

STRATEGY OVERVIEW

Launched in 1995, the GMO Global Bond Strategy seeks total return in excess of the J.P. Morgan Global Government Bond Index using a variety of investment strategies covering interest-rate and currency markets as well as off-benchmark exposures to asset-backed securities, emerging country debt and other credit markets.

STRATEGY FACTS

Inception: 12/31/95

Benchmark: J.P. Morgan GBI Global Index

Assets: \$61 Million

Portfolio Management:

Jason Hotra
Greg Jones

Risks:

Risks associated with investing in the Strategy may include Currency Risk, Market Risk – Fixed Income Investments, Credit Risk, Illiquidity Risk, 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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METHODOLOGY

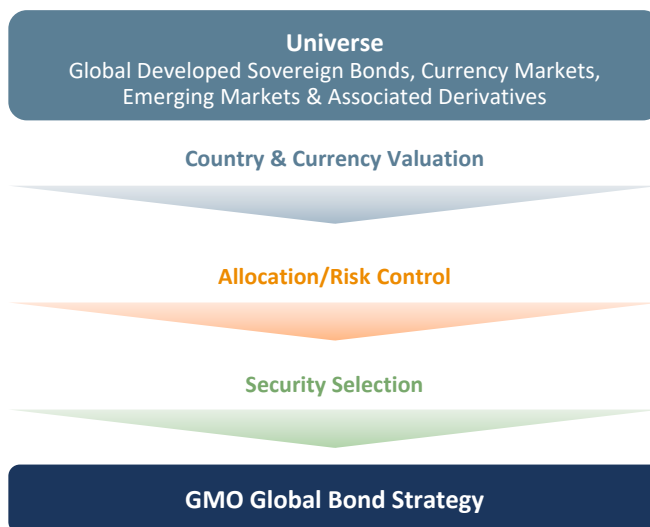
Active interest-rate and currency strategies are organized largely as systematic processes that incorporate fundamental factors (e.g., inflation and current account positions) as well as price-based factors (e.g., interest rates and exchange rates). Off-benchmark exposures to asset-backed, emerging country debt and other credit markets are considered on the basis of relative valuations given the underlying fundamentals of the market.

PORTFOLIO CONSTRUCTION

Portfolio construction is achieved by way of a modified optimization process, which seeks to maximize the expected excess return of the portfolio subject to a tracking error as well as individual and overall market constraints. Benchmark and active positions may be established either via direct holdings in bond markets that express the desired interest-rate and/or currency positions or synthetically via interest-rate and currency derivatives that achieve the same exposures. In the latter case, cash not used for derivatives margin is invested in the GMO U.S. Treasury Fund.

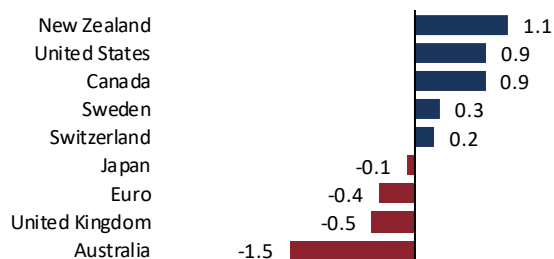
The GMO Global Bond Strategy typically gains exposure to sovereign debt of emerging countries through investments in GMO Emerging Country Debt Fund and to asset-backed securities through its holdings of GMO Opportunistic Income Fund.

INVESTMENT PROCESS

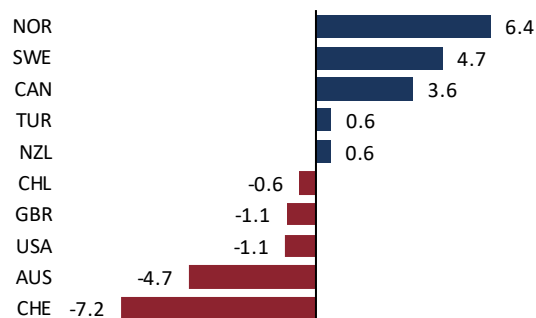


STRATEGY PROFILE

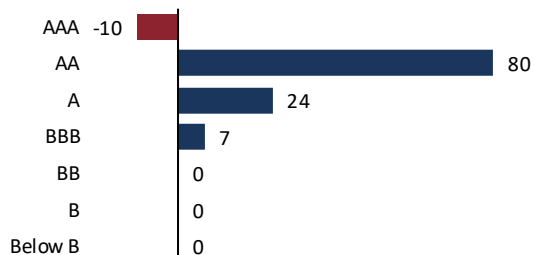
Global Rates Contribution to Active Duration



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



Portfolio Rating Breakdown (%)²



5-Year Risk Profile¹

	Strategy	Benchmark
Alpha	0.26	0.00
Beta	0.96	1.00
R ²	0.92	1.00
Sharpe Ratio	0.11	0.06
Std. Deviation	5.13	5.11

Characteristics

	Strategy
Modified Duration	9.2
Maturity	9.8 Yrs.

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

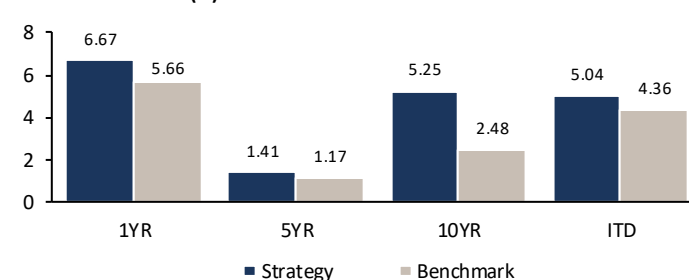
Total Return (%)

	Strategy	Benchmark
2Q 2019	3.77	3.49
YTD 2019	5.74	5.37

Annual Total Return (%)

2018	0.92	-0.66
2017	6.53	6.83
2016	-0.15	1.57
2015	-3.38	-2.61
2014	4.98	0.67
2013	-2.56	-4.50
2012	6.36	1.30
2011	8.30	7.22
2010	14.14	6.42
2009	20.30	1.91

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. Returns for one of the accounts in the composite are based on estimated market values for the period from and including October 2008 through February 2009.

The J.P. Morgan GBI Global Index is an independently maintained and widely published index comprised of government bonds of developed countries with maturities of one year or more.