

QUARTERLY INVESTMENT REVIEW

Systematic Global Macro Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Systematic Global Macro Strategy (net)	-1.33	-13.45	-13.45	0.56	0.80	1.65	4.77
Systematic Global Macro Strategy (gross)	-1.08	-12.57	-12.57	1.95	2.19	3.11	6.89
FTSE 3-Mo. TBill	1.23	5.45	5.45	4.05	2.54	1.79	1.59
Value Add	-2.56	-18.89	-18.89	-3.49	-1.73	-0.14	+3.18

MAJOR PERFORMANCE DRIVERS

The U.S. election was the centerpiece for the markets during the final quarter of the year. Global equity markets initially surged after the results, buoyed by expectations of lower taxes, however, the optimism was short-lived. Concerns over inflation, tariffs, and comments from a less accommodating Federal Reserve dampened market sentiment. By the end of the quarter, global equity markets had declined slightly, with emerging markets experiencing a sharper fall of over 8%. U.S. 10-year yields rose by 90 basis points to 4.6%, driving the U.S. dollar up more than 7%. Commodities also slipped, with the metals sector particularly hard hit.

The portfolio had a negative quarter, with strong positive returns in equities offset by losses in commodities. Within equities, long positions in the Topix and short positions in the Kospi performed well. However, within commodities, short positions in cocoa continued to be a significant detractor. Cocoa prices had been declining in recent months, but renewed supply concerns caused another spike in prices. Currency positions were slightly down for the period, with long positions in the Norwegian krone and Brazilian real detracting the most and outweighing some good gains made from short positions in the Swiss franc, which added the most value.

Composite Inception Date: 31-Mar-02

Risks: Risks associated with investing in the Strategy may include: (1) Derivative Instruments Risks: The risk that their value may not change as expected relative to changes in the value of the underlying assets, pools of assets, rates, currencies or indices. Derivatives also present other risks, including market risk, illiquidity risk, currency risk, credit risk, leveraging risk, commodities risk and counterparty risk. (2) 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. (3) Currency Risk: Fluctuations in exchange rates can adversely affect the market value of the Fund's non-U.S. currency holdings and investments denominated in non-U.S. currencies. For a more complete discussion of these risks and others, please consult the Fund's Prospectus. 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.

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PRODUCT OVERVIEW

The Strategy's investment objective is long-term total return. The Strategy takes both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange-traded and over-the-counter (OTC) futures and forward foreign exchange contracts, swaps on commodity indices, equity indices and equities, and index options and other investments.

The Systematic Global Macro team's investment process systematically applies value and sentiment strategies across global markets. We believe that markets are inefficient but, in the long term, that economic reality will prevail and markets will revert toward fair value; however, the timing of this is uncertain. We aim to profit from mean reversion by buying markets that we believe are depressed in price and shorting markets that we believe are trading at inflated values. To deal with the uncertainty of timing, we model investor sentiment.

IMPORTANT INFORMATION

Benchmark(s): 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.

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.

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