



McCLAIN VALUE MANAGEMENT

175 Elm Street, New Canaan, CT 06840 • P: 203.966.3197 • E: pmclain@mcclainvalue.com

Tactical Value March 2019

Concentrated Contrarian Value

Firm and Strategy Overview

Founded in 2001, McClain Value Management (MVM) is an independent investment advisory firm specializing in concentrated contrarian value investing. We manage four concentrated equity strategies with a shared underlying investment philosophy - Select Value, Small Cap Value, Opportunity and Tactical Value. The Select Value Strategy began in 2002 and is a concentrated U.S. all cap portfolio consisting of 15-25 positions. The strategy has the flexibility to move to as much as 25% cash. We seek investments with 50-100%+ upside over a 2-3 year time horizon with little downside relative to the opportunity. We follow a long-term value approach to investing and seek to capitalize on investor impatience by buying out-of-favor, high quality assets trading at depressed prices, and allowing time for the strategy to play out. Our research is bottom up and fundamentally based with a key focus on getting to know management and how they allocate capital. Investments are either undergoing change (new CEO, spin-offs, asset sales, transformative acquisitions) or offer attractive free cash flow. We focus on how a company could evolve over a few years, how much cash it should generate and how management will allocate that capital; we monitor the company's progress towards these longer-term goals while trying to "tune out" short-term noise.

Investment Professionals

Phillip C. McClain, CFA, Managing Partner, PM

Phil founded MVM in 2001 after many years in institutional investment management as well as prior experience in investment banking and public accounting (former CPA). Phil has conducted research for some of the country's most successful firms including Sasco Capital where he was a Managing Director, Iridian Asset Management and Forstmann-Leff Associates. Phil received his BS with honors from Lehigh University and MBA with distinction from Cornell's Johnson Graduate School of Management. He is a member of the Stamford CFA Society.

Joseph W. Donaldson, Managing Partner, Analyst

Joseph joined MVM in 2008 after having spent more than 20 years in investment management and public accounting (former CPA). Joseph has conducted research for several notable value-oriented firms including Epoch Investment Partners where he was a Managing Director and co-manager of the firm's small cap strategy, Steinberg Asset Management, and First Manhattan Company. Joseph received his BBA in Accounting from the University of Georgia and MBA from Columbia University. He is a board member and co-head of the finance committee at the Norwalk Community College Foundation.

Product Information

Asset Class	All Cap
Strategy AUM	\$8 mil
Firm AUM	\$92 mil
AUM Target	\$500 mil
Structure	Separate Accounts
Minimum Investment	\$500,000
Management Fee	1.00%
Incentive Fee	Available upon request
Lock-Up	None

Portfolio Characteristics

Long Positions	14 positions
Month-end Cash Position	17%
Median Mkt Cap	\$3.1 bil
Largest Position	KN (10.2%)