

QUARTERLY INVESTMENT REVIEW

Global Asset Allocation Strategy

Performance returns (USD)

| ANNUALIZED RETURNS (QUARTER-END) | Quarter-End | YTD | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|--|-------------|-------|--------|--------|--------|---------|-----------------|
| Global Asset Allocation Strategy (net) | -0.04 | 3.66 | 11.94 | 1.29 | 4.94 | 3.85 | 8.23 |
| Global Asset Allocation Strategy (gross) | 0.14 | 4.02 | 12.73 | 1.98 | 5.59 | 4.43 | 8.75 |
| GMO Global Asset Allocation Index + | 1.92 | 6.99 | 13.34 | 2.57 | 7.06 | 6.13 | 7.70 |
| Value Add | -1.96 | -3.34 | -1.40 | -1.27 | -2.11 | -2.27 | +0.53 |

MAJOR PERFORMANCE DRIVERS

- Top-down asset allocation was negative for the quarter. This was due primarily to the regional allocation within equities, as the portfolio was underweight the strongly outperforming U.S.
- The quarter proved challenging for the Quality Cyclical Strategy and Resource Equity, and security selection was modestly negative in aggregate.

Equities represented an average of 63.8% of the portfolio during the quarter, including 6.2% in Emerging Markets, 4.4% in Emerging Markets ex-China, 14.3% in Developed ex-U.S., 3.1% in Quality, 5.2% in U.S., 2.0% in U.S. Small Cap Value, 3.0% in U.S. Small Cap Quality, 3.1% in Quality Cyclical, 7.2% in U.S. Opportunistic Value, 5.6% in Japan Value, 7.0% in International Opportunistic Value, and 2.7% in Resource Equity.

The equity portfolio returned -0.1% for the quarter, trailing the MSCI ACWI return of 2.9%. The regional positioning proved detrimental as the U.S. handily beat Developed ex-U.S., although Emerging Markets had a very solid quarter. Security selection was a little negative for the quarter, as Value lagged Growth in the U.S. but won slightly in Developed ex-U.S. and Emerging Markets. The Emerging Markets portfolio returned 4.3%, which was 100 bps behind the MSCI Emerging Market index, and Emerging Markets ex-China returned 2.1%, which was 250 bps behind the MSCI Emerging Markets ex-China index return of 4.6%. In Developed ex-U.S. markets, the portfolio posted -0.1%, which was 40 bps ahead of the MSCI World ex-U.S. index, but International Opportunistic Value underperformed by 60 bps. In the U.S., the broad U.S. portfolio return of 2.4% trailed the S&P Composite 1500 by 130 bps while U.S. Opportunistic Value underperformed the MSCI USA Value index by a smaller 20 bps, and Quality lagged the S&P 500 by 60 bps. Quality Cyclical and Resource Equity underperformed, while the U.S. Small Value and U.S. Small Quality portfolios both outperformed strongly. The Japan Value portfolio returned -2.4%, ahead of the TOPIX by 130 bps. Being very slightly underweight to equities had a marginal negative impact on relative performance.

Composite Inception Date: 30-Jun-88

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

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. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com. **Performance Returns:** Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of a model advisory fee and incentive fee if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Fees paid by accounts within the composite may be higher or lower than the model fees used. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available on GMO.com by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report.** Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

Alternatives represented 12.6% on average through the quarter; all was invested in the Alternative Allocation Strategy. The strategy posted a return of 0.6% for the quarter, unable to keep pace with soaring equities but beating the essentially flat return from bonds, as measured by the Bloomberg U.S. Aggregate index. Within the Alternative Allocation Strategy, Equity Dislocation was the biggest contributor, while both the Asset Allocation Long/Short strategy and put selling were also additive. The credit positions and Event-Driven had no material impact, while Fixed Income Absolute Return and Systematic Global Macro were both down slightly and so detracted modestly.

Fixed income represented 23.5% on average through the quarter, including 3.0% in asset-backed securities, 3.1% in emerging country debt, 11.6% in the Multi-Sector Fixed Income Strategy, and 5.8% in U.S. Treasury notes. Our fixed income strategies returned -0.1% for the quarter, just behind the Bloomberg U.S. Aggregate index return of 0.1%. Asset-backed securities were up nicely with a return of 1.6%, while Multi-Sector Fixed Income was broadly flat at 0.1%, and the U.S. Nominal Treasuries struggled a little, delivering -2.4%. The U.S. 10-year nominal yield finished the quarter a significant 16 bps higher than where it started, at 4.36%. Our Emerging Country Debt portfolio returned 1.4%, which was nicely ahead of the EMBI Global Diversified index return of 0.3%. Our underweight to fixed income had a positive impact on performance against the asset allocation benchmark.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Global Asset Allocation Strategy seeks to achieve a total return greater than that of its benchmark of 65% MSCI All Country World Index and 35% Bloomberg U.S. Aggregate Index, over a complete market cycle, by allocating dynamically across asset classes.

The philosophy that underlies all of GMO's Asset Allocation investment strategies is the belief that, at times and in the short term, the pricing of asset classes can deviate from true intrinsic value, but mean reverts to appropriate valuation levels over a complete market cycle. GMO's proprietary 7-Year Asset Class Forecasts form the foundation of our investment process, providing a framework to assess the return opportunity embedded in different asset classes. We use that insight to allocate to what we believe are the most attractively priced asset classes. We also seek to add value through security selection within both traditional and alternative asset classes.

IMPORTANT INFORMATION

Benchmark(s): The GMO Global Asset Allocation Index + is an internally maintained benchmark computed by GMO, comprised of (i) GMO blended benchmark of Global Asset Allocation Composite through 06/30/2014 and (ii) The GMO Global Asset Allocation (Blend) Index thereafter. The GMO blended benchmark of Global Asset Allocation Composite is comprised of a weighted average of account benchmarks; many of the account benchmarks consist of S&P 500, MSCI ACWI (MSCI Standard Index Series, net of withholding tax) and Bloomberg Aggregate or some like proxy for each market exposure they have. For each underlying account benchmark, the weighting of each market index will vary slightly. The index is internally blended by GMO and maintained on a monthly basis. The GMO Global Asset Allocation (Blend) Index is an internally maintained benchmark computed by GMO, comprised of 65% MSCI ACWI Index (MSCI Standard Index Series, net of withholding tax) and 35% the Bloomberg U.S. Aggregate Index. 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.

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.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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