



McClain Value Management

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Tactical Value December 2019

Firm and Strategy Overview

Founded in 2001, McClain Value Management (MVM) is an independent 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 Tactical Value Strategy began in 2016 and is a concentrated U.S. all cap portfolio consisting of 10-15 positions comprised of 5-7 best ideas complemented with other high conviction, lower risk stocks. The strategy has the flexibility to move to as much as 100% cash and also to invest up to 10% in strategic non-equity investments such as ETF's. 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.

Monthly Gross Performance

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JULY	AUG	SEP	OCT	NOV	DEC	YTD	R3V
2019	12.5%	3.8%	-1.1%	3.7%	-8.0%	7.2%	0.0%	-2.8%	1.4%	-2.4%	3.7%	1.0%	19.0%	26.3%
2018	4.5%	-4.7%	0.5%	7.3%	1.1%	-0.8%	2.3%	-2.7%	1.3%	-3.0%	0.2%	-7.5%	-2.5%	-8.6%
2017	10.8%	2.2%	-1.8%	1.7%	-2.5%	4.1%	4.8%	0.6%	3.2%	2.4%	0.3%	-0.8%	21.5%	13.2%
2016					-9.1%	0.3%	9.1%	1.2%	3.0%	-6.3%	17.6%	2.1%	16.8%	14.1%

Net Performance

	YTD	1-YEAR	3-YEAR*	ANNUALIZED SINCE INCEPTION*
Tactical Value GROSS	19.0%	19.0%	12.2%	14.6%
Tactical Value NET	17.9%	17.9%	11.1%	13.5%
Russell 3000 Value	26.3%	26.3%	9.3%	11.5%

*Annualized returns, 5/1/16 inception date

Product Information

Asset Class	All Cap
Firm AUM	\$88 mil
Structure	Separate Accounts
Minimum Investment	\$1 million
Management Fee	1.00%
Incentive Fee	Available upon request
Lock-Up	None

Portfolio Characteristics

Long Positions	15 positions
Month-end Cash Position	11%
Median Mkt Cap	\$3.9 billion
Largest Position	KN (11.7%)

Performance reflects time-weighted geometrically linked returns which are shown both Gross (before management fees) and Net (after maximum standard management fee of 1% per annum, applied quarterly). Valuations are computed and performance is reported in U.S. dollars. Performance figures include and are presented net of all custodial and trading fees as well as withholding taxes. If your account was open the entire period, returns should approximate the related composite. The Tactical Value Strategy strives to outperform the Russell 3000 Value, which measures the performance of the broad value segment of the U.S. equity value universe. Inclusion of index information is not intended to suggest that its performance is equivalent or similar to that of the historical investments whose returns are presented or that investment with our firm is an absolute alternative to investments in the index (if such investment were possible). Investors should be aware that the referenced benchmark may have a different composition, volatility, risk, investment philosophy, holding times, and/or other investment related factors that may affect ultimate performance results. Therefore, an investor's individual results may vary significantly from the benchmark's performance