QUARTERLY INVESTMENT REVIEW

Real Return Global Balanced Asset Allocation Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Real Return Global Balanced Asset Allocation Strategy (net)	4.10	7.70	15.40	5.29	6.13	4.33	5.77
Real Return Global Balanced Asset Allocation Strategy (gross)	4.37	8.51	16.56	6.35	7.20	5.38	6.82
GMO Real Return Global Balanced Asset Allocation Blended Index +	5.12	12.89	22.50	6.10	8.58	6.94	6.30
Value Add	-1.02	-5.19	-7.10	-0.81	-2.45	-2.61	-0.53

MAJOR PERFORMANCE DRIVERS

– Top-down asset allocation was modestly positive for the quarter. This was due primarily to a positive outcome for the regional allocation within equities offsetting the negative impact of Alternative strategies in a quarter where traditional assets did very well.

– Security selection was negative, driven by challenging performance in the Alternative strategies and Multi-Strategy.

Equities represented an average of 57.6% of the portfolio during the quarter, including 4.8% in Emerging Markets, 2.0% in Emerging Markets ex-China, 14.8% in Developed ex-U.S., 3.1% in Quality, 4.0% in U.S., 3.0% in U.S. Small Cap Quality, 2.9% in Quality Cyclicals, 7.1% in U.S. Opportunistic Value, 6.1% in Japan Fundamental Value, 6.9% in International Opportunistic Value, and 2.9% in Resource equity.

The equity portfolio returned 7.5% for the quarter, beating the MSCI World return of 6.4%. Top-down regional exposures had a positive impact for the quarter as the U.S. lagged Developed ex-U.S.; it was also a good quarter for Emerging Markets, although this was driven largely by a spectacular 23.5% return in China, while the rest of Emerging Markets did not fare so well. Security selection was essentially flat for the quarter as good results in Japan offset some underperformance in the U.S. and Emerging Markets. The Emerging Market portfolio returned 5.6%, which was 310 bps behind the MSCI Emerging Market index, and Emerging Markets ex-China returned 5.1%, which was 110 bps ahead of the MSCI Emerging Markets ex-China index return of 4.0%. In Developed ex-U.S. markets, the portfolio posted 8.8% which was 100 bps ahead of the MSCI World ex-USA index, and International Opportunistic Value posted 10.0%, outperforming the MSCI World ex-USA index by 30 bps. In the U.S., the broad U.S. portfolio return of 4.5% trailed the S&P Composite 1500 by 150 bps, U.S. Opportunistic Value underperformed the MSCI USA Value index by 330 bps, and Quality was in line with the S&P 500. Quality Cyclicals and U.S. Small Quality underperformed, while Resource equity beat the MSCI ACWI Commodity Producers index. The Japan Fundamental Value portfolio returned 10.6%, ahead of the TOPIX by 380 bps. Being very slightly underweight to equities had no material impact on relative performance.

Composite Inception Date: 30-Jun-04

Risks: Risks associated with investing in the Strategy may include the risk that one or more of the underlying portfolios will not perform as expected and that the Strategy will indirectly be exposed to all of the risks of an investment in the underlying portfolios. Other risks associated with investing in the Strategy may include: (1) Market Risk - Equities: The market price of equities may decline due to factors affecting the issuer, its industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. (2) Market Risk - Fixed Income Investments: The market price of a fixed income investment can decline due to a number of market-related factors, including rising interest rates and widening credit spreads or decreased liquidity stemming from the market's uncertainty about the value of a fixed income investment (or class of fixed income investments). (3) Non-U.S. Investment Risk: The market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets) are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets.For a more complete discussion of these risks and others, please consult the Fund's offering documents. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information. **Performance Returns:** Performance for the year of inception is less than a full calendar year. 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. **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. 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%. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available on 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.

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MAJOR PERFORMANCE DRIVERS CONT.

Fixed income represented 11.7% on average through the quarter, including 3.2% in Emerging Country Debt, 3.1% in Multi-Sector Fixed Income, and 5.4% in U.S. Treasury notes. Our fixed income strategies returned 7.9% for the quarter, ahead of the Bloomberg U.S. Aggregate index return of 5.2%. Multi-Sector Fixed Income delivered 5.2%, and the U.S. Nominal Treasuries did exceptionally well, posting 10.3%. The U.S. 10-year nominal yield finished the quarter a significant 55 bps lower than where it started, at 3.81%. Our Emerging Country Debt portfolio returned 6.6%, which was ahead of the EMBI Global Diversified index return of 6.2%. Our underweight to fixed income had no impact on performance against the asset allocation benchmark.

Cash/Cash Plus, in the form of Multi-Strategy, represented 15.5% on average through the quarter, and there was also 15.2% on average in Alternatives, represented by Equity Dislocation. This overweight position in cash and absolute return relative to the benchmark detracted from relative returns as the asset class did not keep pace with the blended benchmark, and this was exacerbated by performance challenges. The dedicated allocation to Equity Dislocation returned -4.0%, an unfortunate result given that MSCI ACWI Value beat MSCI ACWI Growth, although the strategy remains well ahead of the naïve approach for the year-to-date and longer time periods. Within Multi-Strategy, which returned -2.2%, Systematic Global Macro, hurt by commodity positioning, and Equity Dislocation were the biggest detractors, while Event-Driven made a meaningful positive contribution.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Real Return Global Balanced Asset Allocation Strategy seeks to generate total return greater than that of its benchmark of 60% MSCI World Index, 20% Bloomberg U.S. Aggregate Index, and 20% FTSE 3-Month Treasury Bill Index by allocating dynamically across asset classes, free from the constraints of traditional benchmarks. The Strategy invests in a GMO-managed mutual fund, which in turn invests in actively managed equity, fixed income, alternative, and cash strategies, and a GMO-managed hedge fund-of-funds, which seeks positive total return with low volatility relative to equity markets and low correlation over a full market cycle to traditional market indices.

IMPORTANT INFORMATION

Comparator Index(es): The GMO Real Return Global Balanced Asset Allocation Blended Index + is an internally maintained benchmark computed by GMO, comprised of (i) GMO blended benchmark of Real Return Global Balanced Asset Allocation Composite through 06/30/2014 and (ii) The GMO RRGBAL Blended Index thereafter. The GMO blended benchmark of Real Return Global Balanced Asset Allocation Composite is comprised of a weighted average of account benchmarks; many of the account benchmarks consist of MSCI World (MSCI Standard Index Series, net of withholding tax), Bloomberg Aggregate, and FTSE 3-Month T-Bill or some like proxy for each market exposure they have. For each underlying account benchmark, the weighting of each market index will vary slightly. The index is internally blended by GMO and maintained on a monthly basis. The RRGBAL Blended Index is comprised of 60% MSCI World Index (MSCI Standard Index Series, net of withholding tax), 20% Bloomberg U.S. Aggregate Index and 20% FTSE 3-Month Treasury Bill Index. The index is internally blended by GMO and maintained on a monthly basis. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

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.