

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)	-5.37	-5.37	0.30	3.55	2.00	2.79	5.36
Systematic Global Macro Strategy (gross)	-5.13	-5.13	1.76	4.98	3.34	4.33	7.53
FTSE 3-Mo. TBill	1.35	1.35	5.49	2.70	2.06	1.39	1.46
Value Add	-6.72	-6.72	-5.20	+0.86	-0.07	+1.40	+3.90

Major Performance Drivers

It was a strong start to equity markets for the year. Driven by stronger than expected economic growth in the U.S., developed market equities rose over 8%, while emerging market equities traded sideways. Fixed income markets had a more challenging start, as inflation seemed somewhat more stubborn than anticipated and expectations of Fed cuts became less optimistic. The lowering of cut expectations also helped the U.S. dollar, which rose close to 2.5% to the euro, and over 7% to the Japanese yen.

The portfolio had a frustrating quarter as commodities were a significant detractor, mainly driven by small, short positions in cocoa. Supply shortages and expectations of further squeezes saw cocoa prices surge over 140% for the period and this dominated performance.

Currencies added value over the quarter, mainly through short positions in the Japanese yen and Swiss franc. Equity positions were a slight detractor as gains from long U.S. positions were offset by losses in long Hang Seng positions.

Composite Inception Date: 31-Mar-02

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 Derivative Instruments Risks, Equities Risks, Currency Risks, Commodities Risks, and Fixed Income Risks. 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:** 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.** Gross returns are presented gross of management 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%.

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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.

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