

QUARTERLY INVESTMENT REVIEW

Equity Dislocation Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Equity Dislocation Strategy (net)	3.33	3.33	8.13	6.24	–	–	10.70
Equity Dislocation Strategy Alternate Net	3.57	3.57	9.69	6.95	–	–	10.48
Equity Dislocation Strategy (gross)	3.87	3.87	10.43	8.49	–	–	13.05
FTSE 3-Mo. T-Bill	1.35	1.35	5.49	2.70	–	–	2.38
Value Add vs. FTSE 3-Mo. T-Bill	+1.98	+1.98	+2.63	+3.54	–	–	+8.32
Alternate Net Value Add vs. FTSE 3-Mo. T-Bill	+2.22	+2.22	+4.20	+4.25	–	–	+8.10

Major Performance Drivers

For the first quarter of 2024, MSCI ACWI returned 8.1%, with MSCI ACWI Value underperforming with a return of 6.8% and MSCI ACWI Growth outperforming with a return of 9.5%. The Equity Dislocation portfolio aims to be dollar and (broadly) beta neutral and, for the quarter, it had an average long exposure of 101.4% and an average short exposure of 101.7%. The long portfolio underperformed MSCI Value, but the short portfolio added meaningful alpha as it had worse performance than ACWI Growth. The net return for the Equity Dislocation portfolio was well ahead of MSCI ACWI Value's -2.7% performance versus MSCI ACWI Growth for the quarter. Since inception, the portfolio remains well ahead of ACWI Value minus ACWI Growth, and we are very pleased by the strong return profile. We believe that the opportunity set remains extremely compelling and the strong rebound by Growth in 2023, continuing into 2024, offers an attractive entry point to the portfolio.

For the quarter, stock selection within countries across the long book detracted -160 bps relative to MSCI ACWI, driven by the U.S. (-150 bps), with no significant contributors. Stock selection in the short book had a total impact against MSCI ACWI of 430 bps. The biggest contributors were the U.S. (+310 bps) and Japan (+60 bps), with no significant detractors. There were some modest country bets, although these are typically residuals driven by bottom-up security selection, and they had an aggregate +30 bps impact on performance for the first quarter.

We are prepared to run modestly larger sector bets, up to about 10% net long or short, and the two biggest positions in this regard over the quarter were a 4.6% net long position in Financials and a 4.6% net short position in Industrials. Our sector positioning detracted -10 bps from performance. Stock selection across the long book was positive in three of the eleven sectors, negative in four sectors, and broadly flat in the other four sectors, subtracting -150 bps altogether. The biggest contributors were Consumer Discretionary (+40 bps) and Financials (+30 bps), while the biggest detractors were Information Technology (-120 bps), Communication Services (-80 bps), and Industrials (-50 bps). Stock selection in the short book was positive in seven of the eleven sectors, broadly flat in three sectors, and negative in the other one, with a total impact of 460 bps added to performance in aggregate. The biggest positive impacts came from Industrials (130 bps), Communication Services (120 bps), Health Care (80 bps), and Information Technology (80 bps), while the sole detractor was Materials (-30 bps).

Three of the top five biggest contributors at the total portfolio level were long positions, including UCB (Belgium Health Care), Meta (U.S. Communication Services), and Teva (Israel Health Care). No long positions featured in the top five biggest detractors at the total portfolio level.

Portfolio weights, as a percent of the long portfolio, for the positions mentioned were: UCB (0.8%), Meta (0.5%), and Teva (0.9%).

Inception Date: 23-Oct-20

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 Fund may include Equities Risks, Short Investment Exposure Risks, Risks of Non-U.S. Investments, Preferred Securities Risk and Depositary Receipts Risk. For a more complete discussion of these risks and others, please consult the Fund's offering documents. 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 Returns:** The net of fee return is calculated using the highest base fee rate. The alternate net return is calculated using a reduced base fee rate plus incentive fee. **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. **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 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 Equity Dislocation Strategy seeks high total return. It aims to own attractively valued equities while correspondingly shorting equities where we believe that valuations are reflective of implausible growth expectations. Currently, the Strategy is long global Value, short global Growth, to take advantage of the exceptionally wide valuation spread between Value and Growth.

The eligible universe for both the long and short side spans the market capitalization spectrum and includes both developed and emerging markets. Utilizing GMO's proprietary Price to Fair Value model to actively select the cheapest and most expensive stocks, the portfolio is diversified across sectors, countries, and regions and is intended to be approximately beta neutral.

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.

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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*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

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