GMO Benchmark-Free Allocation Strategy

June 30, 2019

STRATEGY OVERVIEW

The GMO Benchmark-Free Allocation Strategy seeks to generate positive total return, not relative return, by investing the Strategy's assets in asset classes GMO believes offer the most attractive return and risk opportunities. GMO uses its multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, to determine the asset classes in which the Strategy invests. The Strategy invests in both conventional and unconventional asset classes by allocating to other GMO-managed portfolios or holding securities directly.

The Strategy seeks annualized excess returns of 5% (net of fees) above the Consumer Price Index, with annualized volatility of 5-10%, over a complete market cycle.

STRATEGY FACTS

Inception: 7/31/01

Assets: $17.1 Billion

Portfolio Management:
Ben Inker
John Thorndike

Risks:
Risks associated with investing in the Strategy may include Management and Operational Risk, Market Risk - Equities, Non-U.S. Investment Risk, Market Risk - Fixed Income Investments, and Derivatives and Short Sales Risk.

About GMO:
Founded in 1977, GMO is an independently-owned, global institutional investment manager dedicated to providing our clients with superior investment advice and performance.

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OUR INVESTMENT PHILOSOPHY

One true advantage: the long horizon

Investors have one true advantage: their long investment horizon. The long horizon frees investors from the pressure to make short-term market predictions and tactical portfolio moves. It also gives investors the flexibility to be dynamic and change portfolio allocations to reflect the current opportunity set.

Overpaying is the greatest risk

A robust understanding of valuation lies at the heart of our investment approach. We believe that mean reversion around intrinsic value is the closest thing to the law of gravity that we have in finance. Paying too much for an asset limits its long-term return potential and eliminates the investor's margin of safety, thereby increasing the probability of permanently impairing the investor's capital. We aim to avoid this.

Career risk governs the short run

At GMO, we are distinguished by our willingness to stand apart from the market consensus. In the effort to protect their careers, many professional investors remain close to benchmarks or peer groups to avoid taking risks that may lead them to underperform. Such activity often creates opportunities for us as contrarian investors to buy underappreciated, unpopular assets and avoid expensive ones.

KEYS TO OUR INVESTMENT APPROACH

The Strategy is managed by GMO's Asset Allocation team, which leverages the strengths of investment teams across the firm and has nearly three decades of experience managing multi-asset class portfolios.

Anchor to Valuation

Our 7-year asset class forecasts form the foundation of our investment process, providing a valuation framework to assess the return opportunity embedded in different asset classes.

Cast a Wide Net We believe the most effective way to compound wealth over full market cycles is not to be rigidly tied to certain asset class exposures. To that end, we attempt to access as broad an opportunity set as possible and do not seek to control risk relative to the benchmark.

Cast a Deep Net We combine GMO's quantitative, fundamental, top-down and bottom-up resources to identify mispriced market segments and securities.

Be Contrarian We are prepared to take unconventional positions within our portfolios and hold them longer than the pain threshold of most other market participants.

Be Bold We are structured to be dynamic, moving assets across asset groups and taking significant positions when we see markets move to extreme valuations.

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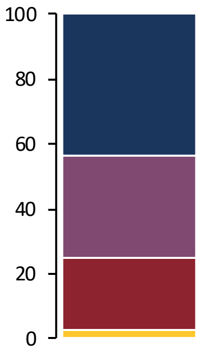
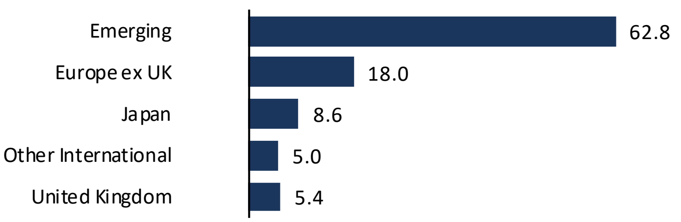
STRATEGY PROFILE

Group Exposures (%)[1]



Equities	**43.6**
Developed ex-US	12.5
ACWI ex-US Equity Extension	5.2
Emerging Markets	25.9
Alternative Strategies	**31.4**
Merger Arbitrage	5.4
Put Selling	2.5
Special Opportunities	2.5
Systematic Global Macro	7.4
US Small Value vs. S&P 500	5.1
Relative Value Interest Rates & FX	5.0
EAFE Value (FX Hedged) vs. S&P 500	3.6
Fixed Income	**22.5**
High Yield/Distressed	4.0
ABS/Structured Products	5.0
Emerging Debt	4.0
U.S. TIPS	9.5
Cash	**2.6**
Short-Term Structured	0.7
Strategic Short Term	1.6
Cash & Equivalents	0.3

Equity Regional Weights (%)



Equity Characteristics

	Strategy
Price/Earnings - Hist 1 Yr Wtd Med	10.1 x
Price/Book - Hist 1 Yr Wtd Avg	1.2 x
Return on Equity - Hist 1 Yr Med	13.6 %
Market Cap - Weighted Median $Bil	$8.1
Dividend Yield - Hist 1 Yr Wtd Avg	4.3 %

5-Year Risk Profile[2]

	Strategy
Std. Deviation	6.48
Sharpe Ratio	0.17
Drawdown (2/27/15-2/29/16)	0.00

Bond Portfolio[3]

Total Portfolio Duration 1.1 years

Credit Ratings			
AAA	9.6%	BB	7.0%
AA	52.6%	B	8.5%
A	7.3%	<B	8.3%
BBB	6.1%	NR	0.2%
		D	0.5%

[1] The groups indicated above represent exposures determined pursuant to proprietary methodologies and are subject to change over time.

[2] Std. Deviation is a measure of the volatility of a portfolio's return. Sharpe Ratio is the return over the risk free rate per unit of risk. Drawdown is the largest negative cumulative portfolio return from peak to trough. Risk profile data is net.

[3] Total Portfolio Duration is calculated on all fixed income instruments held by the portfolio and is shown relative to the entire portfolio (inclusive of fixed income, equity, cash, alternative investments, etc.). The credit ratings above may encompass emerging debt, developed rates, and asset-backed exposure. Ratings for the emerging debt and developed rates portions of the portfolio are derived by taking the Standard and Poor's country ratings and applying these ratings to the country exposures of the portfolio. For the asset-backed portion of the portfolio, credit ratings are derived by using the lowest rating among rating agencies at the issue level. Final credit ratings are expressed based upon Standard and Poor's ratings scale. Standard & Poor's rates securities from AAA (highest quality) to C (lowest quality), and D to indicate securities in default; some securities are not rated (NR). BB and below are considered below investment grade securities.

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.

PERFORMANCE NET OF FEES

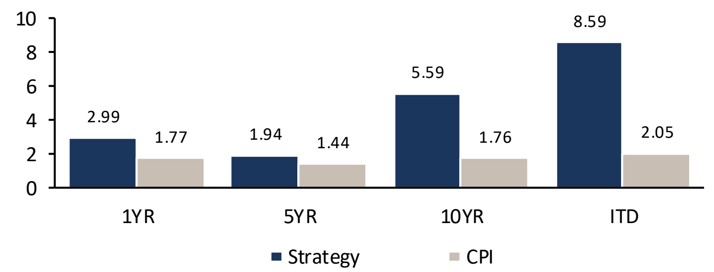
Total Return (%)

	Strategy	CPI
2Q 2019	**1.64**	0.46
YTD 2019	**7.27**	1.02

Annual Total Return (%)

	Strategy	CPI
2018	**-5.83**	1.92
2017	**13.45**	2.03
2016	**3.55**	2.18
2015	**-4.17**	0.72
2014	**1.31**	0.67
2013	**11.24**	1.56
2012	**10.35**	1.87
2011	**3.60**	2.95
2010	**4.58**	1.25
2009	**19.86**	2.86

Annualized Return (%)



Performance data quoted represents past performance and is not predictive of future performance. Returns are shown after the deduction of management fees, transaction costs and other expenses, but before custody charges, withholding taxes, and other indirect expenses. The returns assume the reinvestment of dividends and other income.

The chart above shows the past performance of the Benchmark-Free Allocation Composite (the "Composite"). Prior to January 1, 2012, the accounts in the Composite served as the principal component of a broader real return strategy. Beginning January 1, 2012, accounts in the composite have been managed as a standalone investment.

The CPI (Consumer Price Index) for All Urban Consumers U.S. All Items is published monthly by the U.S. government as an indicator of changes in price levels (or inflation) paid by urban consumers for a representative basket of goods and services.

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