

Grantham, Mayo, Van Otterloo & Co LLC

Composite Descriptions

As of 08/31/2018

Absolute Return

Credit Opportunities Composite

Inception: 12/1/2010

Index: Citigroup 3-Mo. TBill

The Credit Opportunities Composite includes portfolios that invest across the capital structure of companies subject to credit-related special situations. These portfolios invest a substantial portion of their assets in long and short positions with respect to bonds, leveraged loans, trade claims, credit default swaps, equities, options, liquidation trusts, and litigation recovery vehicles. The manager of these portfolios seeks to outperform the peer group pursuing a similar investment strategy, across a complete market cycle. Prior to August 2018, the strategy sought to generate annualized returns of at least 8% (net of fees) over the Citigroup 3-Month Treasury Bill Index over a complete market cycle and expected volatility (standard deviation) to be approximately 6%, although the strategy did not target a specific volatility. The composite was created in December 2010.

Emerging Domestic Opportunities Concentrated Composite

Inception: 7/1/2017

Index: Citigroup 3-Mo. TBill plus 6%

The Emerging Domestic Opportunities Concentrated Composite includes portfolios seeking total return by using a top down and bottom up valuation approach to create a concentrated, high-conviction portfolio of companies, whose prospects GMO believes, are linked to the internal growth of the world's non-developed markets. The strategy uses fundamental analysis in a structured approach to select countries, sectors, and stocks that GMO believes are the most likely to benefit from the rising demand for goods and services in emerging markets. The strategy's investments are not limited to investments in companies located in any particular country or geographic region and may include investments in companies located in emerging markets as well as developed markets (e.g., the U.S.) that are related to, or whose prospects are linked to, emerging markets. The composite was created in August 2017.

Emerging Equity Market Neutral Composite

Inception: 4/1/2017

Index: Citigroup 3-Mo. T-Bill

The Emerging Equity Market Neutral Composite includes portfolios seeking to achieve capital appreciation by taking both long and short positions in emerging equity markets. The portfolios typically target beta-neutral exposure relative to emerging equity markets. The composite was created in May 2017.

Event Driven Composite

Inception: 8/1/2016

Index: Citigroup 3-Mo. T-Bill

The Event Driven Composite includes portfolios seeking absolute return by investing primarily in equity securities of companies that GMO expects to experience a material corporate event or catalyst in the relative short-term. The majority of the portfolios' investments are expected to be connected to agreed-to merger and acquisition deals; however GMO will also pursue investment opportunities in a range of 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. The composite was created in August 2016.

Fixed Income Absolute Return Composite

Inception: 11/1/2016

Index: Citigroup 3-Mo. T-Bill

The Fixed Income Absolute Return Composite includes portfolios seeking to generate positive absolute returns by exploiting opportunities in global fixed income and currency markets. The strategy seeks annualized returns of 8% above the Citigroup 3-Month Treasury Bill Index with annualized volatility of approximately 10%, each over a full market cycle. GMO employs proprietary quantitative models for forecasting and valuing global rates and currency markets using market-based, macroeconomic, and fundamental inputs, in connection with proprietary research, to evaluate and identify investment opportunities. In addition, GMO also seeks to identify, and take advantage of, opportunities arising from unusual market conditions not otherwise identified by its quantitative models. The composite was created in September 2018.

Global Equity Market Neutral Composite

Inception: 4/1/2017

Index: Citigroup 3-Mo. T-Bill

The Global Equity Market Neutral Composite includes portfolios seeking to achieve capital appreciation by taking both long and short positions in both developed and emerging equity markets. The portfolios typically targets beta-neutral exposure relative to global equity markets. The composite was created in May 2017.

International Equity Market Neutral Composite

Inception: 4/1/2017

Index: Citigroup 3-Mo. T-Bill

The International Equity Market Neutral Composite includes portfolios seeking to achieve capital appreciation by taking both long and short positions in developed ex U.S. markets. The portfolios typically targets beta-neutral exposure relative to developed ex U.S. equity markets. The composite was created in May 2017.

Mean Reversion Composite

Inception: 3/1/2002

Index: Citigroup 3-Mo. T-Bill

The Mean Reversion Composite includes portfolios seeking high total return by taking advantage of the tendency of assets around the world to revert to fair pricing over the long term. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest. Portfolios will take both long and short positions in a wide variety of asset classes which we believe exhibit substantial deviations from their fair value. GMO expects annualized volatility of the strategy to be approximately 10%. Prior to October 2015, the strategy sought to achieve annualized net returns of 12% above the Citigroup 3 Month Treasury Index over a complete market cycle. Prior to March 2016 this composite was known as Mean Reversion (ex COF) Composite. The composite was created in March 2002.

Multi-Strategy Composite

Inception: 11/1/2002

Index: Multi-Strategy Blended Benchmark

The Multi-Strategy Composite includes portfolios seeking to achieve high total return. GMO pursues the investment objective by utilizing GMO's proprietary asset class forecasts to allocate assets among a varied group of underlying pooled investment vehicles exclusively advised by GMO, each pursuing a different investment strategy. Also, from time to time, GMO will take direct long and short positions in a wide range of asset classes. The strategy expects to have low correlation over a full market cycle to traditional market indices and may have lower volatility than any single underlying fund. The underlying funds hold both long and short positions in various asset classes and may also employ leverage. Prior to October 2015, the strategy sought to achieve capital appreciation with a target annualized net return of 8% above Citigroup 3 Month Treasury Bill Index and annualized volatility of 5% over a complete market cycle. The composite was created in November 2002.

SGM Major Markets Trust Composite

Inception: 1/1/2015

Index: Bloomberg AusBond Bank Bill

The SGM Major Markets Trust Composite includes portfolios seeking to achieve long-term total return by investing in a range of large equity, bond, currency, and commodity markets using exchange-traded futures and foreign exchange forward contracts, as well as making other investments. A quantitative investment process is used that combines value- and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 5% (gross of fees) above the Bloomberg AusBond Bank Bill Index with annualized volatility (standard deviation) of approximately 6-10% per annum, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Trust fund managed in Australian dollars. The composite was created in January 2015.

Systematic Global Macro Composite

Inception: 4/1/2002

Index: Citigroup 3-Mo. TBill

The Systematic Global Macro Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. A quantitative investment process is used that combines value- and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the Citigroup 3-Month Treasury Bill Index with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a hedge fund managed in U.S. dollars. The composite was created in March 2002.

Systematic Global Macro Major Markets Composite

Inception: 11/1/2011

Index: Citigroup 3-Mo. TBill

The Systematic Global Macro Major Markets Composite includes portfolios seeking to achieve long-term total return by investing in a range of large equity, bond, currency, and commodity markets using exchange-traded futures and foreign exchange forward contracts, as well as making other investments. A quantitative investment process is used that combines value- and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 5% (gross of fees) above the Citigroup 3-Month Treasury Bill Index with annualized volatility (standard deviation) of approximately 6-10%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a mutual fund managed in U.S. dollars. Prior to December 2015 this composite was known as the Systematic Global Macro Opportunity Composite. The composite was created in November 2011.

Systematic Global Macro QIF AUD Composite

Inception: 6/1/2013

Index: Bloomberg AusBond Bank Bill

The Systematic Global Macro QIF AUD Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. The strategy is implemented while maintaining a hedge against falling exchange rates relative to the Australian dollar. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Qualified Investment Fund. The composite was created in June 2013.

Systematic Global Macro QIF CAD Composite

Inception: 5/1/2014

Index: SGQBCAD Blended Benchmark

The Systematic Global Macro QIF CAD Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. The strategy is implemented while maintaining a hedge against falling exchange rates relative to the Canadian dollar. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Qualified Investment Fund. The composite was created in May 2014.

Systematic Global Macro QIF EUR Composite

Inception: 1/1/2014

Index: Systematic Global Macro QIF EUR Blended Benchmark

The Systematic Global Macro QIF EUR Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. The strategy is implemented while maintaining a hedge against falling exchange rates relative to the EURO. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Qualified Investment Fund. The composite was created in January 2014.

Systematic Global Macro QIF GBP Composite

Inception: 9/1/2012

Index: Systematic Global Macro QIF GBP Blended Benchmark

The Systematic Global Macro QIF GBP Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. The strategy is implemented while maintaining a hedge against falling exchange rates relative to the British Pound. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Qualified Investment Fund. The composite was created in September 2012.

Systematic Global Macro QIF USD Composite

Inception: 9/1/2013

Index: Citigroup 3-Mo. TBill

The Systematic Global Macro QIF USD Composite includes portfolios seeking to achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a Qualified Investment Fund. The composite was created in September 2013.

Systematic Global Macro Trust Composite

Inception: 12/1/2002

Index: Bloomberg AusBond Bank Bill

The Systematic Global Macro Trust Composite includes portfolios seeking to outperform the Bloomberg AusBond Bank Bill and achieve long-term total return by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange traded futures and foreign exchange forward contracts as well as making other investments. A quantitative investment process is used that combines value and sentiment-based strategies while controlling for risk. The strategy seeks annualized returns of 10% (gross of fees) above the benchmark with annualized volatility (standard deviation) of approximately 10-15%, each over a complete market cycle. The strategy will take risks commensurate with those allowed by its typical implementation vehicle, a hedge fund managed in Australian Dollars. The composite was created in September 2009.

Tactical Opportunities Composite

Inception: 10/1/2004

Index: Citigroup 3-Mo. T-Bill

The Tactical Opportunities Composite includes portfolios seeking to achieve capital appreciation by implementing a long/short investment strategy. The strategy seeks to establish long positions in high quality stocks while shorting those it deems to be of low quality. The long and short sub-portfolios have distinct characteristics and utilize multiple independent, though possibly concentrated or focused, stock selection strategies. The composite was created in October 2004.

U.S. Equity Market Neutral Composite

Inception: 4/1/2017

Index: Citigroup 3-Mo. T-Bill

The U.S. Equity Market Neutral Composite includes portfolios seeking to achieve capital appreciation by taking both long and short positions in U.S. equity markets. The portfolios typically targets beta-neutral exposure relative to U.S. equity markets. The composite was created in May 2017.

Multi-Asset Class

Benchmark-Free Allocation Composite

Inception: 8/1/2001

Index: CPI Index

The Benchmark-Free Allocation Composite includes portfolios seeking to generate positive total return, not "relative" return, by allocating to undervalued and often unpopular asset classes and sectors of the global market, free from the constraints of traditional benchmarks. The strategy will often either have exposure to unconventional asset classes or hold conventional asset classes in unconventional proportions. The strategy seeks annualized excess returns of 5% (net of fees) above the Consumer Price Index, and expects annualized volatility of 5-10%, over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the U.S. Consumer Price Index over a complete market cycle. The composite was created in September 2012.

Global Allocation Absolute Return Composite

Inception: 8/1/2001

Index: CPI Index

The Global Allocation Absolute Return Composite includes portfolios seeking to generate relatively strong real returns over a market cycle by allocating to undervalued and often unpopular asset classes and sectors of the global market. The strategy is typically implemented via two allocations: 80% or more of the strategy to the GMO Benchmark-Free Fund, a GMO-managed fund that may invest in other GMO-managed portfolios or may hold securities directly, and 20% or less of the strategy to the GMO Multi-Strategy Fund, a GMO-managed hedge fund-of-funds. The strategy relies on GMO's asset allocation approach. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to October 2015, the strategy sought to achieve annualized excess returns of 5% (net of fees) above the Consumer Price Index. The composite was created in January 2002.

Global Asset Allocation Composite

Inception: 7/1/1988

Index: GMO Global Asset Allocation Index +

The Global Asset Allocation Composite includes portfolios seeking total return greater than that of the GMO Global Asset Allocation Index, an internally-maintained index computed by GMO, consisting of 65% MSCI All Country World Index and 35% Bloomberg Barclays Capital U.S. Aggregate Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 2% to 3% (net of fees) above the benchmark, over a complete market cycle. The strategy uses multi-year forecasts of returns among asset classes to build a portfolio that primarily provides exposure to global equity and fixed income markets. The strategy relies on GMO's asset allocation approach. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying portfolios in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying portfolios at different times. GMO changes the holdings of underlying portfolios in response to changes in its investment outlook and market valuations. The composite was created in January 2002.

Global Real Return AUD Composite

Inception: 6/1/2013

Index: OECD CPI G7 (AUD)

The Global Real Return AUD Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives, while maintaining a hedge against falling exchange rates relative to the Australian dollar. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the OECD CPI G7 Index over a complete market cycle. The composite was created in June 2013.

Global Real Return CHF Composite

Inception: 11/1/2013

Index: OECD CPI G7 (CHF)

The Global Real Return CHF Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives, while maintaining a hedge against falling exchange rates relative to the Swiss Franc. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. The composite was created in November 2013.

Global Real Return Composite

Inception: 12/1/2011

Index: OECD CPI G7

The Global Real Return Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the OECD CPI G7 Index over a complete market cycle. The composite was created in December 2011.

Global Real Return EUR Composite

Inception: 4/1/2012

Index: OECD CPI G7 (EUR)

The Global Real Return EUR Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives, while maintaining a hedge against falling exchange rates relative to the Euro. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the OECD CPI G7 over a complete market cycle. The composite was created in April 2012.

Global Real Return GBP Composite

Inception: 12/1/2011

Index: OECD CPI G7 (GBP)

The Global Real Return GBP Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives, while maintaining a hedge against falling exchange rates relative to the British Pound. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the OECD CPI G7 Index over a complete market cycle. The composite was created in December 2011.

Global Real Return SEK Composite

Inception: 2/1/2017

Index: OECD CPI G7 (SEK)

The Global Real Return SEK Composite includes portfolios seeking to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodity indices, REITS, and related derivatives, while maintaining a hedge against falling exchange rates relative to the Swedish Krona. The strategy seeks annualized excess returns of 5% (net of fees) above the benchmark over a complete market cycle. The strategy relies on GMO's asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. The composite was created in March 2017.

Real Return Global Balanced Asset Allocation Composite

Inception: 7/1/2004

Index: GMO Real Return Global Balanced Asset Allocation Blended Index +

The Real Return Global Balanced Asset Allocation Composite includes portfolios seeking to outperform the benchmark by 3% to 4% per annum with low risk relative to the benchmark, generally represented by the GMO Real Return Global Balanced Index, an internally maintained index comprised of 60% MSCI World Index, 20% Bloomberg Barclays US Aggregate Index, and 20% Citigroup 3-Month T-Bill Index. The strategy is implemented through both traditional long-only mutual funds and an internal hedge fund-of-funds. Resulting portfolios typically provide nearly full exposure to global financial markets as represented by equities, commodities, currencies and fixed income securities. The strategy relies on GMO's asset allocation approach. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of the relative risks of such asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. The composite was created in July 2004.

Tax-Managed Benchmark-Free Composite

Inception: 1/1/2018

Index: Tax-Managed Blended Index

The Tax-Managed Benchmark Free Composite includes portfolios seeking to generate positive after tax total returns (not benchmark-relative returns) by dynamically allocating to the most attractively priced asset classes. Free from the constraints of traditional benchmarks, the strategy can allocate to unconventional asset classes, or to conventional asset classes in unconventional proportion. Over the complete market cycle, the strategy seeks annualized after-tax returns greater than 3% above the Consumer Price Index for Urban Consumers ("CPI"), as well as after-tax returns in excess of a custom tax-adjusted benchmark (70% MSCI All Country World Index; 30% Bloomberg Barclays Municipal Bond 7-Year (6-8) Index, with the annualized volatility of 5-10%). The investment process uses both top-down and bottom-up valuation methodologies integrated with tax management techniques to value asset classes, countries, currencies and individual securities and to allocate assets around the world. The resulting portfolio seeks to provide exposure to the global markets for U.S.-based investors subject to U.S. federal income tax. Tax management strategies will be based upon current U.S. federal income tax laws and regulations and may change to reflect changes in these laws and regulations. The composite was created in January 2018.

Global Equities

Climate Change Composite

Inception: 5/1/2017

Index: MSCI ACWI

The Climate Change Composite includes portfolios seeking high total return by investing in companies focused on climate change mitigation and adaptation. GMO utilizes a valuation-based approach to select equities for investment. Climate change mitigation and adaptation industries include clean energy, batteries and storage, electric grid, energy efficiency, agriculture, water, and companies that service these industries. The composite was created in May 2017.

Global All Country Equity Allocation Composite

Inception: 1/1/1994

Index: MSCI ACWI ++

The Global All Country Equity Allocation Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI All Country World Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 2.5% to 3.5% (net of fees) above the MSCI All Country World Index, over a complete market cycle. The strategy is invested in equity and equity-like investments across global markets, and may use both direct investment and derivatives to implement its investment views. The strategy is not limited in its exposure to emerging markets. Exposure levels will vary based on the asset class forecasts and current market conditions. The composite was created in May 2008.

Global Developed Equity Allocation Composite

Inception: 4/1/1987

Index: MSCI World +

The Global Developed Equity Allocation Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI World Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 2.5% to 3.5% (net of fees) above the MSCI World Index, over a complete market cycle. The strategy is invested in equity and equity-like investments across global markets, and may use both direct investment and derivatives to implement its investment views. The strategy typically limits its emerging markets exposure to 10% of the portfolio. Exposure levels will vary based on the asset class forecasts and current market conditions. The composite was created in May 2008.

Global Equity Extension Composite

Inception: 6/1/2018

Index: MSCI ACWI

The Global Equity Extension Composite includes portfolios seeking to deliver high total return by taking both long and short positions in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI ACWI Index. The composite was created in July 2018.

Quality Composite

Inception: 3/1/2004

Index: S&P 500

The Quality Composite includes portfolios seeking to deliver total return by investing in equities that GMO believes to be of high quality. A high quality company is one that we believe has a secure business that will deliver a high level of return on past investment and will make future investments at similar high levels of return (or in lieu of those investments, pay out cash flow to shareholders). GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity markets, and the overall economy. In assessing a company's quality, GMO may consider several factors, including, in particular, profitability, profit stability, and leverage. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. The composite was created in March 2004.

Resources Composite

Inception: 1/1/2012

Index: MSCI ACWI Commodity Producers

The Resources Composite includes portfolios seeking to deliver total return by investing in equities with exposure to natural resources. Under normal market conditions, GMO invests at least 80% of the portfolios' assets in the securities of companies in the natural resources sector. GMO considers the 'natural resources sector' to include companies that own, produce, refine, process, transport, and market natural resources and companies that provide related equipment, infrastructure, and services. The sector includes, for example, the following industries: integrated oil, oil and gas exploration and production, gold and other precious metals, steel and iron ore production, energy services and technology, base metal production, forest products, farming products, paper products, chemicals, building materials, coal, water, alternative energy sources, and environmental services. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. The composite was created in January 2012.

Resources Long/Short Composite

Inception: 7/1/2018

Index: Citigroup 3-Mo. T-Bill

The Resources Long/Short Composite includes portfolios seeking to deliver total return by taking both long and short positions in the securities of companies in the natural resources sector. Under normal market conditions, GMO invests at least 80% of its assets in the securities of companies in the natural resources sector. GMO considers the "natural resources sector" to include companies that own, produce, refine, process, transport, and market natural resources and companies that provide related equipment, infrastructure, and services. The sector includes, for example, the following industries: integrated oil, oil and gas exploration and production, gold and other precious metals, steel and iron ore production, energy services and technology, base metal production, forest products, farming products, paper products, chemicals, building materials, coal, water, alternative energy sources, and environmental services. The composite was created in September 2018.

Resources Metals & Mining Composite

Inception: 7/1/2018

Index: MSCI ACWI Select Metals & Mining Prod ex Gold and Silver IMI

The Resources Metals and Mining Composite includes portfolios seeking to deliver total return by investing in securities of companies GMO considers to be involved in the following industries: diversified metals and mining, copper, platinum group metals, lithium, mining equipment, machinery and services, potash and phosphate miners. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. The composite was created in July 2018.

Unconstrained Equity Composite

Inception: 6/1/2018

Index: MSCI ACWI

The Unconstrained Equity Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI All Country World Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 3% (net of fees) above the MSCI All Country World Index, over a complete market cycle. The strategy is invested in long positions in equity and equity-like investments across global markets, and may use both direct investment and derivatives to implement its investment views. The strategy is not limited in its exposure to emerging markets. Exposure levels will vary based on the asset class forecasts and current market conditions. The composite was created in June 2018.

International Equities

International Equity Composite

Inception: 4/1/1987

Index: MSCI EAFE +

The International Equity Composite includes portfolios seeking to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Index. The strategy is invested in equity and equity-like investments across international developed markets, and may use both direct investment and derivatives to implement its investment views. Prior to July 2014 this composite was known as the International Intrinsic Value Composite. The composite was created in January 2002.

International Equity Extension Composite

Inception: 6/1/2018

Index: MSCI ACWI ex USA

The International Equity Extension Composite includes portfolios seeking to deliver high total return by taking both long and short positions in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI ACWI ex USA Index. The composite was created in July 2018.

International Small Companies Composite

Inception: 11/1/1991

Index: S&P Developed ex-U.S. Small Cap+

The International Small Companies Composite includes portfolios seeking to deliver high total return by investing equities or groups of equities that GMO believes will provide higher returns than those of the S&P Developed ex-US Small Cap Index. The strategy is invested in equity and equity-like investments across international developed and emerging markets, and may use both direct investment and derivatives to implement its investment views. The composite was created in January 2002.

International Value Equity Composite

Inception: 9/1/2003

Index: MSCI EAFE Value

The International Value Equity Composite includes portfolios seeking to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Value Index. The strategy is invested in equity and equity-like investments across international developed markets, and may use both direct investment and derivatives to implement its investment views. The composite was created in October 2016.

Int'l All Country Equity Allocation Composite

Inception: 3/1/1994

Index: MSCI ACWI ex USA +

The International All Country Equity Allocation Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI All Country World ex USA Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 2% to 3% (net of fees) above the MSCI All Country World ex USA Index, over a complete market cycle. The strategy is invested in equity and equity-like investments across international developed and emerging markets, and may use both direct investment and derivatives to implement its investment views. The strategy is not limited in its exposure to emerging markets. Exposure levels will vary based on the asset class forecasts and current market conditions. Prior to June 2014 the strategy sought to achieve a compound wealth at a rate of 3-4% per annum (net of fees) above passive exposure to the asset class, over a full market cycle. The composite was created in May 2008.

Int'l Developed Equity Allocation Composite

Inception: 12/1/1991

Index: MSCI EAFE ++

The International Developed Equity Allocation Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI EAFE Index. The strategy is constructed to maximize the opportunity to achieve annualized excess returns of 2% to 3% (net of fees) above the MSCI EAFE Index, over a complete market cycle. The strategy is invested in equity and equity-like investments across international developed and emerging markets, and may use both direct investment and derivatives to implement its investment views. The strategy typically limits its emerging markets exposure to 10%. Exposure levels will vary based on the asset class forecasts and current market conditions. Prior to June 2014 the strategy sought to achieve a compound wealth at a rate of 3-4% per annum (net of fees) above passive exposure to the asset class, over a full market cycle. The composite was created in May 2008.

Tax-Managed International Equities Composite

Inception: 9/1/1998

Index: MSCI EAFE

The Tax-Managed International Equities Composite includes portfolios seeking to deliver high after-tax total return to taxable investors by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Index (after tax). The strategy is invested in equity and equity-like investments across international developed and emerging markets, and may use both direct investment and derivatives to implement its investment views. The composite was created in January 2002.

Emerging Equities

Emerging Domestic Opportunities Composite

Inception: 4/1/2011

Index: MSCI Emerging Markets

The Emerging Domestic Opportunities Composite includes portfolios seeking total return by investing in companies whose prospects are linked to the internal growth of the world's non-developed markets. The strategy uses fundamental analysis in a structured approach to select countries, sectors, and stocks that GMO believes are the most likely to benefit from the rising demand for goods and services in emerging markets. The strategy's investments are not limited to investments in companies located in any particular country or geographic region and may include investments in companies located in emerging markets as well as developed markets (e.g., the U.S.) that are related to, or whose prospects are linked to, emerging markets. The composite was created in April 2011.

Emerging Markets Composite

Inception: 1/1/1994

Index: S&P/IFCI Composite

The Emerging Markets Composite includes portfolios seeking total return in excess of that of the benchmark, the S&P/IFCI Composite Index. The 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. GMO utilizes both quantitative 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 composite was created in January 2002.

Emerging Markets Small Cap Composite

Inception: 4/1/2017

Index: MSCI Emerging Markets Small Cap

The Emerging Markets Small Cap Composite includes portfolios seeking total return in excess of that of the benchmark, the MSCI Emerging Markets Small Cap Index. The 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. GMO utilizes both quantitative 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 and small cap universe. The composite was created in May 2017.

Emerging Markets Value Equity Composite

Inception: 9/1/2017

Index: MSCI Emerging Markets Value

The Emerging Markets Value Equity Composite includes portfolios seeking to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI Emerging Markets Value Index. The strategy is invested in equity and equity-like investments across emerging markets, and may use both direct investment and derivatives to implement its investment views. The composite was created in June 2018.

Regional Equities

Japan Equity Extension Composite

Inception: 6/1/2018

Index: MSCI Japan IMI

The Japan Equity Extension Composite includes portfolios seeking to deliver high total return by taking both long and short positions in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI Japan IMI Index. The composite was created in July 2018.

U.S. Equity Composite

Inception: 3/1/1989

Index: Russell 3000 +++

The U.S. Equity Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the Russell 3000 Index. The strategy is invested in equity and equity-like investments within U.S. equity markets, and may use both direct investment and derivatives to implement its investment views. Exposure levels will vary based on the asset class forecasts and current market conditions. Prior to June 2014 the strategy sought to achieve a compound wealth at a rate of 2-3% per annum (net of fees) above passive exposure to the asset class, over a full market cycle. Prior to June 2018, this composite was known as U.S. Equity Allocation Composite. The composite was created in January 2002.

Global Fixed Income

Core Plus Bond Composite

Inception: 5/1/1997

Index: Bloomberg Barclays U.S. Aggregate

The Core Plus Bond Composite includes portfolios seeking to achieve total return in excess of its benchmark, the Bloomberg Barclays U.S. Aggregate Index. GMO invests across global fixed income and currency markets rather than just within the U.S. dollar fixed income market segments contained in the benchmark. GMO's management of the Strategy involves replicating the benchmark by constructing a portfolio including cash bonds, futures, derivatives, other GMO Funds, and exchange-traded funds; utilizing quantitative methods for trading strategies as well as security and sector selection. Additionally, GMO actively manages multiple model-based overlay strategies in global rate and currency markets. These models use market-based, macroeconomic, and fundamental inputs, in connection with proprietary research, to evaluate and identify investment opportunities. The composite was created in January 2002.

Emerging Country Debt Composite

Inception: 5/1/1994

Index: J.P. Morgan EMBI Global +

The Emerging Country Debt Composite includes pooled funds seeking to achieve total return in excess of that of the J.P. Morgan Emerging Markets Bond Index Global ("EMBIG"). The funds invest primarily in external sovereign and quasi-sovereign debt instruments of emerging countries, emphasizing bottom-up issue selection over top-down country selection. The composite was created in January 2002.

Emerging Country Local Debt Composite

Inception: 3/1/2008

Index: J.P. Morgan GBI-EM Global Diversified +

The Emerging Country Local Debt Composite includes pooled funds seeking to achieve total return in excess of that of the J.P. Morgan GBI-EM Global Diversified ("GBI-EMGD"). The funds invest primarily in sovereign and quasi-sovereign debt instruments of emerging countries, denominated in (or hedged into) local currencies. The funds emphasize bottom-up issue selection over top-down country/currency/interest-rate market selection. Prior to January 2018, this composite was known as Emerging Country Local Debt Investment Composite. The composite was created in March 2008.

Global Bond Composite

Inception: 1/1/1996

Index: J.P. Morgan GBI Global

The Global Bond Composite includes portfolios seeking to achieve total return in excess of the J.P. Morgan Global Government Bond Index. GMO's management of the Strategy involves replicating the benchmark by constructing a portfolio including cash bonds, futures, derivatives, and other GMO Funds; utilizing quantitative methods for trading strategies as well as security and sector selection. Additionally, GMO actively manages multiple model-based overlay strategies in global rate and currency markets. These models use market-based, macroeconomic, and fundamental inputs, in connection with proprietary research, to evaluate and identify investment opportunities. The composite was created in January 2002.

High Yield Composite

Inception: 2/1/2017

Index: Markit iBoxx USD Liquid High Yield Index

The High Yield Composite includes portfolios seeking to outperform the Markit iBoxx USD Liquid High Yield Index through a combination of liquid credit instruments as well as investments in high yield cash bonds. The strategy may invest in other fixed income instruments in the U.S. and non-U.S. The composite was created in February 2017.

Opportunistic Income Composite

Inception: 11/1/2011

Index: Bloomberg Barclays U.S. Securitized+

The Opportunistic Income Composite includes portfolios seeking to achieve positive total return by investing primarily in debt instruments. The strategy invests in numerous structured product sectors both domestically and internationally, without regard to credit rating. GMO emphasizes issue selection in its investment process, which involves examination of various sectors of structured product to find relative value among sectors and individual securities. The strategy may invest in securities of any credit quality and does not seek to maintain specified interest rate duration. The strategy plans to have substantially all of its assets denominated in, or hedged into, U.S. dollars. Prior to January 2017, this composite was known as Debt Opportunities Composite. The composite was created in November 2011.

Strategic Short-Term Composite

Inception: 7/1/2017

Index: Citigroup 3-Mo. T-Bill

The Strategic Short-Term Composite consists of portfolios seeking to deliver total return in excess of the Citigroup 3-Month Treasury Bill index consistent with capital preservation and daily liquidity. The strategy seeks to find relative value opportunities in U.S. and non-U.S. (currency hedged) government bonds and agencies, emphasizing bottom-up analysis and risk management to construct a portfolio of high quality securities with estimated interest rate duration of 365 days or less. However, the strategy may invest in securities that are not high quality and may hold bonds and other fixed income securities whose ratings after they were acquired were reduced below high quality. The composite was created in August 2018.

Implementation Tools

Alpha Only Composite

Inception: 8/1/1994

Index: Citigroup 3-Mo. T-Bill

The Alpha Only Composite includes portfolios seeking total return greater than that of its benchmark, the Citigroup 3-Month Treasury Bill Index. The strategy involves having both long and short investment exposures and seeks to construct a portfolio in which it has long investment exposure to asset classes and sub-asset classes that it expects will outperform relative to asset classes and sub-asset classes to which it has short investment exposure. GMO uses its multi-year forecasts of returns among asset classes, together with its assessment of the risk of such asset classes, to determine the strategy's long and short positions. An important component of those forecasts is the expectation that market prices ultimately revert to their historical mean (average). The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in January 2002.

Asset Allocation Bond Composite

Inception: 4/1/2009

Index: Citigroup 3-Mo. T-Bill

The Asset Allocation Bond Composite includes portfolios seeking to achieve total return in excess of that of the Citigroup 3-Month Treasury Bill Index by investing in a wide variety of bonds and bond markets. The strategy pursues investment opportunities that are intended to complement the strategies being pursued in GMO's Asset Allocation strategies. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in April 2009.

Bermuda Alternative Asset SPC Ltd. Composite

Inception: 5/1/2005

Index: J.P. Morgan U.S. 3 Month Cash

The Bermuda Alternative Asset SPC Ltd. Composite includes portfolios constructed to complement the Systematic Global Macro Major Markets Strategy by way of holding the commodity futures, swap investments, and other fixed income securities. This strategy is not publically offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in May 2005.

Completion Composite

Inception: 9/1/2007

Index: Citigroup 3-Mo. T-Bill

The Completion Composite includes portfolios seeking to enable one or more other investment strategies managed by GMO to manage their own investment exposures and achieve their investment objectives. The strategy seeks to achieve its investment objective by taking long and short positions in a wide variety of investment opportunities that are intended to complement the strategies being pursued by GMO in the Multi-Strategy Fund. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in September 2007.

Risk Premium Composite

Inception: 12/1/2012

Index: CBOE S&P 500 PutWrite +

The Risk Premium Composite includes portfolios seeking to deliver total return over the long term commensurate with that of global equity markets by utilizing an opportunity set that differs from holding physical equities. By utilizing written put options, the strategy attempts to capture returns commensurate with the equity risk premium over a full market cycle with less sensitivity to equity valuations and a lower correlation to long-term equity returns.. The composite was created in December 2012.

Special Opportunities Composite

Inception: 8/1/2014

Index: CPI Index

The Special Opportunities Composite includes portfolios seeking positive total return. GMO will generally use a fundamental approach to identify investments that are, in GMO's judgment, trading below their intrinsic value. GMO expects that the strategy will focus its investments in a limited number of investments. GMO does not manage the strategy to, or control the strategy's risk relative to, any securities index or securities benchmark. In addition, the strategy does not seek to outperform a particular securities market index or blend of market indices (i.e., the strategy does not seek "relative" return). The factors considered and investment methods used by GMO can change over time. The strategy is not restricted in its exposure to any particular asset class, and at times may be substantially exposed (long or short) to a single asset class (e.g., equities or fixed income securities). This strategy is not publically offered and is principally available to other GMO strategies. The composite was created in August 2014.

Strategic Opportunities Allocation Composite

Inception: 6/1/2005

Index: GMO Strategic Opportunities Allocation Index

The Strategic Opportunities Allocation Composite includes portfolios seeking total return greater than that of its benchmark, the GMO Strategic Opportunities Allocation Index, an internally maintained index computed by GMO comprised of 75% MSCI World Index and 25% Barclays US Aggregate, over a complete market cycle. The strategy is implemented by investing in other GMO mutual funds, and resulting portfolios typically provide nearly full exposure to global equity, fixed income, commodities, and, from time to time, other alternative financial markets. The strategy relies on GMO's asset allocation approach. Using proprietary multi-year forecasts of returns among asset classes, together with its assessment of relative risks of such asset classes, GMO selects the underlying portfolios in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying portfolios at different times. Exposure levels will vary based on asset class forecasts and current market conditions. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in June 2005.

U.S. Treasury Composite

Inception: 4/1/2009

Index: Citigroup 3-Mo. T-Bill

The U.S. Treasury Composite includes portfolios seeking liquidity and safety of principal, with current income as a secondary objective. The strategy seeks to achieve its objective by investing in U.S. Treasury obligations, repurchase agreements, and other fixed income securities backed by the full faith and credit of the U.S. government. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in April 2009.

Terminated Composites:

MSCI Emerging Markets Composite

Inception: 8/1/1998

Termination: 12/31/2017

Index: The MSCI Emerging Markets Index

The MSCI Emerging Markets Composite includes portfolios seeking total return in excess of that of the benchmark, the MSCI Emerging Markets Index. The 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. GMO utilizes both quantitative 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 composite was created in January 2002.

Tax-Managed Global Balanced Composite

Inception: 1/1/2003

Termination: 12/31/2017

Index: The Tax-Managed Global Balanced Composite benchmark

The Tax-Managed Global Balanced Composite includes portfolios seeking to deliver positive real return by investing in securities that GMO believes will provide a higher return than the GMO Tax-Managed Global Balanced Index, an internally maintained index comprised of 60% MSCI ACWI and 40% Barclays Municipal 7 Year (6-8) Index. The investment process uses both top-down and bottom-up valuation methodologies integrated with tax management techniques to value asset classes, countries, currencies and individual securities and to allocate assets around the world. The resulting portfolio seeks to provide exposure to the global markets for U.S.-based investors subject to U.S. federal income tax. Tax management strategies will be based upon current U.S. federal income tax laws and regulations and may change to reflect changes in these laws and regulations. The composite was created in January 2003.

Taiwan Composite

Inception: 11/1/2002

Termination: 9/30/2017

Index: MSCI Taiwan Index

The Taiwan Composite is comprised of portfolios that make equity investments directly and indirectly in companies doing business in or otherwise tied economically to Taiwan. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. GMO utilizes both quantitative and fundamental research to analyze valuation levels in the country of Taiwan. The composite was created in November 2002.

Currency Hedged Int'l Bond Composite

Inception: 10/1/1994

Termination: 8/31/2017

Index: J.P. Morgan GBI Global ex Japan ex U.S. (Hedged)

The Currency Hedged International Bond Composite includes portfolios seeking to achieve total return in excess of that of the J.P. Morgan GBI Global ex Japan ex U.S. (Hedged). GMO uses 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, all while maintaining a hedge against falling non-U.S. currency exchange rates. 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 securities, emerging country debt and other credit markets are considered on the basis of relative valuations given the underlying fundamentals of the market. The composite was created in January 2002.

Emerging Country Debt U.S. Rates Hedged Composite

Inception: 6/1/2015

Termination: 8/31/2017

Index: GMO Emerging Country Debt L.P. Index

The Emerging Country Debt U.S. Rates Hedged Composite includes a fund seeking to achieve total return in excess of that of the benchmark, a version of the J.P. Morgan Emerging Markets Bond Index Global (EMBIG) with low interest rate duration that combines the returns of the J.P. Morgan Emerging Markets Bond Index Global Spread Return (EMBIG-S) with those of the Citigroup 3-Month Treasury Bill Index. The EMBIG-S tracks the returns of the widely used EMBIG less the return to U.S. Treasuries with comparable maturities. As the Treasuries are funded instruments, the strategy's benchmark adds their returns back to the EMBIG-S returns. The fund invests primarily in external sovereign and quasi-sovereign debt instruments of emerging countries, emphasizing bottom-up issue selection over top-down country selection. The composite was created in June 2015.

Emerging Countries Composite

Inception: 10/1/1997

Termination: 7/31/2017

Index: S&P/IFCI Composite Index

The Emerging Countries Composite includes portfolios seeking total return in excess of that of the benchmark, the S&P/IFCI Composite Index. The 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. GMO screens the universe to remove companies with low liquidity and utilizes both quantitative and fundamental research to analyze valuation levels, seeking to purchase those stocks from the remaining companies that can best exploit major inefficiencies between and within various emerging markets. The composite was created in January 2002.

International Active EAFE Composite

Inception: 6/1/1981

Termination: 6/30/2017

Index: MSCI EAFE Index

The International Active EAFE Composite includes portfolios seeking total return in excess of the MSCI EAFE Index. GMO selects investments using value-based fundamental analysis that is informed by a disciplined quantitative screening process. GMO analyzes companies for financial, operational, and managerial strength and compares them to their global, regional, and industry peers. GMO also considers a company's accounting and governance practices. As part of the investment process, GMO frequently meets with management and/or visits companies. The composite was created in January 2002.

International Active Foreign Small Companies Composite

Inception: 2/1/1995

Termination: 6/30/2017

Index: S&P Developed ex-U.S. Small Cap

The International Active Foreign Small Companies Composite includes portfolios seeking total return in excess of that of the S&P Developed ex-U.S. Small Cap Index. GMO selects investments using value-based fundamental analysis that is informed by a disciplined quantitative screening process. GMO analyzes companies for financial, operational, and managerial strength and compares them to their global, regional, and industry peers. GMO also considers a company's accounting and governance practices. As part of the investment process, GMO frequently meets with management and/or visits companies. At purchase, companies included in the portfolios are generally in the lowest 25% of the publically traded market capitalization in the country in which they are listed. The composite was created in February 2002.

Mean Reversion (Comprehensive) Composite

Inception: 3/1/2002

Termination: 4/30/2017

Index: Citigroup 3-Mo. T-Bill

The Mean Reversion (Comprehensive) Composite includes portfolios seeking capital appreciation by taking advantage of mispricing across asset classes and regions. The strategy is implemented via an allocation to two underlying pooled investment vehicles, the Mean Reversion Fund and the Credit Opportunities Fund. The investment process for the Mean Reversion Fund starts with an attempt to estimate fair value for a wide variety of asset classes around the world, including U.S., developed, and emerging equity and debt markets, currencies, commodities and derivatives. The Mean Reversion Fund will take both long and short positions in a wide variety of asset classes which we believe exhibit substantial deviations from their fair value. The Mean Reversion Fund will go long assets that are trading below fair value and short assets trading above fair value based on GMO's internal valuation research. The investment process for the Credit Opportunities Fund seeks to achieve superior risk-adjusted returns by investing across the capital structure of companies subject to distress or dislocation. The Credit Opportunities Fund invests a substantial portion of its assets in long and short positions with respect to bonds, leveraged loans, trade claims, credit default swaps, and equities. Prior to October 2015, the strategy sought to achieve annualized net returns of 12% above the Citigroup 3 Month Treasury Index over a complete market cycle. Prior to March 2016, this composite was known as Mean Reversion Composite. The composite was created in March 2002.

The Fixed Income Hedge Composite

Inception: 9/1/2005

Termination: 10/31/2016

Index: The Fixed Income Hedge Blended Benchmark

The Fixed Income Hedge Composite includes portfolios seeking to outperform the Citigroup 3-Mo. T-Bill over a full market cycle. Using fundamental and market-based inputs in connection with proprietary research, GMO generates quantitative models to capitalize on opportunities across major global fixed income markets and developed and emerging foreign currency markets. In addition, GMO seeks to identify opportunities arising from unusual market conditions not otherwise identified by its quantitative models. The investment process uses various portfolio construction techniques, depending on the underlying market and sub-strategy. For risk control, the team uses covariance matrix technology and certain other measures to forecast the tracking error of the portfolio. Each investment strategy utilized in the portfolio is allocated a targeted annualized tracking error, such that the portfolio will target an annualized tracking error of approximately 5-15%, within the discretion of GMO. The composite was created in September 2005.

U.S. Equity Taxable Composite

Inception: 1/1/1993

Termination: 10/31/2016

Index: S&P 500

The U.S. Equity Taxable Composite includes portfolios seeking to deliver total return to taxable investors by investing in equities or groups of equities that GMO believes will provide higher returns than those of the S&P 500 Index. The strategy is invested in equity and equity-like investments within U.S. equity markets, and may use both direct investment and derivatives to implement its investment views. Exposure levels will vary based on the asset class forecasts and current market conditions. The composite was created in January 2002.

Total Equities Composite

Inception: 10/1/2000

Termination: 7/31/2016

Index: Citigroup 3-Mo. T-Bill

The Total Equities Composite includes portfolios seeking to deliver absolute return by investing in equity and equity-like securities across global markets. The strategy seeks to deliver a 5-8% return over the Citigroup U.S. 3-Month Treasury Bill. The strategy may pursue global equity investment strategies, options volatility strategy, risk arbitrage relating to merger transactions, and various other strategies. Prior to January 2012 this composite was known as the Aggressive Long/Short Composite. The composite was created in January 2002.

UK Equity Value Composite

Inception: 12/1/1988

Termination: 6/30/2016

Index: FTSE All-Share

The UK Equity Value Composite includes portfolios seeking to achieve capital appreciation in excess of the FTSE All-Share Total Return Index by investing in UK equities. The composite was created in June 2007.

World Opportunity Overlay Composite

Inception: 12/1/2004

Termination: 5/31/2016

Index: J.P. Morgan U.S. 3 Month Cash

The World Opportunity Overlay Composite includes portfolios seeking to achieve total return in excess of the J.P. Morgan U.S. 3 Month Cash Index by investing in a wide variety of fixed income instruments and markets. The strategy pursues opportunities that are intended to complement the strategies being pursued in GMO's other Fixed Income strategies. The strategy is intended to provide an efficient means for these other strategies to achieve exposure to assets each vehicle might otherwise acquire directly. In particular, GMO expects to focus on investments in asset-backed and below investment grade securities. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The composite was created in December 2004.

International Small Companies Composite

Inception: 11/1/1991

Termination: 4/30/2016

Index: MSCI EAFE Small Cap +

The International Small Companies Composite includes portfolios seeking to deliver high total return by investing equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Small Cap Index. The strategy is invested in equity and equity-like investments across international developed and emerging markets, and may use both direct investment and derivatives to implement its investment views. The strategy invests primarily in companies with market capitalization less than that of the 500 largest international developed equities. The composite was created in January 2002.

Global Focused Equity Composite

Inception: 1/1/2012

Termination: 3/31/2016

Index: MSCI ACWI

The Global Focused Equity Composite includes portfolios seeking total return by using a rigorous valuation discipline to create a concentrated, high-conviction portfolio of companies that GMO believes are selling at less than their true value and which have a catalyst that GMO thinks should cause them to re-rate or grow. Portfolios in the composite are managed in a benchmark-agnostic manner and invest primarily in equity investments traded in any of the world's security markets, including emerging markets. The composite was created in January 2012.

Benchmark-Free Bond Composite

Inception: 12/1/2014

Termination: 11/30/2015

Index: Citigroup 3-Mo. T-Bill

The Benchmark-Free Bond Composite includes portfolios seeking to achieve total return in excess of that of the Citigroup 3-Month Treasury Bill Index. In managing the strategy, GMO seeks annual returns of 3-5% (net of fees) above the benchmark, with annualized volatility of 4-6%, over a complete market cycle. GMO does not seek to control the strategy's risk relative to any securities market index or benchmark. GMO combines quantitative, fundamental, top-down, and bottom-up analysis in order to analyze the fixed income universe and assess the relative attractiveness of markets and securities in the context of five risk premium factors: term structure, foreign exchange, volatility, credit, and liquidity. The strategy allocates capital to most efficiently implement GMO's views, utilizing instruments that reflect the particular risk premia that the strategy is trying to capture. The strategy is permitted to invest in any kinds of bonds in any sector of the bond market and is not required to have a minimum or maximum allocation of investments in any one sector. GMO does not seek to maintain specific interest rate duration for the strategy. The composite was created in December 2014.

International Bond Composite

Inception: 1/1/1994

Termination: 8/31/2015

Index: J.P. Morgan GBI Global ex. U.S.

The International Bond Composite includes portfolios seeking to achieve total return in excess of that of the J.P. Morgan GBI Global ex U.S. GMO uses a variety of investment approaches covering non-U.S. bond, interest rate and currency markets as well as off-benchmark exposures to asset-backed securities, emerging country debt and other credit markets. 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 emerging country debt and other credit markets are considered on the basis of relative valuations given the underlying fundamentals of the market. The composite was created in January 2002.

Emerging Country Debt Long/Short Composite

Inception: 3/31/1996

Termination: 5/31/2015

Index: J.P. Morgan U.S. 3 Month Cash

The Emerging Country Debt Long/Short Composite includes portfolios seeking to achieve total return primarily through instrument selection, buying inexpensive assets and selling short expensive assets. The strategy targets a 5-10% annual return above the J.P. Morgan 3-month U.S. Dollar Cash Index over a three to five year horizon. The strategy employs a bottom-up investment process that holds long positions in low-priced, high-yielding emerging sovereign debt, often with unconventional structures. It uses credit default swaps, short positions in expensive bonds, and derivatives to reduce market exposure and portfolio volatility. GMO hedges primarily for default rather than price risk and, in doing so, often buys less liquid assets. In addition, GMO uses macro hedges designed to offset stressful global events, such as large declines in U.S. equity prices. The strategy may hedge against movements in the S&P 500, so its returns in general are independent of the U.S. equity market. The strategy is also partially hedged with respect to emerging market bond index risk. There are, however, other significant risks in the strategy, including liquidity risk. If market liquidity deteriorates, the strategy's ability to borrow will be impaired, and the valuations of the strategy's less liquid assets may decline. In addition, the strategy's hedges may not work as intended.

International Core Equity Composite

Inception: 1/31/2002

Termination: 12/31/2014

Index: MSCI EAFE

The International Core Equity Composite includes portfolios seeking to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Index. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency.

UK Equity Core Composite

Inception: 11/30/2004

Termination: 11/30/2014

Index: FTSE All-Share

The UK Equity Core Composite includes portfolios seeking to achieve capital appreciation in excess of the FTSE All-Share Total Return Index by investing in UK equities. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency. The strategy typically holds between 100 and 150 securities, with actual number varying from time to time.

World ex-UK Composite

Inception: 12/31/1988

Termination: 9/30/2014

Index: FTSE World ex UK

The World ex-UK Equity Composite includes portfolios seeking to achieve a return in excess of the FTSE World ex-UK Total Return Index by investing in equities or groups of equities that GMO believes will provide higher returns than those of the benchmark. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency. Prior to 2012 this composite was part of GMO UK Limited.

Multi-Strategy EURO Composite

Inception: 11/30/2005

Termination: 9/30/2014

Index: 1 Month LIBOR (EUR)

The Multi-Strategy EURO Composite includes portfolios seeking to achieve capital appreciation with a target annualized net return of 8% above the Citigroup 3-Month Treasury Bill Index and annualized volatility of 5% over a complete market cycle, all while maintaining a hedge against falling exchange rates relative to the Euro. GMO pursues the investment objective by utilizing GMO's proprietary asset class forecasts to allocate assets among a varied group of underlying hedge funds primarily advised by GMO, each pursuing a different investment strategy. Also, from time to time, GMO will take direct long and short positions in a wide range of asset classes. The strategy expects to have a low correlation over a full market cycle to traditional market indices and lower volatility than any single underlying fund. The underlying funds hold both long and short positions in various asset classes and may also employ leverage.

Special Situations Composite

Inception: 8/31/2007

Termination: 7/31/2014

Index: Citigroup 3-Mo. T-Bill

The Special Situations Composite includes portfolios constructed to maximize the opportunity to outperform the Citigroup 3 Month T-Bill. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The strategy seeks to achieve its investment objective by taking long and short positions in a wide variety of investment opportunities that are intended to complement the strategies being pursued by the Manager in GMO's other Asset Allocation strategies.

Absolute Return Strategy: High Composite

Inception: 2/28/2003

Termination: 6/30/2014

Index: CPI Index

The Absolute Return Strategy: High Composite includes portfolios seeking to generate relatively strong real returns over a market cycle by allocating to undervalued and often unpopular or minor sectors expected to produce relatively strong returns over a market cycle, with volatility higher than that of Global Allocation Absolute Return Composite portfolios. The investment strategy is based on the investment principle of mean reversion: sentiment drives markets and asset sectors far from fair value, and economic rationality ensures they return. This insight is explicitly reflected in GMO's 7-year real return and risk forecasts for asset classes and sectors. Dual sources of alpha stem from the allocation of assets to undervalued sectors, and from sector implementation within GMO's traditional strategies and hedge strategies. At the asset allocation level, risk settings are determined by each sector's distance from fair value, from GMO's confidence in the sector's alpha, and from sector co-variances.

Global All Country SMA Composite

Inception: 12/31/2009

Termination: 6/30/2014

Index: MSCI ACWI

The Global All Country SMA Composite includes portfolios seeking total return greater than that of a benchmark generally represented by the MSCI All Country World Index. The strategy attempts to compound wealth at a rate of 2.5% to 3.5% per annum (net of fees) above passive exposure to the asset class, over a full market cycle. Driven by the investment principle that markets regress over time to their fundamental fair value, the strategy determines allocations based on long-term (7-year) forecasts of relative value and risk among the major equity asset classes, building portfolios that primarily provide exposure to non-U.S. and U.S. equity markets. In building the forecasts, GMO analyzes country, sector, and individual security levels based on factors and characteristics such as aggregated price/book, dividend yield, cash earnings, cyclically-adjusted price/earnings, inflation, interest rates, etc. The strategy then uses these forecasts to invest directly in these asset classes. The strategy adjusts account exposures to these assets in response to changes in its investment outlook and market valuations. The strategy is not limited in its exposure to emerging markets. Exposure levels will vary based on the asset class forecasts and current market conditions.

Broad Market Composite

Inception: 10/31/2005

Termination: 6/30/2014

Index: Russell 3000

The Broad Market Composite includes portfolios seeking to deliver total return by investing primarily in equities or groups of equities that GMO believes will provide higher returns than those of the Russell 3000 Index. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency. Prior to January 2012 the composite was known as the U.S. Multi-Sector Composite.

Global Equity Composite

Inception: 7/31/1996

Termination: 6/30/2014

Index: MSCI World

The Global Equity Composite includes portfolios seeking to deliver high total return by investing in equity securities or groups of equities that GMO believes will provide higher returns than those of the MSCI World Index. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency.

Emerging Currency Hedge Composite

Inception: 3/31/2006

Termination: 6/30/2014

Index: J.P. Morgan U.S. 3 Month Cash

The Emerging Currency Hedge Composite includes portfolios seeking to outperform the J.P. Morgan U.S. 3-Month Cash Index over a complete market cycle by taking active long and short positions in emerging market currencies. GMO evaluates each emerging market currency's relative attractiveness based on fundamental value, momentum, and implied yields. The strategy typically takes positions through the use of currency forwards and currency options.

International Growth Composite

Inception: 11/30/2001

Termination: 6/30/2014

Index: MSCI EAFE Growth

The International Growth Composite includes portfolios seeking to deliver high total return by investing primarily in equity securities that GMO believes will provide a higher return than the MSCI EAFE Growth Index. GMO uses active investment management methods, which means that equities are bought and sold according to the GMO's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO may use a combination of investment methods to identify equities that GMO believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. GMO may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. GMO also may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country or currency.

Intl Intrin Value Limited Use Derivative Comp

Inception: 7/31/2003

Termination: 6/30/2014

Index: MSCI EAFE Value

The International Intrinsic Value Limited Use Derivatives Composite includes portfolios seeking to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than those of the MSCI EAFE Value Index. Accounts within the composite are limited with respect to derivative use. GMO uses active investment management methods, which means that equities are bought and sold according to GMO's evaluation of companies' published financial information and corporate behavior, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, GMO uses a combination of investment methods to identify equities that GMO believes present attractive return potential. Some of these methods evaluate individual equities or groups of equities based on the ratio of their price relative to historical and forecasted financial information, such as book value, cash flow and earnings, and a comparison of these ratios to industry or market averages or to their own history. Other methods focus on patterns of information, such as price movement or volatility of a security or group of securities relative to the strategy's investment universe or corporate behavior of an issuer. GMO also uses multi-year return forecasts for asset classes and other groups of securities as an input to the investment process and may adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country, and currency.

Real Return Asset Allocation Composite

Inception: 12/31/2009

Termination: 6/30/2014

Index: CPI Index

The Real Return Asset Allocation Composite includes portfolios designed to generate real returns over a market cycle by allocating to global equity, fixed income, commodities and derivative markets in a long/short framework with substantial flexibility. The strategy seeks annualized excess returns of 5% to 8% (net of fees) above the Consumer Price Index. Along with actively managing traditional betas, the strategy intends to maintain an exposure to pure alpha through an investment in the GMO Multi-Strategy Fund, an internally-managed hedge fund-of-funds. The strategy may also invest assets in distressed debt investments through an investment in the GMO Credit Opportunities Fund. The strategy relies on GMO's successful asset allocation approach. Using proprietary multi-year forecasts of returns and risks among asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations.

Strategic Fixed Income Composite

Inception: 5/31/2006

Termination: 5/31/2014

Index: J.P. Morgan U.S. 3 Month Cash +

The Strategic Fixed Income Composite includes portfolios seeking to achieve total return in excess of that of the J.P. Morgan U.S. 3 Month Cash Index by investing in a wide variety of fixed income instruments and markets, in particular focusing on asset-backed and emerging country debt securities. The strategy pursues opportunities that are intended to complement the strategies being pursued in GMO's Asset Allocation strategies. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors.

Currency Hedge Composite

Inception: 7/31/2003

Termination: 5/31/2014

Index: J.P. Morgan U.S. 3 Month Cash

The Currency Hedge Composite includes portfolios seeking to achieve absolute return by taking active long and short positions in

currencies and currency-related derivatives, targeting an annual standard deviation of 12% to 15%. The strategy relies on both fundamental and technical information about currency markets, updated daily, as inputs to a quantitative investment process. GMO performs daily attribution analysis, constantly monitoring feedback on currency model performance.

Currency Hedged Int'l Equity Composite

Inception: 6/30/1995

Termination: 5/31/2014

Index: MSCI EAFE (Hedged)

The Currency Hedged International Equity Composite includes portfolios seeking to outperform the MSCI EAFE Index (Hedged), over a complete market cycle, by investing primarily in GMO-managed mutual funds, specifically the GMO International Equity Fund, the GMO International Large/Mid Cap Equity Fund, and the GMO International Small Companies Fund. GMO uses multi-year forecasts of returns and risk among major sectors in the non-U.S. equity markets (e.g., large-cap value, large-cap growth, large-cap core, small- and mid-cap value, and small- and mid-cap growth) to select the underlying funds and decide how much to invest in each. An important component of those forecasts is the expectation that valuation reversion ultimately drives market returns. GMO shifts investments among the underlying funds in response to changes in its investment outlook and market valuations. GMO also assesses the currency exposure of the underlying funds' holdings and then attempts to hedge at least 70% of that exposure relative to the U.S. dollar through the use of currency forwards and other derivatives. While the strategy's benchmark is fully hedged, the strategy may take active overweighted and underweighted positions in particular currencies relative to its benchmark.

U.S. Core Composite

Inception: 9/30/1985

Termination: 3/31/2014

Index: S&P 500

The U.S. Core Composite includes portfolios seeking to deliver high total return by investing primarily in equity securities that GMO believes will provide a higher return than the S&P 500 Index. GMO uses active investment management methods, which means that equities are bought and sold according to the GMO's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the GMO may use a combination of investment methods to identify equities it believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. GMO may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. GMO also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

U.S. Flexible Equities Composite

Inception: 7/31/2012

Termination: 2/28/2014

Index: Russell 3000

The U.S. Flexible Equities Composite includes portfolios constructed to maximize the opportunity to outperform the Russell 3000 Index. GMO uses active investment management methods, which means that equities are bought and sold according to the GMO's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. The investment process begins with a custom universe of companies economically tied to the U.S. and whose characteristics indicate that they have been, and are likely to continue to be, highly profitable. Our focus is on three, equally important, characteristics of quality companies: profitability, volatility of earnings and leverage. In assessing a company's quality, GMO may consider multiple factors. These factors generally include financial ratios such as high return on equity and low debt to equity, the GMO's assessment of the positioning of the company relative to its competitors, and other comparable measures. In selecting equities for the strategy, the GMO may use a combination of investment methods to identify equities that the GMO believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. GMO may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. GMO also may adjust the portfolio for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country or currency.

UK Equity Income Composite

Inception: 2/28/2003

Termination: 1/31/2014

Index: Retail Price UK Plus 5.5% Index

The UK Equity Income Composite includes portfolios seeking to deliver a specific income target, making its investment objective similar to an absolute return strategy. The strategy will seek to achieve its investment objective by investing in UK equities and has no defined benchmark.

Domestic Bond Composite

Inception: 8/31/1994

Termination: 1/31/2014

Index: Barclays U.S. Government

The Domestic Bond Composite is a domestic fixed income strategy, managed by the GMO Global Fixed Income Team. The strategy seeks to outperform the Barclays Capital U.S. Government Bond Index. A substantial portion of the strategy's total assets are invested in the Short Duration Collateral Strategy (which primarily invests in high quality U.S. and foreign floating rate fixed income securities, in particular asset-backed securities, issued by a wide range of private and government issuers). Risks associated with an investment in this strategy may include: Fixed Income Risk, Derivatives Risk, Liquidity Risk, Foreign Investment Risk, Currency Risk, and Credit and Counterparty Risk.

Short-Duration Collateral Share Composite

Inception: 3/31/2006

Termination: 1/31/2014

Index: J.P. Morgan U.S. 3 Month Cash

The Short-Duration Collateral Share Composite is a domestic fixed income strategy, managed by the GMO Global Fixed Income Team. The strategy is not publicly offered and is principally available to other GMO Strategies and certain accredited investors. The strategy is intended to provide an efficient means for other GMO strategies to achieve exposure to assets each vehicle might otherwise acquire directly, or to invest cash held by the vehicle.

BFAF Composite

Inception: 7/31/2003

Termination: 12/31/2013

Index: CPI Index

The BFAF Composite consists of an institutional mutual fund and is managed in the Benchmark-Free Allocation Strategy. The Composite seeks to generate positive total return, not "relative" return, by allocating to undervalued and often unpopular asset classes and sectors of the global market, free from the constraints of traditional benchmarks. The strategy will often either have exposure to unconventional asset classes or hold conventional asset classes in unconventional proportions. The strategy seeks annualized excess returns of 5% (net of fees) above the Consumer Price Index, with annualized volatility of 5-10%, over a complete market cycle. The strategy relies on GMO's successful asset allocation approach. Unlike many traditional benchmarked portfolios where the management is constrained by tracking error considerations, the strategy is largely unconstrained. This allows GMO to implement the insights driven by the GMO asset class forecasts more fully, as GMO is free to access the conventional building blocks of portfolios and free to hold them in unconventional proportions. Using proprietary multi-year forecasts of returns and risks among asset classes, GMO selects the underlying asset classes in which to invest and determines how much to invest in each. Depending upon the current valuation assessment of the global marketplace, the strategy may own different proportions of underlying asset classes at different times. GMO changes the holdings of underlying asset classes in response to changes in its investment outlook and market valuations. Prior to March 2012 this Composite was named the Benchmark-Free Allocation Composite. Prior to July 2013 the strategy sought to achieve annualized returns of 3-5% above the U.S. Consumer Price Index over a complete market cycle.

Global Active Equity Composite

Inception: 8/31/2000

Termination: 12/31/2013

Index: MSCI World

The Global Active Equity Composite includes portfolios seeking to deliver high total return by investing primarily in equity securities that GMO believes will provide a higher return than the MSCI World Index. The Manager seeks to identify attractive investment opportunities through a multi-dimensional value approach using fundamental stock analysis supported by quantitative global screening. The strategy uses a proprietary country selection model that is based on each country's relative valuation level versus global markets and its own historical performance. The model assigns a score to each country (or region, in the case of Continental Europe) which is a combination of several value metrics. The model's output is then combined with fundamental analysis and input from each portfolio manager regarding qualitative factors that may impact that market's performance and the relative attractiveness of stocks in that country to determine country allocations. Once country weights are determined, attention is turned to stock selection. Portfolio managers have responsibility for research and stock selection within their assigned country(ies). The Manager quantitatively analyzes all companies relative to their industry, their country or region, and their own history. This creates a pool of companies that pass the initial valuation screens and appear attractive. The portfolio managers and analysts then perform fundamental analysis on the companies that they believe are most likely to win. The valuation-focused, fundamental analysis focuses on accounting practices and financial strength, operational strength, and management. Company visits to evaluate the management and production facilities are an integral part of the process.

Growth Composite

Inception: 12/31/1988

Termination: 12/31/2013

Index: Russell 1000 Growth

The Growth Composite includes portfolios seeking to deliver long term capital growth by investing primarily in equity securities that GMO believes will provide a higher return than the Russell 1000 Growth Index.. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of a security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

GRRAAF Composite

Inception: 12/31/2009

Termination: 12/31/2013

Index: CPI Index

The GRRAAF Composite includes portfolios seeking to generate real returns over a market cycle. The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The strategy seeks to achieve its investment objective by taking long and short positions in a wide variety of asset classes and securities intended to complement the Real Return Asset Allocation Strategy. The strategy is not limited in its use of derivatives and typically the impact is material. Prior to September 2012 this composite was known as the GRRAAF (Fund Only) Composite.

Implementation Composite

Inception: 3/31/2012

Termination: 12/31/2013

Index: CPI Index

The Implementation Composite includes portfolios seeking positive total return, not "relative return". The strategy is not publicly offered and is principally available to other GMO strategies and certain accredited investors. The strategy seeks to achieve its investment objective by taking positions in a wide variety of asset classes and securities intended to complement the Benchmark-Free Allocation Strategy. This strategy is not restricted in its exposure to any particular asset class, market, or country.

Intrinsic Value Composite

Inception: 5/31/1999

Termination: 12/31/2013

Index: Russell 1000 Value

The Intrinsic Value Composite includes portfolios seeking to deliver long term capital growth by investing primarily in equity securities that GMO believes will provide a higher return than the Russell 1000 Value Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of a security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

Real Estate Composite

Inception: 5/31/1996

Termination: 12/31/2013

Index: MSCI U.S. REIT

The Real Estate Composite includes portfolios seeking to deliver high total return by investing primarily in equity securities that GMO believes will provide a higher return than the MSCI U.S. REIT Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

Small/Mid Cap Composite

Inception: 12/31/1991

Termination: 12/31/2013

Index: Russell 2500 +

The Small/Mid Cap Composite includes portfolios seeking to deliver long term capital growth by investing primarily in equity securities that GMO believes will provide a higher return than the Russell 2500 Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization. Prior to January 2012 the composite was known as the Small/Mid Cap Value Composite.

UK Equity Core Funds Composite

Inception: 8/31/2005

Termination: 12/31/2013

Index: FTSE All-Share

The UK Equity Core Funds Composite consists of pooled UCIT funds that are managed in the UK Equity Core strategy. The strategy seeks to deliver a high total return by investing primarily in equity securities that GMO believes will provide a higher return than the FTSE All-Share Total Return Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. Alternatively, the Manager may evaluate individual equities based upon a broad array of corporate measures, such as earnings announcements or director purchases and sales, to identify stocks which present a consistent set of positive signals. The Manager may compare these measures to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

UK Equity Value Funds Composite

Inception: 2/28/2002

Termination: 12/31/2013

Index: FTSE All-Share

The UK Equity Value Funds Composite consists of pooled UCIT funds that are managed in the UK Equity Value strategy. The strategy seeks to deliver a high total return by investing primarily in equity securities that GMO believes will provide a higher return than the FTSE All-Share Total Return Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that the Manager believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these measures to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization.

Japan Equity Composite

Inception: 12/31/2005

Termination: 11/30/2013

Index: MSCI Japan IMI ++

The Japan Equity Composite includes portfolios seeking to achieve a total return higher than that of the MSCI Japan Investable Market Index over a complete market cycle. The strategy seeks to achieve this objective by investing primarily in equity securities of Japanese issuers and other investments that have direct or indirect exposure to Japan. The Manager uses active investment management methods, which means that equities are bought and sold after evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities that it believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. The historical financial information considered may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods utilized focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager may also adjust the strategy for factors such as position size, market capitalization, and exposure to groups such as industry, sector, country or currency.

Tax-Managed U.S. Equities Composite

Inception: 7/31/1998

Termination: 10/31/2013

Index: Russell 3000 +

The Tax Managed U.S. Equities Composite includes portfolios seeking to deliver high total return by investing primarily in equity securities that GMO believes will provide a higher return than the Russell 3000 Index. The Manager uses active investment management methods, which means that equities are bought and sold according to the Manager's evaluation of companies' published financial information, securities' prices, equity and bond markets, and the overall economy. In selecting equities for the strategy, the Manager may use a combination of investment methods to identify equities it believes present positive return potential relative to other equities. Some of these methods evaluate individual equities or a group of equities based on the ratio of their price relative to historical financial information and forecasted financial information. Historical financial information may include book value, cash flow and earnings. The Manager may compare these ratios to industry or market averages in order to assess the relative attractiveness of an equity security. Other methods focus on evaluating patterns of price movement or volatility of an equity or group of equities relative to the strategy's investment universe. The Manager also may adjust the strategy for factors such as position size, industry and sector exposure, and market capitalization. The Manager considers the tax effects of a proposed trade in conjunction with the return forecast of the identified equities, and their potential contribution to the overall strategy. The Manager also may consider the strategy's available realized and unrealized amounts of gains and losses, and current market conditions. Beginning in January 2011, the composite was expanded to include sub-portfolios managed in the same style as this strategy.