GMO Event-Driven Strategy

June 30, 2019

STRATEGY OVERVIEW

The Event-Driven Strategy seeks absolute return by focusing primarily on investment opportunities that arise from significant corporate events where there is generally some uncertainty about the outcome of the event, and where that outcome will be known relatively soon. The strategy invests primarily in equity securities of companies connected to merger and acquisition deals, supplemented by other event-driven situations including, without limitation, corporate buy-ins, hostile mergers, pre-bid acquisitions, corporate spin-offs, likely transactions, restructurings, and corporate litigation and regulatory events.

STRATEGY FACTS

Inception: 7/31/16

Benchmark: FTSE 3-Month T-Bill Index

Assets: $241 Million

Portfolio Management:
Doug Francis
Sam Klar

Risks:
Risks associated with investing in this Strategy may include Merger Arbitrage Risks, Special Situation Investment Risks, Equities Risks, Options Risks, and Forward Contracts Risks.

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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40 Rowes Wharf
Boston, Massachusetts 02110
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METHODOLOGY

GMO's Event-Driven team employs a portfolio and risk management philosophy that is governed by the belief that, in an asymmetric field where losses are often disproportionate to gains, a competitive advantage can be achieved by combining a probabilistic framework at the position and portfolio levels.

Our process encompasses the following differentiating characteristics:

Focus on value

We dedicate the bulk of our attention to compelling situations where we think the market is being too pessimistic about the probability of success.

Adopt a different disposition

Event-Driven investing is a high noise-to-signal field, one in which many investors are prone to overreaction – we avoid this by ignoring the noise and honing in on the key facts that matter in each transaction.

Leverage our experience

Our team has the experience and historical perspective to take advantage of opportunities created by greed and fear dynamics in the market.

PORTFOLIO CONSTRUCTION

We estimate the probability of success in each situation on its merits and calculate an expected return for each potential outcome. We then compare each expected return to the marginal position in our portfolio to determine whether to establish a position. With an eye on position-level downside, we seek to maximize the expected return of the portfolio, subject to liquidity and diversification considerations.

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STRATEGY PROFILE

Risk Profile Since 7/31/16[1]

	Strategy
Std. Deviation	6.55
Sharpe Ratio	0.84
Drawdown (6/30/17-11/30/17)	-4.56

[1] 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.

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

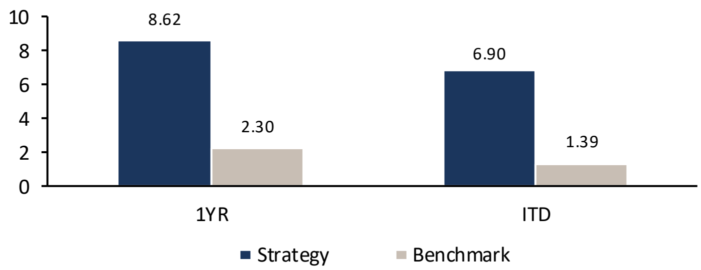
Total Return (%)

	Strategy	Benchmark
2Q 2019	**2.42**	0.61
YTD 2019	**10.23**	1.21

Annual Total Return (%)

	Strategy	Benchmark
2018	**5.84**	1.86
2017	**2.03**	0.84
2016	**2.04**	0.13

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 FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

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