

STRATEGY OVERVIEW

The GMO Core Plus Bond Strategy seeks to generate total return in excess of that of the Bloomberg Barclays U.S. Aggregate Index. The Fund invests across global fixed income and currency markets rather than just within the U.S.-dollar fixed income market segments contained in the benchmark.

STRATEGY FACTS

Inception: 4/30/97

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index

Assets: \$652 Million

Portfolio Management:

Jason Hotra
Greg Jones

Risks:

Risks associated with investing in the Strategy may include Market Risk - Fixed Income Investments, Credit Risk, Illiquidity Risk, Derivatives and Short Sales Risk, and Market Risk-Asset-Backed Securities 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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METHODOLOGY

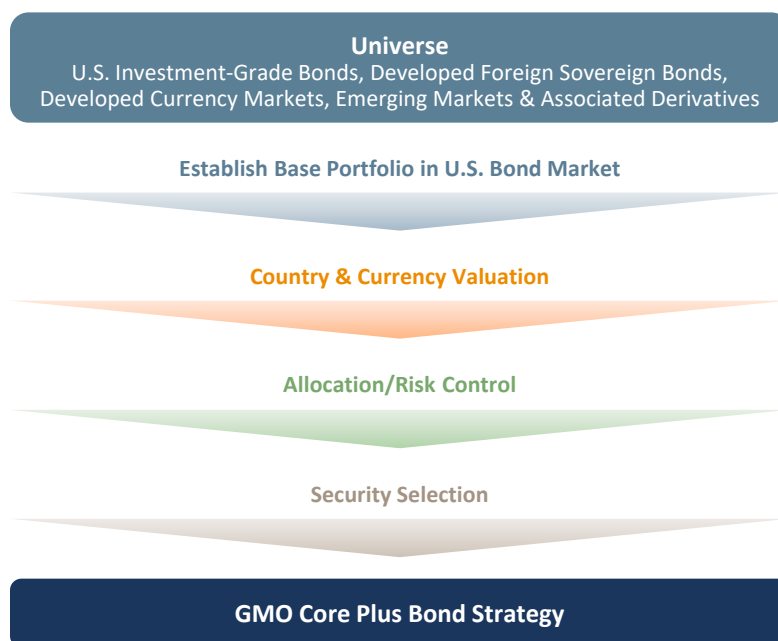
The Developed Rates & FX team employs a core/plus approach, combining active management of global interest rates and currencies and emerging debt (“plus”) with underlying exposure to a U.S. fixed income portfolio (“core”). Global interest rate and currency exposures are actively managed with consideration given to both fundamental factors (e.g., inflation and current account positions) and price-based factors (e.g., interest rates and exchange rates) as well as the relative attractiveness of yield curve and duration positions in the segments of the markets in which it invests. The team’s interest rate market processes incorporate measures of relative fundamental value across markets as well as a market timing component that identifies opportunities in bonds relative to cash. The currency-related processes incorporate measures of carry, momentum, and value.

PORTFOLIO CONSTRUCTION

The Strategy replicates its exposure to “core” markets using a wide variety of exchange-traded and over-the-counter derivative instruments. Exposure to global interest rate and currency markets is largely made in the same fashion, in addition to direct investments in U.S. or international fixed income securities.

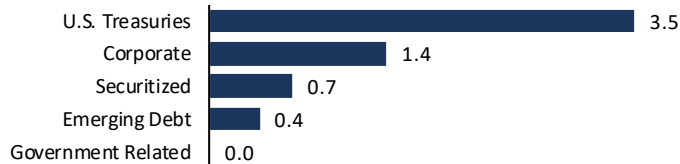
Under normal market conditions, the Strategy generally keeps its interest rate duration within two years of the benchmark’s duration.

INVESTMENT PROCESS

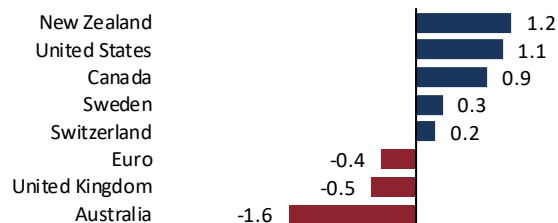


STRATEGY PROFILE

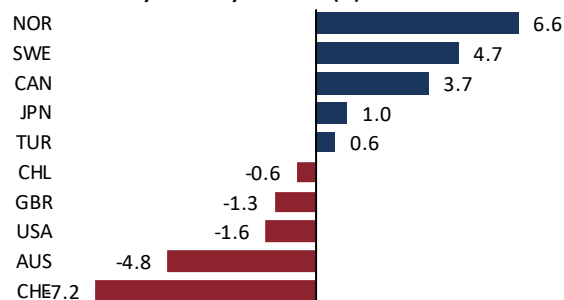
Contribution to Duration



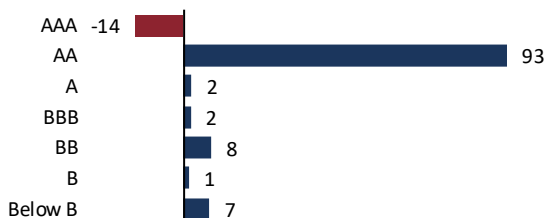
Global Rates Contribution to Active Duration



Top/Bottom 5 Portfolio Overlay Currency Positions (%)¹



Portfolio Rating Breakdown (%)²



5-Year Risk Profile³

	Fund	Benchmark
Alpha	0.35	0.00
Beta	1.02	1.00
R ²	0.73	1.00
Sharpe Ratio	0.72	0.72
Std. Deviation	3.46	2.91
Characteristics		
	Fund	
Modified Duration	7.0	
Maturity	8.4 Yrs.	
Exposure to Emerging Country Debt	5.5 %	

¹ All currency positions are versus USD

² 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.

³ Alpha is a measure of risk-adjusted return; Beta is a measure of a portfolio's sensitivity to the market; R² is a measure of how well a portfolio tracks the market; Sharpe Ratio is the return over the risk free rate per unit of risk; Std. Deviation is a measure of the volatility of a portfolio. Risk profile data is net.

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

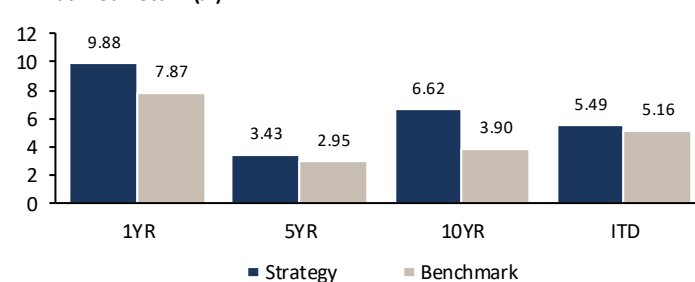
Total Return (%)

	Strategy	Benchmark
2Q2019	3.63	3.08
YTD 2019	7.07	6.11

Annual Total Return (%)

Year	Strategy	Benchmark
2018	2.12	0.01
2017	4.51	3.54
2016	1.11	2.65
2015	-0.89	0.55
2014	9.31	5.97
2013	0.07	-2.03
2012	9.07	4.22
2011	9.89	7.84
2010	13.24	6.54
2009	20.90	5.93

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 Bloomberg Barclays U.S. Aggregate Bond Index is an independently maintained and widely published index comprised of U.S. fixed rate debt issues having a maturity of at least one year and rated investment grade or higher.