

# QUARTERLY INVESTMENT REVIEW

## Alternative Allocation Strategy

### Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Alternative Allocation Strategy (net)	0.36	0.36	6.20	2.18	-	-	1.46
Alternative Allocation Strategy (gross)	0.60	0.60	7.22	3.15	-	-	2.43
FTSE 3-Mo. T-Bill	1.35	1.35	5.49	2.70	-	-	2.05
Value Add	-0.99	-0.99	+0.71	-0.52	-	-	-0.58

### Major Performance Drivers

Over the course of the quarter, the total capital at work was increased by about six percentage points. At the end of March 2024, the Alternative Allocation portfolio was allocated broadly: 26% Systematic Global Macro, 29% Event-Driven, 36% Equity Dislocation, 9% Credit & Relative Value Credit, 12% Fixed Income Absolute Return, 15% Asset Allocation Long/Short, and 8% Put Selling.

Equity Dislocation was the biggest contributor to total performance as it returned 2.7%, an excellent result given MSCI ACWI Value trailed MSCI ACWI Growth. Both the Asset Allocation Long/Short strategy and put selling generated a higher absolute return than Equity Dislocation, but their smaller allocations meant that they did not contribute quite as much at total portfolio level. Now that the cash and collateral is benefitting from increased rates, that also added to total portfolio performance.

The credit positions had no material impact, while Event-Driven, hampered by political push back on the takeover of U.S. Steel by Japan's Nippon Steel, and Fixed Income Absolute Return were both down slightly, detracting modestly.

That left Systematic Global Macro as the biggest detractor for the month as it staggered to a -6.25% return, costing more than 1.5% of performance at total portfolio level. A relatively small short position in Cocoa was the culprit as the price absolutely skyrocketed in the quarter; despite the production problems in Ivory Coast and Ghana, the more than doubling in price seems overdone.

Inception Date: 1-May-19

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

**Risks:** Risks associated with investing in the Strategy may include: Management and Operational Risk, Leveraging Risk, Derivatives and Short Sales Risk, Market Risk - Equities, and Market Risk - Fixed Income. 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: 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.** The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. 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. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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## PRODUCT OVERVIEW

The GMO Alternative Allocation Strategy seeks to generate positive total return by investing in a diversified portfolio of underlying alternative strategies, all run by GMO teams. Underlying strategies will include but are not be limited to: merger arbitrage/event-driven, global macro, fixed income absolute return, asset allocation long/short, long/short and market neutral equities, high yield, and systematic put writing strategies.

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## IMPORTANT INFORMATION

**Comparator 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.**

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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

LONDON

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