

QUARTERLY INVESTMENT REVIEW

Global Allocation Absolute Return Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Global Allocation Absolute Return Strategy (net)	2.92	2.92	13.49	3.56	3.39	2.97	6.72
Global Allocation Absolute Return Strategy (gross)	3.18	3.18	14.63	4.60	4.43	4.01	7.78
CPI Index	0.71	0.71	3.06	5.51	4.12	2.82	2.51
Value Add	+2.21	+2.21	+10.43	-1.95	-0.73	+0.16	+4.21

Major Performance Drivers

– Top-down asset allocation was positive, driven largely by allocating to equities in a rebounding market.

– Security selection was modestly negative, as good performance in fixed income and alternatives did not quite offset more challenging relative performance in equities and Multi-Strategy.

Long-only equities represented 54.9% of the portfolio on average through the quarter, with 8.3% in Emerging Markets and 7.4% in Emerging Markets ex-China, both with a distinct Value bias, 6.3% in Japan Value, 5.2% in Developed ex-U.S. Small Value, 5.1% in Developed ex-U.S., 3.7% in Resource Equity, 4.2% in Quality Cyclical, 5.4% in U.S. Opportunistic Value, and 9.2% in International Opportunistic Value.

The equity portfolio returned 4.9% for the quarter, behind the MSCI ACWI return of 8.1%. Top-down regional exposures had a detrimental impact for the quarter as the U.S. beat Developed ex-U.S. while Emerging Markets lagged Developed Markets. Security selection was negative for the quarter as Value lagged Growth in both Developed and Emerging Markets. Our Emerging Markets portfolio returned 3.9%, again well ahead of the MSCI Emerging Market index return of 2.1%, while the Emerging Markets ex-China portfolio posted 2.2%, behind the MSCI Emerging ex-China benchmark's 3.7% return. The Japan portfolio posted 6.1%, trailing the TOPIX return of 9.2%, and the Developed ex-U.S. Small Cap portfolio delivered a 7.0% return, 440 bps ahead of its benchmark. The Developed ex-U.S. exposure posted 7.1%, which beat the MSCI World ex-U.S. index by 160 bps and the MSCI World ex-U.S. Value index by a bigger 300 bps. Quality Cyclical returned 7.4%, 70 bps behind its benchmark, while Resources endured a difficult quarter and posted -4.2%. The U.S. Opportunistic Value exposure returned 10.5%, beating the S&P Composite 1500 index by 20 bps, and International Opportunistic Value posted 4.4%, behind the MSCI World ex-USA return of 5.6%.

Alternative strategies averaged 17.0% through the quarter and is now solely invested in the Equity Dislocation Strategy. Alternative strategies returned 4.0% for the quarter, as Equity Dislocation was up 2.7%, which was an excellent result as MSCI ACWI Growth beat MSCI ACWI Value by 2.7%, and the collateral also made a healthy contribution.

Fixed income represented 11.6% of the portfolio on average through the quarter, including 4.3% in asset-backed securities, 1.1% in high-yield, 3.3% in Emerging Country Debt, and 3.0% in U.S. nominal treasuries. Our fixed income strategies returned 1.8% for the quarter, ahead of the Bloomberg U.S. Aggregate return of -0.8%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, had a solid 2.0% return, but our portfolio beat that nicely with a 5.6% return. The high yield position returned 2.1%, a little ahead of the BofA Merrill Lynch U.S. High Yield benchmark's return of 1.5%, and asset-backed securities posted 1.4%, beating the Bloomberg U.S. Securitized index return of -0.9%. It was a tougher quarter for traditional duration and the nominal U.S. treasuries fell -1.9%.

Multi-Strategy and cash/cash equivalents represented 16.5% and 0.0%, respectively, on average through the quarter. Our exposure detracted from returns as Multi-Strategy posted -2.3%. Equity Dislocation was the biggest contributor as it returned 3.0%, which added 1.0% to total performance. This was a strong result as MSCI ACWI Value actually trailed MSCI ACWI Growth by 2.7%. On the flipside, Systematic Global Macro was the biggest detractor and subtracted 2.4% from performance as it fell to a -6.2% return, hurt by a modest short position in Cocoa. The Resources Long/Short Strategy detracted 0.6% from performance, while Event-Driven, Fixed Income Absolute Return, and Relative Value Credit had no material impact on performance for the quarter.

Composite Inception Date: 31-Jul-01

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 the risk that one or more of the underlying portfolios will not perform as expected and that the Strategy will indirectly be exposed to all of the risks of an investment in the underlying portfolios. Other significant risks associated with investment in the Strategy may include: Market Risk - Equities, Market Risk - Fixed Income, Non-U.S. Investment Risk, Management and Operational Risk, and Derivatives and Short Sales Risk. **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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. The local market in which some accounts in the composite are priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the strategy and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return. Gross returns are presented gross of management 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%. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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PRODUCT OVERVIEW

The Strategy seeks to generate positive total return, not relative return, by allocating dynamically across asset classes, free from the constraints of traditional benchmarks. The Strategy invests in a GMO-managed mutual fund, which in turn invests in actively managed equity, fixed income, alternative, and cash strategies, and a GMO-managed hedge fund-of-funds, which seeks positive total return with low volatility relative to equity markets and low correlation over a full market cycle to traditional market indices.

IMPORTANT INFORMATION

Comparator Index(es): The CPI (Consumer Price Index) for All Urban Consumers US All Items is published monthly by the U.S. government as an indicator of changes in price levels (or inflation) paid by urban consumers for a representative basket of goods and services.

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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