

STRATEGY OVERVIEW

The GMO Emerging Markets Strategy seeks total return in excess of that of its benchmark, the MSCI Emerging Markets Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments based on factors including, but not limited to, valuation, quality, patterns of price movement and volatility, and macroeconomic factors. GMO expects the Strategy will have a value bias relative to its benchmark.

STRATEGY FACTS

Inception: 12/9/93

Benchmark: MSCI Emerging Markets Index

Assets: \$4.0 Billion

Portfolio Management:

Warren Chiang
Amit Bhartia
Arjun Divecha

Risks:

Risks associated with an investment in the Strategy may include Market Risk - Equities, Non-U.S. Investment Risk, Currency Risk, Management and Operational Risk, and Illiquidity 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 GMO Emerging Markets Strategy uses a disciplined approach to identify the most attractive countries, sectors, and stocks in developing nations in Asia, Latin America, the Middle East, Africa, and Europe. The GMO Emerging Markets Equity team utilizes both quantitative tools and fundamental research to analyze valuation levels and seeks to purchase those stocks that can best exploit major inefficiencies between and within various emerging markets. The process is structured to analyze significant amounts of historic, current, and projected financial characteristics as well as detailed macroeconomic data.

The investment process includes a quantitative analysis of each country-sector combination utilizing value signals modified by macroeconomic indicators. At the security level, the team develops a forecast return based on the relative attractiveness of each company, which may consider various balance sheet and income statement line items. In addition to utilizing quantitative techniques, the team uses fundamental analysis and judgment in its process to account for market conditions, long-term trends, paradigm shifts, and other opportunities that a strictly quantitative approach would potentially overlook.

PORTFOLIO CONSTRUCTION

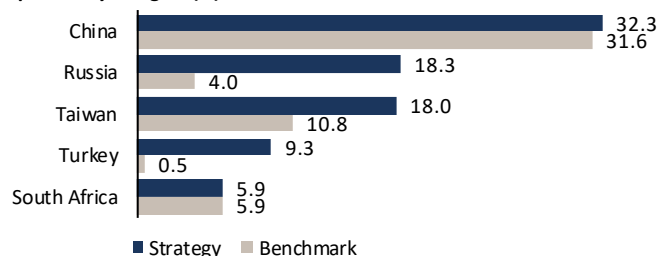
The portfolio is constructed using an optimization process that weighs the trade-off between forecasted return, risk relative to the benchmark, transaction costs, and liquidity. The resulting portfolio is implemented through the use of securities and select derivative instruments.

PHILOSOPHY

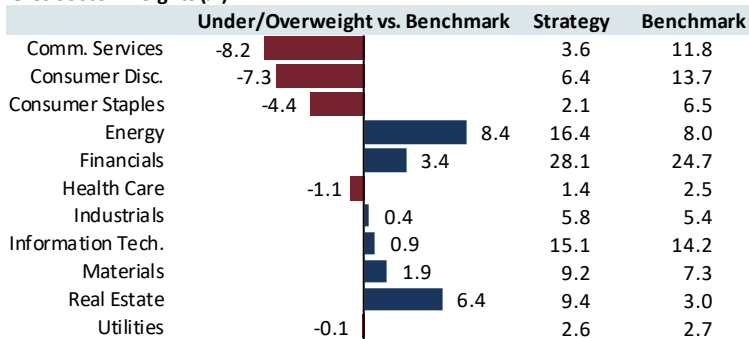
-  **Emphasis On Top-Down**
-  **We Believe Value Wins Over The Long Run**
-  **Quantitative & Fundamental Analysis**
-  **Disciplined, Consistent, & Thorough Approach**

STRATEGY PROFILE

Top Country Weights (%)



GICS Sector Weights (%)



5-Year Risk Profile¹

	Strategy	Benchmark
Alpha	-0.71	0.00
Beta	1.00	1.00
R ²	0.95	1.00
Sharpe Ratio	0.11	0.16
Std. Deviation	15.87	15.51

Characteristics

	Strategy	Benchmark
Price/Earnings - Hist 1 Yr Wtd Median	8.7 x	16.1 x
Price/Cash Flow - Hist 1 Yr Wtd Median	7.2 x	10.3 x
Price/Book - Hist 1 Yr Wtd Avg	1.1 x	1.6 x
Return on Equity - Hist 1 Yr Avg	15.0 %	12.0 %
Market Cap - Weighted Median \$Bil	\$5.6	\$13.8
Number of Equity Holdings	427	947
Dividend Yield - Hist 1 Yr Wtd Avg	4.6 %	2.8 %

Top Ten Holdings²

Company	% of Equity
China Construction Bank Corporation Clas	3.1
Taiwan Semiconductor Manufac	2.6
Oil company LUKOIL PJSC	2.5
Industrial and Commercial Bank of China	2.5
Samsung Electronics Co. Ltd.	2.4
Sberbank Russia ADS	2.2
Tencent Holdings Ltd.	2.0
Gazprom OAO	2.0
TATNEFT PJSC Sponsored ADR	1.9
Turkiye Garanti Bankasi A.S.	1.7
Total	22.9

¹ 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.

² Portfolio holdings are percent of equity. They are subject to change and should not be considered a recommendation to buy individual 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

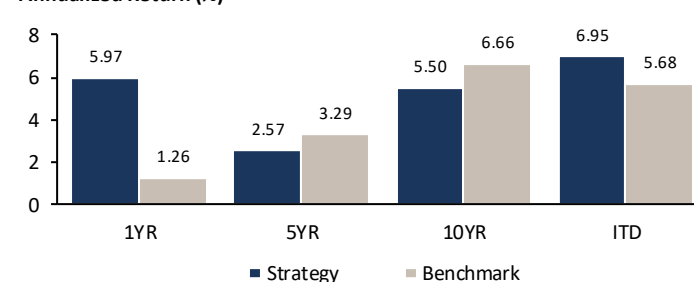
Total Return (%)

	Strategy	Benchmark
2Q 2019	2.97	0.61
YTD 2019	12.94	10.59

Annual Total Return (%)

Year	Strategy	Benchmark
2018	-12.96	-14.22
2017	31.83	37.89
2016	16.44	10.79
2015	-16.09	-12.38
2014	-5.92	-1.12
2013	-5.19	-0.57
2012	15.19	18.89
2011	-16.95	-19.03
2010	20.20	20.64
2009	71.89	81.03

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.

Performance is shown for the GMO Emerging Markets Composite. The inception date of the Composite is 12/31/93.

As of January 1, 2019, the Emerging Markets Strategy changed its benchmark so that the Strategy now seeks total return in excess of that of the MSCI Emerging Markets Index. The Strategy formerly sought to outperform the S&P/IFCI Composite Index.

The MSCI Emerging Markets + Index is an internally maintained benchmark computed by GMO, comprised of (i) the S&P/IFCI Composite through 12/31/2018 and (ii) the MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.