

## STRATEGY OVERVIEW

The investment objective of the GMO Tactical Opportunities Strategy is capital appreciation. The Strategy pursues this objective by implementing a long/short investment strategy.

## STRATEGY FACTS

**Inception:** 9/30/04

**Benchmark:** FTSE 3-Month T-Bill Index

**Assets:** \$56 Million

**Portfolio Management:**

Tom Hancock

**Risks:**

The most significant risks of an investment in the Strategy include Management and Operational Risks, Short Investment Exposure Risk, Focused Investment Risk, Equities Risk, and Currency Risk.

**About GMO:**

Founded in 1977, GMO is an independently-owned, global institutional investment manager dedicated to providing our clients with superior investment advice and performance.

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## METHODOLOGY

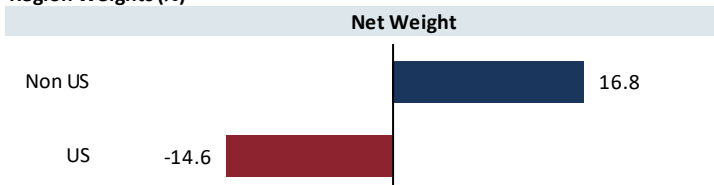
The long and short sub-portfolios have distinct characteristics and utilize multiple independent, though possibly concentrated or focused, stock selection strategies. The portfolio seeks to establish long positions in high quality stocks while shorting those it deems to be of low quality.

## PORTFOLIO CONSTRUCTION

The portfolio is constructed using proprietary techniques to adjust for factors such as stock selection discipline, position size, industry and sector weights, and market capitalization. Factors considered and models used may change over time. Trades are executed using a proprietary trading model. While the portfolio will generally be broadly diversified, there are no specific limits on the size of individual holdings nor has the portfolio placed any limit on its rate of turnover. The portfolio invests primarily in equities, but may also invest in fixed income securities of all types and other instruments and rights of a financial character.

## STRATEGY PROFILE

### Region Weights (%)



### GICS Sector Weights (%)

	Net Weight	Long	Short
Comm. Services	-3.9	13.6	17.5
Consumer Disc.	-1.8	8.2	10.0
Consumer Staples	19.3	20.6	1.3
Energy	-9.2	0.0	9.2
Financials	-9.9	16.1	26.0
Health Care	2.7	40.6	37.9
Industrials	5.6	11.1	5.5
Information Tech.	24.7	60.3	35.6
Materials	-3.3	0.0	3.3
Real Estate	-20.9	0.0	20.9
Utilities	-1.2	0.0	1.2

### 5-Year Risk Profile<sup>1</sup>

	Strategy
Std. Deviation	16.00
Sharpe Ratio	0.23
Drawdown (1/29/16-1/31/17)	-19.04

### Characteristics

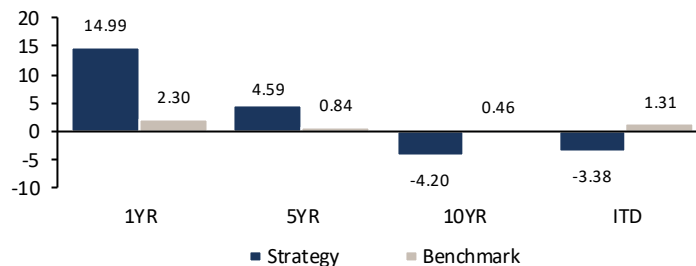
	Long	Short
Price/Earnings - Forecast 1 Yr Wtd Med	17.5 x	38.9 x
% Negative Earnings	0.5 %	96.3 %
Return on Equity - Forecast 1 Yr Wtd Median	36.5 %	8.5 %
Market Cap - Weighted Median \$Bil	\$143.1	\$3.0
Net Debt/EBITDA - Wtd Median	0.5 x	4.1 x
% Long/Short	171 %	168 %
Dividend Yield - Hist 1 Yr Wtd Avg	1.9 %	1.0 %
Free Cash Flow Yield - Hist 1 Yr Wtd Avg	4.6 %	-3.6 %
Number of Equity Holdings	42	407

<sup>1</sup> Std. Deviation is a measure of the volatility of a portfolio's return. Sharpe Ratio is the return over the risk free rate per unit of risk. Drawdown is the largest negative cumulative portfolio return from peak to trough. Risk profile data is net. 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.

## PERFORMANCE NET OF FEES

Total Return (%)	Strategy	Benchmark
2Q 2019	1.54	0.61
YTD 2019	-8.38	1.21
<b>Annual Total Return (%)</b>		
2018	10.79	1.86
2017	15.39	0.84
2016	-4.86	0.27
2015	6.46	0.03
2014	-2.47	0.03
2013	-9.65	0.05
2012	-18.36	0.07
2011	27.51	0.08
2010	-25.31	0.13
2009	-41.61	0.16

### Annualized Return (%)



Performance data quoted represents past performance and is not predictive of future performance. Returns are shown after the deduction of management fees, transaction costs and other expenses, but before custody charges, withholding taxes, and other indirect expenses. The returns assume the reinvestment of dividends and other income.

The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.