

MARKET REVERSAL OR BEAR RALLY?

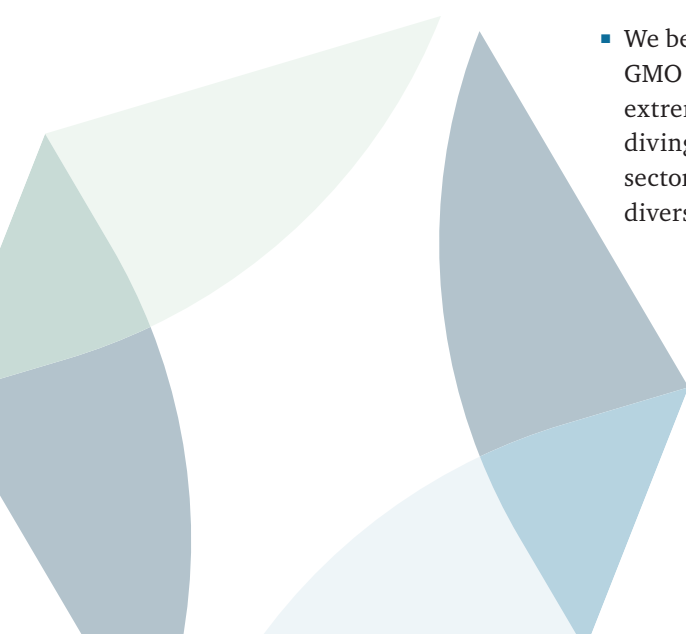
JEREMY GRANTHAM'S VIEWS ON THE SUPERBUBBLE

Jeremy Grantham and Rick Friedman | September 9, 2022

OVERVIEW

In this webcast, Jeremy Grantham, co-founder and long-term investment strategist, shares his updated views on the current superbubble, its parallels to past bubbles, and ways to navigate ahead. Jeremy is joined by portfolio strategist Rick Friedman, who describes the opportunity embedded in Equity Dislocation, GMO's high-conviction strategy designed to benefit from the unwind of the Growth bubble.

KEY POINTS

- During the presentation, Jeremy explains the difference between a run-of-the-mill asset bubble and a superbubble – a 2.5 sigma or greater deviation from trend with today's spanning multiple asset classes and geographies. In describing the various phases of a superbubble, Jeremy shares his view of where valuations and fundamentals stand across various assets and provides a pessimistic view of what lies ahead.
 - Jeremy underscores that it is not too late in the bear market cycle for investors to reposition their portfolios to protect from further downside volatility. He explains some of the ways he looks to protect assets in the current environment, including by allocating to GMO's Equity Dislocation Strategy.
 - We believe GMO has a unique ability to navigate market dislocations, and the GMO Equity Dislocation Strategy aims to take advantage of one of today's most extreme dislocations. Rick provides an overview of Equity Dislocation before diving into the opportunity remaining in the strategy broadly and across various sectors. Rick also explains how Equity Dislocation can act as an important diversifier to still expensive growth equities.
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Jeremy Grantham

Mr. Grantham co-founded GMO in 1977 and is a member of GMO's Asset Allocation team, serving as the firm's long-term investment strategist. He is

a member of the GMO Board of Directors and has also served on the investment boards of several non-profit organizations. Prior to GMO's founding, Mr. Grantham was co-founder of Batterymarch Financial Management in 1969 where he recommended commercial indexing in 1971, one of several claims to being first. He began his investment career as an economist with Royal Dutch Shell. Mr. Grantham earned his undergraduate degree from the University of Sheffield (U.K.) and an M.B.A. from Harvard Business School. He is a member of the Academy of Arts and Sciences, holds a CBE from the UK and is a recipient of the Carnegie Medal for Philanthropy.



Rick Friedman

Mr. Friedman is a member of GMO's Asset Allocation team and a partner of the firm. Prior to joining GMO in 2013, he was a senior vice president at

AllianceBernstein. Previously, he was a partner at Arrowpath Venture Capital and a principal at Technology Crossover Ventures. Mr. Friedman earned his bachelor's degree in Economics from the University of Pennsylvania and his MBA from Harvard Business School.

Disclaimer

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A HELPFUL OFFSET TO GROWTH DRAWDOWNS

On average, Equity Dislocation has generated +0.4% on NASDAQ down days

EQUITY DISLOCATION RALLIED IN PERIODS NASDAQ FELL >5%



Returns from 10/30/2020 (inception) to 8/31/2022 | Source: GMO

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. A Global Investment Performance Standards (GIPS®) Composite Report is included in the Important Information section at the back of this presentation. 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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