

## EQUITY DISLOCATION

## OVERVIEW

The GMO Equity Dislocation Strategy seeks high total return. It aims to own attractively valued equities while correspondingly shorting equities where we believe that valuations are reflective of implausible growth expectations. Currently, the Strategy is long global Value, short global Growth, to take advantage of the exceptionally wide valuation spread between Value and Growth.

The eligible universe for both the long and short side spans the market capitalization spectrum and includes both developed and emerging markets. Utilizing GMO's proprietary Price to Fair Value model to actively select the cheapest and most expensive stocks, the portfolio is diversified across sectors, countries, and regions and is intended to be approximately beta neutral.

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Composite	2.06	2.06	5.46	2.09	14.18	13.10	3.85
Composite Alternate Net	1.85	1.85	5.48	3.75	13.08	11.93	3.32
Index	0.47	0.47	1.83	5.26	1.50	0.05	0.02

## 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	8.67	7.98	–	–	11.08
Composite Alternate Net	9.86	8.38	–	–	10.80
Index	5.57	2.86	–	–	2.46

## FACTS

Strategy Inception	23-Oct-20
Composite Inception	30-Nov-20
Total Assets	\$5.2bn USD
Index	FTSE 3-Mo. T-Bill

## RISK PROFILE (SINCE INCEPTION 30-OCT-20)

Sharpe Ratio	0.74
Standard Deviation	11.60
Max Port. Drawdown (31-May-22 - 31-May-23)	-9.57

## PORTFOLIO MANAGEMENT



**Ben Inker, CFA**  
Joined GMO in 1992  
BA, Yale University



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



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



**Carl O'Rourke**  
Joined GMO in 2006  
PhD, University of Surrey

**Risks:** Risks associated with investing in the Fund may include Equities Risks, Short Investment Exposure Risks, Risks of Non-U.S. Investments, Preferred Securities Risk and Depository Receipts Risk. For a more complete discussion of these risks and others, please consult the Fund's offering documents. 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:** The net of fee return is calculated using the highest base fee rate. The alternate net return is calculated using a reduced base fee rate plus incentive fee. **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. **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 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>Long</i>	<i>Short</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	10.1x	32.0x
Price/Earnings - Hist 1 Yr Wtd Mdn	14.0x	52.9x
Price/Book - Hist 1 Yr Wtd Mdn	1.3x	7.5x
Price/Cash Flow - Hist 1 Yr Wtd Mdn	8.1x	27.1x
Price/Sales - Hist 1 Yr Wtd Mdn	1.1x	5.0x
Return on Equity - Hist 1 Yr Mdn	11.7%	11.8%
Dividend Yield - Hist 1 Yr Wtd Avg	3.1%	1.4%
Market Cap - Wtd Mdn Bil	19.5 USD	15.2 USD
Number of Equity Holdings	235	220
% Long/Short	100.6%	99.7%

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Long</i>	<i>Short</i>
Small (5.4 & Below)	8.2	-12.7
Small - Medium (5.4 To 15.5)	33.3	-40.4
Medium (15.5 To 40.4)	30.7	-22.3
Medium - Large (40.4 To 111.8)	16.9	-18.6
Large (111.8 & Above)	11.4	-5.7

## TOP COUNTRIES (%)

<i>Country</i>	<i>Long</i>	<i>Short</i>
United States	46.0	-46.3
Japan	9.8	-7.8
United Kingdom	4.7	-6.4
Canada	4.2	-6.0
Netherlands	4.1	-2.3
South Korea	3.3	-3.5
France	3.1	-2.8
Germany	2.9	-4.7
Australia	2.8	-3.4
Denmark	2.7	-0.7

## REGIONS (%)

<i>Region</i>	<i>Long</i>	<i>Short</i>
Emerging	8.9	9.0
United States	46.0	46.3
United Kingdom	4.7	6.4
Europe ex UK (Developed)	24.1	19.6
Japan	9.8	7.8
Other International	7.1	10.6

## SECTORS (%)

<i>Sector</i>	<i>Long</i>	<i>Short</i>
Communication Services	8.0	-8.4
Consumer Discretionary	18.1	-15.3
Consumer Staples	4.8	-4.0
Energy	4.6	-5.2
Financials	19.7	-12.2
Health Care	12.9	-11.8
Industrials	11.9	-17.5
Information Technology	11.0	-15.0
Materials	6.3	-5.1
Real Estate	1.9	-1.3
Utilities	1.5	-3.9

## TOP HOLDINGS

<i>Company</i>	<i>%</i>
Koninklijke Philips NV	1.0
PayPal Holdings Inc	0.9
Sumitomo Corp	0.9
Capital One Financial Corp	0.9
Teva Pharmaceutical Industries Ltd	0.9
<b>Total</b>	<b>4.6</b>

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## IMPORTANT INFORMATION

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

**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. 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. Drawdown is based on the portfolio's worst performance over the period based on monthly observations.

**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

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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