/Cash Flow - Hist 1 Yr Wtd Mdn	9.2x	10.8x
Return on Equity - Hist 1 Yr Mdn	12.0%	6.8%
Debt/Equity - Wtd Mdn	0.6x	0.7x
Dividend Yield - Hist 1 Yr Wtd Avg	2.1%	2.3%
Market Cap - Wtd Mdn Bil	3.0 USD	2.4 USD
Number of Equity Holdings	233	449
Active Share	82.6%	N/A

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Benchmark</i>
Small (5.2 & Below)	74.6	90.6
Small - Medium (5.2 To 16.4)	25.4	9.4

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Communication Services	1.2	3.5
Consumer Discretionary	16.9	17.2
Consumer Staples	3.5	3.7
Energy	1.6	4.6
Financials	31.1	23.0
Health Care	4.0	7.3
Industrials	20.9	15.6
Information Technology	7.6	10.2
Materials	2.8	4.5
Real Estate	9.3	7.1
Utilities	1.1	3.3

## TOP HOLDINGS

<i>Company</i>	<i>Sector</i>	<i>%</i>
Enova International Inc	Financials	2.3
Jackson Financial Inc	Financials	2.2
Unum Group	Financials	2.0
Adtalem Global Education Inc	Consumer Discretionary	2.0
MGIC Investment Corp	Financials	2.0
Cirrus Logic Inc	Information Technology	1.7
Whirlpool Corp	Consumer Discretionary	1.6
Jones Lang LaSalle Inc	Real Estate	1.6
Jazz Pharmaceuticals PLC	Health Care	1.6
Radian Group Inc	Financials	1.5
<b>Total</b>		<b>18.5</b>

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## IMPORTANT INFORMATION

**Benchmark(s):** The S&P 600 Value+ Index is an internally maintained benchmark computed by GMO, comprised of (i) Russell 2000 Value through 3/31/2020, and (ii) S&P SmallCap 600 Value thereafter. The index is internally blended by GMO. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark is a trademark of Russell Investment Group.

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. 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.

## 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.

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\*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