

GMO EUROPE LLC

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March 29, 2019

This brochure provides information about the qualifications and business practices of GMO Europe LLC (“GMOE”). If you have any questions about the contents of this brochure, please contact GMOE at (617) 330-7500. An investment adviser’s registration with the United States Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Additional information about GMOE is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

There have been no material changes (as defined in relevant SEC regulations) to GMOE's brochure since GMOE's last annual update on March 29, 2018.

The information contained in this brochure is as of March 29, 2019 unless otherwise noted.

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Item 4. Advisory Business

- A. GMO Europe LLC (“GMOE”) commenced operations at the end of calendar year 2013 and furnishes discretionary investment advisory services, predominantly to pooled vehicles but also to institutional clients. GMOE is a wholly-owned subsidiary of Grantham, Mayo, Van Otterloo & Co. LLC (“GMO”). GMO is a Massachusetts limited liability company that is controlled by active employee-members (“Members”).

GMOE’s offices are located at 40 Rowes Wharf, Boston, Massachusetts 02110. The offices of GMOE’s affiliates are located in Amsterdam, Boston, London, San Francisco (Berkeley), Singapore, and Sydney. Please see Item 10, “*Other Financial Industry Activities and Affiliations*” for a more detailed discussion about GMOE’s affiliates.

- B. GMOE offers investment strategies in several major asset classes, including global equities, fixed income and alternative strategies. GMOE’s investment strategies are primarily implemented via pooled investment vehicles (the “GMO Funds”), but may provide investment advisory services to institutional clients. Please see Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*” for more information regarding GMOE’s investment strategies.
- C. GMOE has agreed to manage the GMO Funds’ assets pursuant to investment guidelines agreed upon with the Boards of Directors of the GMO Funds (the “GMO Funds Boards”). With respect to a separately managed account, GMOE may tailor its advisory services and agree to manage a client’s assets against a particular benchmark and/or pursuant to investment guidelines discussed and agreed upon with the client. Please see Item 16, “*Investment Discretion*,” which discusses these and other restrictions relating to GMOE’s discretionary authority.
- D. GMOE does not participate in wrap-fee programs.
- E. As of December 31, 2018, GMOE managed US \$4.1 billion on a discretionary basis for its clients. Please note that this figure reflects GMOE’s net assets under management, as contrasted with the “regulatory assets under management” required to be reported in Part 1A of Form ADV.

Item 5. Fees and Compensation

- A. The rate of GMOE’s advisory (or management) fee varies with the type of product or asset class being managed, the investment strategy being employed, and the vehicle type in which the strategy is being implemented. GMOE’s fees are primarily asset-based and calculated at an annual rate as a percentage of the value of the net assets in the account.

In some cases, GMOE may be paid a combination of an asset-based fee and a performance fee. The performance fee may take the form of a special allocation of profit to GMO, or an affiliate, from a GMO pooled vehicle. (Special allocation and performance-based fees or performance fees are referred to interchangeably throughout this brochure.) The performance fee may be calculated in a variety of ways depending on multiple factors including, but not limited to, the nature of the strategy, relevant performance benchmarks and performance

hurdles, and is generally calculated based on both realized and unrealized amounts. Please see Item 6, “*Performance-Based Fees and Side-by-Side Management*” for more information.

Under appropriate circumstances, in GMOE’s discretion and where permitted by applicable law, the terms of an investment advisory contract, including fee schedules, terms of payment and termination provisions, may be negotiable. GMOE may, for fee calculation purposes, agree to aggregate the assets of related accounts that are being managed for the same client, even if such account(s) is/are managed by an affiliate of GMOE. In those circumstances, the aggregate accounts may receive the benefit of a lower effective fee due to the combined level of assets.

The GMO Funds pay management fees to GMOE and bear total net annual expenses as described in the attached *Schedule I* and as described in their respective prospectuses, as supplemented and/or amended from time to time.

With respect to the fees paid by the GMO Funds, GMOE has discretion to waive, reduce or rebate a portion of the asset-based fees and/or performance fees for any period for some or all investors. GMOE also has discretion to admit investors or accept additional subscriptions from existing investors subject to such other fee arrangements as it deems appropriate and generally without notice to or consent from other investors. Note that this summary of fees is as of March 15, 2019 and may not reflect subsequent changes.

- B. Fees are accrued daily or monthly and generally paid in arrears. The amount of the asset-based fee is prorated if GMOE provides advisory services for periods of less than a full payment cycle (*e.g.*, at the beginning or end of GMOE’s engagement to provide advisory services). For accounts with performance fees, performance fee payment obligations are generally triggered by redeeming from a GMO Fund and at the end of an account’s performance-measurement period (typically, annually). GMOE requires that fees be paid within the calendar year in which they were billed, and with respect to fees billed as of December 31 of each year, no later than December 31 of the following year.
- C. In the event GMOE manages a separately managed account, such client will incur brokerage costs, third-party execution costs (if any) and other transaction costs associated with GMOE’s management of the accounts’ portfolio securities. Please see Item 12, “*Brokerage Practices*” for a description of GMOE’s brokerage practices.

In addition to advisory fees, clients invested in the GMO Funds, whether directly or through a separately managed account, will bear the other fees and expenses paid by the GMO Funds (to the extent not otherwise waived or reimbursed by GMOE), including but not limited to custody fees, brokerage commissions and third-party execution fees, if any, administration, legal, audit, tax, accounting, and certain other fees and expenses, which may include interest costs, commitment costs, purchase premium, redemption or other charges, other investment related costs (including investment-related legal and tax expenses and overdraft charges), and extraordinary, non-recurring and certain other unusual expenses such as taxes and non-U.S. investment related costs (including, without limitation, associated local legal, tax and accounting costs). Some GMO Funds also charge purchase premiums and/or redemption

fees, which are paid by the investor to the relevant GMO Fund (and not to GMOE) upon purchases into, or redemptions from, such GMO Fund.

GMOE has contractually agreed to bear some of the operational expenses for some of the GMO Funds it advises (*e.g.*, accounting and transfer agency expenses). The extent to which GMOE bears those expenses varies by GMO Fund. Therefore, when negotiating those expenses with third-party service providers (which may be negotiated for all pools advised by GMOE and its affiliates at the same time), GMOE has an economic incentive to favor a fee structure that shifts expenses from funds for which GMOE or one of its affiliates has a greater reimbursement obligation to those funds for which GMOE or its affiliate has a lesser (or no) reimbursement obligation. Further, to the extent that GMOE has discretion to allocate a client's assets among GMO Funds, it has an incentive to allocate to GMO Funds where it has a limited reimbursement obligation.

- D. Clients do not pay GMOE's fees in advance.
- E. Neither GMOE nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6. Performance-Based Fees and Side-by-Side Management

GMOE may be paid an asset-based fee or a combination of an asset-based fee and a performance fee. Please see Item 5, "*Fees and Compensation*" and *Schedule I* for more information about GMOE's fees. To the extent GMOE charges a performance fee, the client must be eligible, and the performance fee must generally comply with the requirements of Section 205 of the Investment Advisers Act of 1940, as amended ("Advisers Act") and Rule 205-3 thereunder. In situations where GMOE has entered into a performance fee arrangement, it may have an economic incentive to make riskier investments, pursue riskier strategies, seek less downside risk when a GMO Fund has outperformed its benchmark and allocate superior investment ideas to those accounts capable of generating higher performance-related compensation than it might otherwise. In addition, because many of GMOE's investment personnel manage accounts with only asset-based fees and accounts with an asset-based fee and a performance fee component, they face conflicts of interest in that they may have an incentive to favor accounts for which GMOE receives a performance fee.

GMOE's compensation program for its investment professionals is designed to align compensation of the investment professionals managing an account to such accounts' performance over various periods. Bonus pools for the investment teams are determined based on an evaluation of each investment team's impact on GMOE's overall goal of achieving investment excellence and, in limited circumstances (specifically, the Systematic Global Macro Team employed by GMO's Australian subsidiary) GMOE uses a formulaic approach that includes a portion of revenues from performance fees.

As a result, individual investment professionals may have some or all of the same economic incentives that GMOE itself may have when GMOE is eligible to earn a performance fee. Specifically, whether or not GMOE is earning or is eligible to earn a performance fee,

individual investment professionals may have compensation-related incentives to make riskier investments, pursue riskier strategies, seek less downside risk when a GMO Fund has outperformed its benchmark and allocate superior investment ideas to those accounts capable of generating higher performance-related compensation than they might otherwise. GMOE may also have an incentive to favor accounts in which it and/or its Members and employees may own a substantial interest. GMOE maintains firm-wide trade allocation standards, and GMO's trading desk has specific allocation procedures designed to allocate investment opportunities fairly and equitably over time. Information regarding these procedures is provided under Item 12, "*Brokerage Practices.*"

To manage further the potential conflicts of interest associated with side-by-side management of accounts and funds with performance fees and those that have solely asset-based fees, dispersion among accounts employing similar investment strategies is periodically reviewed to ensure that any material divergence in expected performance is adequately understood.

GMOE may also have conflicts of interest related to engaging in short sales of, or taking a short position in, an investment owned or being purchased by other client accounts or GMO Funds managed by GMOE or vice versa.

See generally Item 11, "*Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities.*"

Item 7. Types of Clients

As described in Item 5, "*Fees and Compensation*" GMOE provides investment advice primarily to the GMO Funds, but may also provide investment advice to institutional clients.

Clients of GMOE and/or investors invested in the GMO Funds may include, but are not limited to, endowments and foundations; employee benefit, pension and contribution plans; governmental and supranational entities; family offices; high net worth individuals; taxable entities; investment companies; pooled investment vehicles; trusts; other institutions and individuals (including individual retirement accounts). The minimum account size for investors in the GMO Funds varies depending on the GMO Fund, but is generally at least \$5 million and there are generally legal and/or regulatory based limitations on the types of eligible investors. Minimum account size requirements are waived for GMO's Members and GMOE's and its affiliates' employees and for other investors at GMOE's discretion. GMOE may waive a Fund's investment minimum for clients whose investment consultant has full discretion or exercises substantial influence over its clients' assets and where the relationship meets the investment minimum.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

- A. GMOE investment professionals employ a variety of tools in providing investment advice to GMOE clients including, but not limited to, proprietary techniques used to research and evaluate securities based on historical and forecasted financial information, as well as fundamental investment analysis.

GMOE offers investment strategies in several major asset classes, including global equities, fixed income and alternative strategies. Please refer to *Appendix A* for a general description of each of GMOE’s investment strategies as of the date of this brochure. The descriptions are qualified in their entirety by the information contained in the GMO Funds’ relevant offering materials. Descriptions of strategies offered through separately managed accounts are qualified in their entirety by reference to the applicable investment advisory agreement and related investment guidelines; and this brochure shall govern to the extent the contract is silent or ambiguous.

Investing in securities involves risk of loss that clients should be prepared to bear. Please note that ‘invested in’ as used in this brochure includes both direct and indirect investments and long and short positions unless otherwise indicated. When used herein the terms ‘bonds,’ ‘fixed income investments,’ and ‘fixed income securities,’ include (a) obligations of an issuer to make payments on future dates of principal, interest (whether fixed or variable) or both and (b) synthetic debt instruments created by GMO by using derivatives (e.g., a futures contract, swap contract, currency forward or option).

- B. The following chart identifies the material risks associated with the strategies described in *Appendix A*. Risks not marked for a particular strategy, may, however, still apply to some extent to that strategy at various times. All strategies could be subject to greater or additional risks due to the types of investments they make and changing market conditions over time. Where exposures are achieved using derivatives, the risks of owning the reference assets still apply, in addition to the risks of the derivatives themselves. This summary of the material risks is supplemented by the information contained in the corresponding offering materials, if any.

Some clients may request variations on the strategies described in *Appendix A*. For those separately managed accounts, if any, such variations may subject the account to risks in addition to the material risks identified below.

	Fixed Income	Alternative
Borrowing and Leverage Risk	•	•
Commodities Risk	•	•
Convertible Securities Risk	•	•
Counterparty Risk	•	•
Credit Market Illiquidity Risk	•	•
Credit Risk	•	•
Currency Risk	•	•
Custodial Risk	•	•
Derivatives Risk	•	•
Risks of Investment in Distressed or Defaulted Instruments	•	•
Emerging Countries Markets Risk	•	•
Focused Investment Risk	•	•
Foreign Investment Risk	•	•

	Fixed Income	Alternative
Risks Associated with Futures Brokers	•	•
Illiquidity Risk	•	•
Large Investor Risk	•	•
Legal and Regulatory Risks	•	•
Management and Operational Risk	•	•
Market Disruption and Geopolitical Risk	•	•
Market Risk-Equity Securities Risk		•
Market Risk- Fixed Income Securities Risk	•	•
Portfolio Turnover Risk	•	•
Real Estate Risk	•	•
Risks of Pooled Investment Vehicles	•	•
Short Sales Risk	•	•
Underlying Strategies Risk	•	•

- Borrowing and Leverage Risk* – If permitted by the strategy’s investment policies, the strategy may purchase securities on margin and may arrange with banks, brokers and others to borrow money. The Strategy may use leverage to increase its exposure to the underlying investments and may borrow money without limitation or use derivative instruments in connection therewith. The use of leverage creates opportunities for greater total return but at the same time creates greater risks. While gains made with borrowed funds generally would cause a strategy’s net asset value to increase faster than without the use of borrowed funds, if the market value of securities purchased with borrowed funds declines or does not appreciate sufficiently to cover the costs of borrowing, the strategy’s value will decrease faster and more significantly than without the use of borrowed funds. Such decrease in value could be substantial. As the strategies do not have specific limitations on long or short exposure, the risks associated with leverage may be greater than would otherwise be the case. In addition, a Strategy will be leveraged if it exercises its right to delay payment on a redemption, and losses will result if the value of the Strategy’s assets declines between the time a redemption request is deemed to be received by the Strategy and the time the Strategy liquidates assets to meet redemption requests.
- Commodities Risk* – Commodity prices can be extremely volatile and may be directly or indirectly affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, and factors affecting a particular industry or commodity. Exposure to commodities can cause the net asset value of the strategy’s assets to decline or fluctuate in a rapid and unpredictable manner.
- Convertible Securities Risk* – The market value of a convertible security is a function of its ‘investment value’ (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion

privilege) and its 'conversion value' (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. A convertible security may also be subject to redemption or conversion under specified circumstances and/or at the option of the issuer at a price established in the convertible security's governing instrument.

- *Counterparty Risk* – The strategy runs the risk that the counterparty to a derivatives contract, a clearing member used by a client account to hold a cleared derivatives contract, or a borrower of a client account's securities will be unable or unwilling to make timely settlement payments or otherwise honor its obligation. The fact that GMOE's view with respect to a particular counterparty changes (whether due to external events or otherwise), does not mean that existing transactions with the counterparty will necessarily be terminated or modified. Additionally, new transactions may be entered into with a counterparty that GMOE no longer considers a desirable counterparty (e.g., re-establishing the transaction with a lesser notional amount or entering into a countervailing trade with the same counterparty). Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by a strategy (if any), the strategy is unable to exercise its interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument. To the extent the strategy allows a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the strategy may be treated as an unsecured creditor of such counterparty in the event of the counterparty's insolvency.
- *Credit Market Illiquidity Risk* – It is possible that illiquidity in the credit markets could cause the price of investments held by the strategy to decline, which may have the result of forcing the strategy to sell assets to reduce leverage, satisfy requirements under its borrowing arrangements or to meet margin calls, all of which could, in turn, create further downward price pressure.
- *Credit Risk* – The strategy runs the risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligations to pay principal and interest payments or otherwise to honor its obligations in a timely manner. The market price of a fixed income investment will normally decline as a result (and/or in anticipation) of the issuer's, underlying obligor's or guarantor's failure to meet its payment obligations or a downgrading of the relevant credit rating. The extent to which the market price of a fixed income security changes in response to a credit event depends on many factors and can be difficult to predict. Credit risk is particularly pronounced for below investment grade investments (sometimes referred to as "junk bonds") which have speculative characteristics, often are less liquid than higher quality investments, present a great risk of default and are more susceptible to real or perceived adverse market conditions.

- *Currency Risk* – Fluctuations in exchange rates may adversely affect the value of the strategy’s investments. Currency risk includes the risk that the currencies in which the strategy’s investments are traded, in which the strategy receives income, and/or in which the strategy has taken a position will decline in value. Currency risk also includes the risk that the currency to which the strategy has obtained exposure through hedging declines in value relative to the currency being hedged, in which event, the strategy may realize a loss on both the hedging instrument and the currency being hedged.
- *Custodial Risk* – If a Custodian has custody of a strategy’s securities, cash, distributions and rights accruing to the strategy’s securities accounts, the strategy will be subject to credit risk with respect to the Custodian. Even if the Custodian has sufficient assets to meet all claims, there could be a delay before the strategy receives assets to satisfy its claims. Please also see “*Prime Brokerage Risk*.”
- *Derivatives Risk* – The use of derivatives involves the risk that their value may not change as expected relative to changes in the value of the assets, pool of assets, rates, currencies or indices they are designed to track. Derivatives also present other risks, including market risk, illiquidity risk, currency risk, and credit and counterparty risk. Because the contract for each over-the counter derivative is individually negotiated, the counterparty may interpret contractual terms (*e.g.*, the definition of default) differently than GMOE and, if it does, the strategy may decide not to pursue its claims against the counterparty to avoid the cost and unpredictability of legal proceedings. The strategy, therefore, may be unable to obtain payments GMOE believes are owed to it under derivatives instruments or those payments may be delayed or made only after the strategy has incurred the cost of litigation.

Short positions may not act as an effective hedge against long positions. The success of any hedging strategy will depend in part on the Investment Team’s ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged.

A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. If the strategy uses futures for hedging, in the event of an imperfect correlation between a futures position and the portfolio position intended to be hedged, the strategy may realize a loss on the futures contract at the same time it is realizing a loss on the portfolio position intended to be hedged. In addition, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day’s settlement price, thereby effectively preventing liquidation of futures positions.

Some types of interest rate swaps and credit default index swaps on North American and European indices that may be used by client accounts will be required to be centrally cleared. In a cleared derivatives transaction, the counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. In light of the fact that the strategy is not a member of a clearing house and only members of clearing house can participate directly in the

clearing house, the strategy holds cleared derivatives through accounts at a clearing member. The strategy will make and receive payments owed under cleared derivatives transactions (including margin payments) through their accounts at clearing members. Clearing members guarantee performance of a strategy's obligations to the clearing house. Clearing members at any time can require termination of existing cleared derivatives positions or an increase in margin requirements above those required at the outset of a transaction. Any such termination or increase could interfere with the ability of the strategy to pursue its investment objective. Further, any increase in margin requirements by a clearing member could expose the strategy to greater credit risk to its clearing member, because margin for cleared derivatives positions in excess of a clearing house's margin requirements typically is held by the clearing member. Also, the strategy is subject to risk if it enters into a derivatives transaction that is required to be cleared (or which GMOE expects to be cleared), and no clearing member is willing or able to clear the transaction on the strategy's behalf. In that case, the transaction might have to be terminated, and the strategy could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

- *Risks of Investment in Distressed or Defaulted Instruments* — The strategy may invest in securities, claims and obligations of issuers which are experiencing (or that are expected to experience) significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings) may result in significant returns, but involve a substantial degree of risk and may not show any return for a considerable period of time. Investments in distressed or defaulted or other low quality debt securities may trade significantly below par, generally are considered speculative, and may involve substantial inherent risks that are generally significantly higher than the risks involved in investing in companies that are not experiencing, or expected to experience, financial stress and not normally associated with investments in higher quality securities, including adverse business, financial or economic conditions that lead to payment defaults and insolvency proceedings on the part of the issuers.
- *Emerging Countries Markets Risk* – The securities markets of emerging countries are generally smaller, less developed, less liquid, and more volatile than the securities markets of the United States and other developed countries, and disclosure and regulatory standards in many respects are less stringent. There also may be a lower level of monitoring and regulation of securities markets in emerging countries. Government enforcement of existing securities regulations is limited, and any such enforcement may be arbitrary and the results may be difficult to predict. Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation over prolonged periods of time. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on such countries' economies and securities markets. Economies in emerging countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures

imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries in which they trade. The economies of emerging countries may depend predominantly on only a few industries or on revenues from particular commodities, and often are more volatile than the economies of developed countries. In addition, custodial services and other costs relating to investment in foreign markets may be more expensive in emerging countries than in many developed markets, which could reduce a strategy's income from such securities. Finally, because publicly traded debt instruments of emerging countries represent a relatively recent innovation in the world debt markets, there is limited historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

In many cases, governments of emerging countries continue to exercise significant control over their economies and government actions relative to the economy, as well as economic developments generally, may affect the capacity of issuers of emerging country debt instruments to make payments on their debt obligations, regardless of their financial condition. No assurance can be given that adverse political changes and any subsequent consequences (including sanctions) will not cause the strategy to suffer a loss of any or all of its investments (or, in the case of fixed-income investments, interest) in emerging countries.

- *Focused Investment Risk* –A strategy with investments that are focused in a limited number of asset classes, sectors, industries, issuers, currencies, countries, or regions (or in sectors within a country or region)that are subject to the same or similar risk factors and a strategy with investment whose prices are closely correlated, are subject to greater overall risk than a strategy with investments that are more diversified and/or whose prices are not as closely correlated. A Strategy that invests in securities of a small number of issuers has greater exposure to adverse developments affecting those issuers and to a decline in the market price of those issuers' securities than a Strategy investing in the securities of a larger number of issuers. Securities, sectors or companies that share common characteristics are often subject to similar business risks and regulatory burdens, and often react similarly to specific economic, market, political or other developments.
- *Risks Associated with Futures Brokers* — To the extent that the strategy engages in futures and options contract trading and the futures commission merchants with whom the strategy maintains accounts fail to so segregate the strategy's assets, the strategy will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. If the futures brokers become bankrupt or insolvent, or otherwise default on their obligations to the strategy, the strategy may not receive all amounts owing to it in respect of its trading, despite the clearinghouse fully discharging all of its obligations. In the event of the bankruptcy of a futures broker, the strategy could be limited to recovering only a pro rata share of all available funds segregated on behalf of the futures broker's combined customer accounts. Also, in contrast to the treatment of margin provided for cleared derivatives, the futures broker does not typically notify the futures clearing house of the amount of margin provided

by the futures broker to the futures clearing house that is attributable to each customer. Therefore, a strategy is subject to the risk that margin will be used by the futures clearing house to satisfy the obligations of another customer of its futures brokers.

- *Illiquidity Risk* – Low trading volume, lack of a market maker, large position size or legal restrictions (including daily price fluctuation limits or ‘circuit breakers,’ an affiliation with the issuer of a security or possession of material non-public information about the issuer) may limit, delay or prevent the strategy from selling particular securities or unwinding derivative positions at desirable prices. To the extent a strategy is offered as a pooled vehicle, holding less liquid securities increases the likelihood that a redemption request will be honored in-kind, and a strategy’s investment in such a vehicle may often be redeemed only on specific dates (for example, monthly or quarterly) and may be subject to substantial restrictions on transfer. As a result, the strategy may not be able to dispose of its investment in the underlying strategy when GMOE believes it would be advantageous to do so.
- *Large Investor Risk* – To the extent that a strategy is offered as a pooled vehicle and interests in the pooled vehicle are held (directly or indirectly) by large investors (e.g., institutional investors, asset allocation funds, or other pooled vehicles managed by GMOE or its affiliates), or a group of investors with a common investment strategy, the pooled vehicle is subject to the risk that these investors will disrupt the pooled vehicle’s operations by purchasing or redeeming interests in large amounts and/or on a frequent basis. A strategy may trade in anticipation of a purchase or redemption order that is not ultimately received or differs in size from the actual order, leading to temporary underexposures or overexposure to a strategy’s intended investment program.
- *Legal and Regulatory Risks* – Legal, tax and regulatory changes could occur during the term of the strategy that may adversely affect the strategy. New (or revised) laws or regulations or interpretations of existing laws may be issued by U.S. and non-U.S. regulators or other governmental regulatory authorities or self-regulatory organizations could adversely affect the strategy. A strategy may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations
- *Management and Operational Risk* – The strategy relies on an Investment Team’s ability to achieve its investment objective. Each strategy runs the risk that the Investment Team’s investment techniques will fail to produce the desired results and a strategy may incur significant losses. Quantitative models are used as part of the investment process for many strategies. Models may not accurately predict future market movements or characteristics. In addition, they use assumptions that can limit their effectiveness, and they rely on data that is subject to limitations (e.g., inaccuracies, staleness) that could affect their predictive value. A strategy also runs the risk that the Investment Team’s assessment of an investment (including a security fundamental fair (or intrinsic) value) is wrong. There also can be no assurance that all of GMOE’s, or its affiliates’, key personnel will continue to be associated with

GMOE or the applicable affiliate for any length of time. The loss of their services could have an adverse impact on a strategy's ability to achieve its investment objective. A strategy also is subject to the risk of loss and impairment of operations as a result of GMOE's or the applicable affiliates' and other service providers' provision of investment management, administrative, accounting, tax, legal, pricing and other services to the strategy. GMO and other service providers are susceptible to cyber-attacks and technological malfunctions that may have effects that are similar to those of a cyber-attack, which, in each case, may have an adverse effect on the strategy or its investors.

- *Market Disruption and Geopolitical Risk* – Geopolitical and other events (e.g., wars and terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of and/or render illiquid the strategy's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs (e.g., the marked decline in oil prices in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of a strategy's investments. Securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt their orderly functioning prices of securities traded on them, including securities held in the strategy. Fraud and other deceptive practices committed by a company whose securities are held in a strategy undermine GMOE's due diligence efforts and, when discovered, will likely cause a steep decline in the market price of those securities and thus negatively affect the value of the strategy's investments.
- *Market Risk- Equities* – The market price of equities may decline due to factors affecting the issuing companies, their industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the market value of the strategy's investments. The strategy may purchase equity investments at prices below what the Investment Team believes to be their value. In that case, the strategy runs the risk that the prices of these investments will not appreciate to or decline from what the Investment Team believes to be their value or that the Investment Team has overestimated their value. Certain strategies may purchase "growth" securities. Because growth securities typically trade at higher multiples of current earnings, their market values are often more sensitive than other securities to changes in future earnings expectations.
- *Market Risk- Fixed Income Securities* – A strategy that invests a significant portion of its assets in fixed income investments (including bonds, notes, bills, synthetic debt instruments, and asset-backed securities) is subject to various market risks. These risks include, but are not limited to, loss on investments in asset-backed and other fixed income securities, lack of liquidity of those investments and impact of fluctuating interest rates. The market price of a fixed income security can decline due to a number of market-related factors, including rising interest rates, widening credit spreads, or decreased liquidity. In addition, the market price of fixed income investments with complex structures, such as asset-backed securities, can decline due to market uncertainty about their credit quality and the reliability of their payment

streams. The risks associated with such change in interest rates are generally greater for a strategy that invests in fixed income securities with longer durations.

If the strategy acquires an interest in a loan through a participation, it must rely on the seller of the participation not only for the enforcement of the strategy's rights against the borrower but also for the receipt and processing of principal, interest, or other payments due under the loan. This means that the strategy is also subject to the credit risk of the seller of the participation and other risks relating to that seller.

Floating-rate or adjustable-rate investments generally have shorter interest rate durations because their interest rates are not fixed, but rather float up and down as interest rates change. Conversely, inverse floating-rate investments have durations that move in the opposite direction from short-term interest rates and thus tend to underperform fixed rate investments when interest rates rise but outperform them when interest rates decline.

Investments in distressed or defaulted or other low quality debt securities may trade significantly below par, generally are considered speculative, and may involve substantial inherent risks that are generally significantly higher than the risks involved in investing in companies that are not experiencing, or expected to experience, financial stress and not normally associated with investments in higher quality securities, including adverse business, financial or economic conditions that lead to payment defaults and insolvency proceedings on the part of their issuers. . If GMOE's evaluation of the eventual recovery value of a defaulted instrument should prove incorrect, the strategy may lose a substantial portion or all of its investment.

- *Non-U.S. Investment Risk* – Investments in non-U.S. issuers or securities traded outside the United States may involve special risks due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation, nationalization or confiscatory taxation of assets, government involvement in the economy or in the affairs of specific companies or industries (including wholly or partially state-owned enterprises), imposition of withholding or other taxes, adverse changes in investment capital or exchange control regulations (which include suspension of the ability to transfer currency from a country), political changes, diplomatic developments, including the imposition of economic sanctions, and possible difficulty in obtaining and enforcing judgements against non-U.S. entities. Many non-U.S. securities markets include securities of only a small number of companies in a small number of industries. As a result, the market prices of securities traded on those markets often fluctuate more than those of U.S. securities.

Political uncertainty and instability within a non-U.S. country could result in the imposition of sanctions against officials and institutions of that country. For instance, in July 2017, following certain political actions by the President of Venezuela, the United States imposed sanctions against the President as well as other senior Venezuelan officials and additional sanctions or other intergovernmental actions may be undertaken against Venezuela in the future. No assurance can be given that

adverse political changes and any subsequent consequences (including sanctions) will not cause a Fund to suffer a loss of any or all of its investments (or, in the case of fixed income investments, interest) in non -U.S. countries.

Also, there are risks associated with any license that the strategy needs to maintain to invest directly in securities traded in some non-U.S. markets. These licenses are often subject to limitations, including maximum investment amounts. Once a license is obtained, a strategy's ability to continue to invest directly is subject to the risk that the license will be terminated or suspended.

In some foreign markets, prevailing custody and trade settlement practices (*e.g.*, the requirement to pay for securities prior to receipt) may expose the strategy to credit and other risks it does not have in the United States. Further, adverse changes in investment regulations, capital requirements, or exchange controls could adversely affect the value of the strategy's investments.

- *Portfolio Turnover Risk* – There may not be any limits on the rate of portfolio turnover and securities may be sold without regard to the time they have been held when, in the Investment Team's opinion, investment considerations warrant such action (which may include taking and reversing a position within the same day). A high rate of portfolio turnover involves correspondingly greater expenses (such as brokerage commissions and transaction costs) than a lower rate, may act to reduce the strategy's investment profits, or create a loss for investors. In addition, a high rate of portfolio turnover may result in increased tax costs to investors depending on the tax provisions applicable to such investors.
- *Real Estate Risk* – Real estate-related investments may decline in market value as a result of factors affecting the real estate industry, such as the supply of real property in particular markets, overbuilding, changes in zoning laws, casualty or condemnation losses, delays in completion of construction, changes in real estate values, changes in operating costs and property taxes, levels of occupancy, adequacy of rent to cover operating costs, possible environmental liabilities, regulatory limitations on rent, fluctuations in rental income, increased competition and other risks related to local and regional market conditions. The market value of real estate-related investments also may be affected by changes in interest rates, macroeconomic developments, and social and economic trends. Real Estate Investment Trusts ("REITs") are subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REIT's manager, and the Investment Team's inability to effectively manage the cash flows generated by the REIT's assets, prepayments and defaults by borrowers, self-liquidation, adverse changes in tax laws and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 or to maintain exempt status under the Investment Company Act of 1940, as amended.
- *Risks of Pooled Investment Vehicles* – Investments by the strategy in pooled investment vehicles may involve additional and/or a layering of fees, expenses, charges and other costs (including, without limitation, purchase premiums and

redemption fees, if any). In addition, investment decisions of such vehicles are made by their investment advisers independently of each other. As a result, at any particular time one investment vehicle may be purchasing securities of an issuer whose securities are being sold by another investment vehicle resulting in a strategy that holds each underlying pooled investment vehicle indirectly incurring then costs associated with the two transactions without changing its exposure to those securities. In addition, there is no assurance that the investments or investment strategies employed by any underlying pooled investment vehicle will be successful. The strategy is also exposed to the risk that the underlying funds do not perform as expected.

- *Short Sales Risk* – A strategy may sell securities or currencies short as part of its investment program in an attempt to increase their returns for hedging purposes. Short sales expose the strategy to the risk that it will be required to acquire, convert or exchange a security or currency to replace the borrowed security or currency when the security or currency sold short has appreciated in value, thus resulting in a loss to the strategy. Purchasing a security or currency to close out a short position can itself cause the price of the security or currency to rise further, thereby exacerbating any losses. A strategy that sells short a security or currency it does not own also may have to pay borrowing fees to a broker and may be required to pay the broker or other counterparty any dividends or interest it receives on a borrowed security.
- *Underlying Strategies Risk* – A strategy that invests in other strategies is indirectly exposed to all of the risks of an investment in those underlying strategies, including the risk that the underlying strategies in which it invests will not perform as expected or that the strategy will invest in underlying strategies with higher fees or expenses.

Item 9. Disciplinary Information

There are no legal or disciplinary events that GMOE believes are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

- A. GMOE is not registered nor does it have an application pending to register as a broker/dealer. Certain of GMOE's employees are principals and/or registered representatives of Funds Distributor LLC, an unaffiliated broker/dealer that has been retained (for regulatory reasons only) to effect client transactions in shares/interests of U.S. registered mutual funds and to act as placement agent for certain unregistered U.S. and non-U.S. pooled products advised by GMO (together with the GMO Funds, the "GMO Private Funds").
- B. GMOE is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity pool operator and is a member of the National Futures Association ("NFA"). Certain of GMOE's management persons are registered with the NFA as principals and/or associated persons.

- C. *Related pooled investment vehicles and general partners.* GMO Trust was organized by GMO in June 1985. GMO Trust is a registered management investment company (SEC File No. 2-98772, 811-4347) and GMO provides management services and may arrange for other services to be performed for the series of GMO Trust pursuant to management agreements between the relevant constituent funds of the Trust and GMO.

GMO Series Trust was organized by GMO in May 2011. GMO Series Trust is a registered management investment company (SEC File No. 811-22564). GMO provides management services and may arrange for other services to be performed for the constituent funds of GMO Series Trust.

GMO UK Limited (“GMO UK”) acts as distributor and promoter for the constituent funds of GMO Funds plc, GMO Investments ICAV and GMO Unit Trust as well as the QIF Funds. GMO Funds plc is an investment company with variable capital incorporated with limited liability in Ireland with registered number 351477. GMO Funds plc is an umbrella fund with segregated liability between sub-funds and is authorized by the Central Bank of Ireland as an undertaking for collective investment in transferable securities (UCITS). Pursuant to an investment management agreement between GMO Funds plc and GMO, GMO provides investment management services in respect of GMO Funds plc. GMO Unit Trust is a unit trust established as a UCITS umbrella fund with segregated liability between sub-funds and is authorized as a UCITS by the Central Bank of Ireland. It is managed by GMO Investment Management Company (Ireland) Limited, a wholly-owned subsidiary of GMO UK, and advised by GMO. GMO Investments ICAV is an Irish collective asset-management vehicle established as a UCITS umbrella fund with segregated liability between sub-funds and is authorized as an ICAV by the Central Bank of Ireland. It is managed by GMO Investment Management Company (Ireland) Limited, a wholly-owned subsidiary of GMO UK, and advised by GMO.

GMO or GMO Investment Partners, LLC, a wholly-owned subsidiary of GMO and an affiliate of GMOE, serves as the general partner to several GMO Private Funds.

Members and employees of GMOE and GMO serve as officers and/or Trustees of GMO Trust and GMO Series Trust. In addition, Members and employees of GMO serve as officers and/or members of the boards of directors of certain GMO Private Funds, including the GMO Funds Boards, which pay fees to GMO, including performance fees. In the case of many GMO Private Funds, GMO Members and employees constitute a majority of the board of directors. GMO Members and employees who serve as officers, directors or trustees generally have conflicts of interest. GMOE and GMO may also hold the only voting securities issued by the GMO Private Funds or otherwise may hold a majority of the shares voting at a meeting and will generally have a conflict of interest in exercising its voting rights.

Related advisers. Please note that all investment personnel of a related adviser are associated persons of GMO with respect to the services they provide to GMO and/or GMO clients as agreed with GMO.

GMO is a U.S. registered investment adviser (File No. 801-15028) located at 40 Rowes Wharf, Boston, MA 02110. GMO was founded in 1977 and furnishes discretionary investment advisory services predominantly to institutional clients. As described above, GMO is a Massachusetts limited liability company that is controlled by its Members. The Members, analogous to partners in other organizations, include senior individuals in the firm. No Member owns more than 25% of the membership interests in the firm. Certain of GMO's Members and employees are also employees of GMOE. GMO's offices include its headquarters in Boston, Massachusetts, and an office in San Francisco (Berkeley), California.

GMO Investment Management Company (Ireland) Limited ("GMO Ireland") is a wholly-owned subsidiary of GMO UK. GMO Ireland's registered office is at 78 Sir John Rogerson's Quay, Dublin 2, Ireland. GMO Ireland commenced operations in July 2007 and was established to manage and provide oversight over the activities of GMO Unit Trust, an umbrella unit trust organized and regulated in Ireland and GMO Investments ICAV, an Irish collective asset-management vehicle established as a UCITS umbrella fund with segregated liability between sub-funds. GMO Ireland is authorized by the Central Bank of Ireland as a UCITS management company under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

GMO Australia Ltd. is a wholly-owned subsidiary of GMO, located at Suite 43.02, Grosvenor Place, 225 George Street Sydney NSW 2000 Australia. GMO Australia Ltd. commenced operations in November 1995 and manages or services accounts similar to those managed by GMO in the U.S. GMO Australia Ltd. holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission.

GMO Singapore Pte. Limited ("GMO Singapore"), a U.S. registered investment adviser (SEC File No. 801-78717), is a wholly-owned subsidiary of GMO, located at 1 Raffles Place, #53-00, One Raffles Place, Singapore 048616. GMO Singapore commenced operations in February 2003 and manages or services accounts similar to those managed by GMO in the U.S. GMO Singapore has a Capital Markets Services License from the Monetary Authority of Singapore authorizing it to provide the regulated activities of 'dealing in capital markets products' and fund management.' Amit Bhartia is a Member of GMO and an employee of GMO Singapore. Ernest Chew, Gunwoo Lim, Mark Wu, Tiger Tong, Alvaro Pascual and Alicia Yeo are employees of GMO Singapore. GMO Singapore provides services to certain of the GMO Funds and is compensated by GMO for providing those services.

GMOE's investment adviser affiliates may provide advice to their clients with respect to strategies that are similar to strategies offered by GMOE and those investment adviser affiliates may purchase on behalf of their clients the same securities that GMOE may purchase for its clients. As a result, interests of GMOE's clients may conflict with the interests of clients of GMOE's investment adviser affiliates.

Any of the foregoing related advisers may serve as a placement agent, distributor or marketer of GMO Funds in jurisdictions outside the United States and share revenue for providing such services.

Related commodity pool operators. GMO is registered with the CFTC as a commodity pool operator and commodity trading advisor. GMO Investment Partners, LLC is also registered with the CFTC as a commodity pool operator.

Affiliates of GMOE also sponsor limited partnerships or other pooled products. Please see the discussion below in Item 11, “*Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities,*” describing conflicts related to GMOE’s advisory activities.

Other.

GMO UK is a wholly-owned subsidiary of GMO LLC located at No. 1 London Bridge, London, England SE1 9BG. The firm commenced operations in December 2003 and services accounts similar to those managed by GMO in the U.S. Simon Harris, Anthony Hene, Carl O’Rourke, and James Montier are Members of GMO and are also employees of GMO UK. Riversdale Waldegrave, Philip Pilkington, and Tommy Garvey are employees of GMO UK. All the aforementioned employees are associated persons of GMO with respect to services they provide to GMO and/or GMO’s clients as agreed with GMO.

GMO Netherlands B.V. (“GMO Netherlands”) is a wholly-owned subsidiary of GMO located at Gustav Mahlerplein 109-115, 26th Floor, 1082 MS Amsterdam. GMO Netherlands has not yet commenced trading and its authorization with the Autoriteit Financiële Markten is pending.

GMO Australia Partnership is a wholly-owned subsidiary of GMO. GMO Australia Partnership is located at Suite 43.02, Grosvenor Place, 225 George Street, Sydney NSW 2000 Australia. GMO Australia Partnership commenced operations in November 1995 and provides management, marketing, client and other services to GMO Australia Ltd. Jason Halliwell is the head of the Systematic Global Macro Team, a Member of GMO and an employee of GMO Australia Partnership and GMO Europe. Sean Gleason and Vikram Mundkur are Members of GMO and employees of GMO Australia Partnership. Peter Martin, Martin Emery and George Ferizis are employees of GMO Australia Partnership. All the aforementioned employees are associated persons of GMO with respect to services they provide to GMO and one or more of GMO’s clients as agreed with GMO.

A foundation and a charitable trust established by a GMO Member lease office space at GMO’s offices. The GMO Member has agreed that the charitable trust and the foundation are subject to many of the provisions of GMO’s Code of Ethics and Insider Trading Policy and Procedures, including restrictions on securities trading by the charitable trust and the foundation. The Member has also agreed that certain employees of the foundation will comply with the terms of GMO’s Code of Ethics and Insider Trading Policy and Procedures, as well as GMO’s Code of Conduct, GMO’s Gift Policy, any restrictions or policies implemented by GMO from time to time with respect to employee investments, and all other GMO workplace conduct policies. The Member, the foundation and the charitable trust have reported that each of them has retained a consulting firm to provide bona fide investment advisory services; the consulting firm also recommends GMO to potential clients. Please see Item 14, “*Client Referrals and Other Compensation,*” which describes the arrangement.

Personnel of GMOE and its affiliates (including GMO Members and employees) may serve on the boards of directors and/or investment committees of external organizations, including those organizations that are currently or may become GMOE or its affiliates' clients. Such service may present conflicts of interest to the extent the Member or employee becomes aware of material non-public information and he/she may be unable to initiate some transactions for other clients while in possession of that information. GMOE and its affiliates will, to the extent possible, take steps to mitigate such conflicts of interest if and when they arise

GMO Singapore has a consultancy relationship in place with Goldfish Capital Advisors Private Limited ("Goldfish") located at One India Bulls Center, Tower 2B, 1201, Floor 12B, Elphinstone Road, Mumbai – 400 013, India, to provide non-discretionary investment advisory services. Goldfish is not an affiliate of nor otherwise related to GMOE.

- D. GMOE does not recommend or select other investment advisers for its clients for compensation.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

GMOE has adopted a Code of Ethics that is applicable to all of its employees and on-site consultants (collectively, "access persons"). The Code of Ethics is designed to comply with Rule 17j-1 of the Investment Company Act and Rule 204A-1 of the Advisers Act. The Code of Ethics establishes personal trading procedures, including certain pre-clearance and reporting obligations. While access persons may, subject to the terms of the Code of Ethics, purchase investments for their own accounts, including the same investments as may be purchased or sold for client accounts, the Code of Ethics is designed to prevent its access persons from engaging in personal securities transactions that may compete or interfere materially with trading of client accounts. In order to give effect to the prohibitions in the Code of Ethics, procedural requirements are also set forth in the Code of Ethics, including pre-clearance by the Compliance Department of many types of trades. Some securities (*e.g.*, certain mutual fund shares, U.S. government securities and money market instruments) and some transactions (*e.g.*, dividend reinvestment, de minimis trades, and transactions in accounts managed by third parties) are exempt from the substantive and/or procedural requirements of the Code of Ethics. Exceptions from the Code of Ethics may be granted. GMO and its other affiliates have adopted the same Code of Ethics.

GMOE also maintains a Code of Conduct Policy that sets forth GMOE's professional expectations of its personnel and as well as a Gift Policy and an Anti-Bribery Corruption Policy that are designed to provide reasonable oversight of potential conflicts associated with the receipt and giving of entertainment and other gifts.

GMOE also has adopted an Insider Trading Policy and Procedures ("Insider Trading Policy") applicable to all employees, on-site consultants, officers, Members and directors that forbids such persons from trading, either personally or on behalf of others (such as mutual funds and private accounts managed by GMOE), while either aware of material non-public information or on the basis of material non-public information or communicating material non-public information to others (commonly referred to as "insider trading"), except in specific, limited

circumstances described in the Insider Trading Policy. In connection with its activities, GMOE may seek and/or receive information that is not generally available to the public which may restrict the ability to transact in any related securities. Please see below, “*Conflicts of Interest Related to Information Known by or Provided to GMOE or its Affiliates.*” The Insider Trading Policy does not provide absolute assurance as to the correct handling of material non-public information but does contain procedures reasonably designed to aid GMOE personnel in avoiding insider trading, and to aid GMOE in preventing, detecting and imposing sanctions against, insider trading. Those procedures include a ban on trading on the basis of, or any other action to take advantage of, material non-public information, except in specific, limited circumstances described in the Insider Trading Policy. These procedures also include provisions designed to manage the issues associated with GMOE personnel’s use of “expert networks,” whose members provide expertise in particular sectors or industries to assist GMOE personnel in analyzing securities. GMO and its other affiliates have adopted the same Insider Trading Policy.

GMOE’s procedures specifically permit GMOE’s Chief Compliance Officer (“CCO”), in his or her discretion, to establish temporary ethical screens to control the flow within GMOE and its affiliates of material non-public information received by persons subject to the Insider Trading Policy. The use of a temporary ethical screen may enable GMOE to restrict specific accounts from trading the securities of an issuer, and therefore avoid placing securities of an issuer on a firm-wide restricted list, whereby any or all GMOE accounts would be prohibited from transacting in securities of such issuer. From time to time, however, based on the relevant facts and circumstances, GMOE’s CCO or his or her designee may deem it necessary or appropriate to restrict trading by all GMOE accounts in the securities of particular issuers and will place such securities on a firm-wide restricted list. Placement of a security on the restricted list will restrict its purchase or sale by GMOE client accounts rendering illiquid any such security already held in a client’s account until such time as the security is removed from that list. GMO and its other affiliates have adopted the same procedures.

Conflicts. GMOE attempts to disclose material conflicts of interest in this document. However, because conflicts are endemic for registered investment advisers, in responding to the particular items of Form ADV Part 2A, GMOE has focused on identifying those conflicts that may be most salient. Set forth in this section is a description of certain conflicts that arise in the course of GMOE’s activities as well as a description of how GMOE seeks to address such conflicts. Other sections of this brochure also provide a description of additional conflicts of interest that may arise in the operation of GMO’s business. Please also see Item 12, “*Brokerage Practices,*” and Item 16, “*Investment Discretion,*” for a description of GMOE’s procedures with respect to the allocation of investment opportunities among its clients, including the allocation of limited opportunities, and a discussion of the research and other factors GMOE considers when selecting brokers/dealers to effect transactions for clients. Please also see Item 5, “*Fees and Compensation,*” and Item 6, “*Performance Based Fees and Side-by-Side Management,*” for a description of conflicts associated with the fees charged by GMOE, including performance fees and fees for asset allocation, as well as analogous incentives associated with GMO’s compensation system. Please also see Item 10, “*Other Arrangements,*” for a discussion on conflicts associated with the foundation and charitable trust established by a GMO Member. Item 14, “*Client Referrals*

and Other Compensation,” describes conflicts that may arise with consultants that recommend GMOE to their clients and Item 17, “*Voting Client Securities,*” describes conflicts relating to proxy voting.

Conflicts related to advisory activities. GMOE and its affiliates serve as investment adviser to pooled vehicles and separately managed accounts that have similar investment objectives and pursue similar strategies to the pooled vehicles. GMOE’s personnel are also personnel of GMO and GMOE places trade orders on behalf of its clients through the trading desk. Certain investments identified by GMOE and its affiliates may be appropriate for multiple clients. Investment decisions for these clients are made by GMOE and its affiliates, in their best judgment, but in their sole discretion, taking into account factors they believe are relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, pending contributions or withdrawals, the size of the investments generally, and limitations and restrictions on a client’s account that are imposed by law or by the client (including but not limited to restrictions and limitations resulting from the client having a limited number of trading or other appropriate contractual arrangements in place with counterparties). GMOE and its affiliates generally are not under any obligation to share any investment, idea or strategy with all of their clients. Decisions to buy and sell investments for each client advised by GMOE and its affiliates are made with a view to achieving each client’s investment objectives. Therefore, a particular investment may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients, even though it could have been bought or sold for other clients at the same time. Likewise, a particular investment may be bought for one or more clients when one or more other clients are selling the investment. Such transactions may occur through the same broker/dealer, particularly in the case of derivatives (e.g., total return swaps) where the ability to utilize a different broker/dealer may be limited, and such transactions may be executed at the same or different prices.

Conflicts may also arise in cases when clients with different strategies invest in different parts of an issuer’s capital structure, including circumstances in which one or more clients own private securities or obligations of an issuer and other clients may own public securities of the same issuer. Actions by investors in one part of the capital structure could disadvantage investors in another part of the capital structure. It is also possible that GMOE and its affiliates may cause a client to engage in short sales of or take a short position in an investment owned or being purchased by other client accounts managed by GMOE or an affiliate or vice versa. These positions and actions may adversely affect or benefit certain clients at different times. In addition, purchases or sales of the same investment may be made for two or more clients on the same date. There can be no assurance that a client will not receive less (or more) of a certain investment than it would otherwise receive if GMOE or its affiliates did not have a conflict of interest among clients. In effecting transactions, it may not be possible, or consistent with the investment objectives of GMOE’s or its affiliates’ various clients, to purchase or sell securities at the same time or at the same prices. Also, GMOE, in executing an investment strategy, may invest a client’s account in securities issued by an issuer that is also a GMOE client or prospective client (e.g., a separately managed account client) or an affiliate of a GMOE client or prospective client. This investment may provide economic or other benefits to such issuer. While GMOE does not consider these relationships in formulating investment decisions, GMOE may have a conflict

of interest because it may be more likely to be retained as an investment advisor to the issuer or its affiliate if GMOE invests client assets in the issuer's securities. Please see *Item 16, "Investment Discretion,"* which discusses restrictions relating to GMOE's discretionary authority.

GMOE, affiliates of GMOE, and their respective Members and employees also may invest in pooled vehicles advised by GMOE or for which GMOE or an affiliate of GMOE serves as the general partner. At times (*e.g.*, when a GMO Fund commences operations), investments made by GMOE, its affiliates and their respective Members and employees may constitute a substantial percentage of the net assets. GMOE may have an incentive to allocate more assets to those accounts in which it and/or Members and employees may own a substantial interest or with respect to accounts from which GMOE may recognize taxable capital gains as the result of earning a performance-based special allocation. See *Item 6, "Performance-Based Fees and Side-by-Side Management."*

GMOE and its affiliates and their respective Members and employees also may invest in pooled vehicles advised by GMOE or its affiliates, or for which GMOE or its affiliates serve as the general partner. At times, especially when a pooled vehicle commences operations, investments by GMOE or its affiliates and their respective Members and employees may constitute a substantial percentage of the pool's total assets. GMOE or its affiliates may have an incentive to favor accounts in which they and/or their Members and employees may own a substantial interest or with respect to accounts from which GMOE or its affiliates may recognize taxable capital gains as the result of earning a performance-based special allocation.

GMOE seeks to deal with the conflicts of interest described in the paragraphs above by following procedures with respect to the allocation of investment opportunities among its clients, including the allocation of limited opportunities. Information regarding these procedures is provided under *Item 12, "Brokerage Practices"* and *Item 16, "Investment Discretion."*

When GMOE or its affiliates act as the investment adviser to accounts, including GMO Funds, that pay performance fees, it gives rise to conflicts of interest for GMOE, its affiliates and their personnel. The procedures GMOE and its affiliates follow to deal with the conflicts of interest that arise as a result of the side-by-side management of accounts paying performance fees and accounts only paying asset-based fees are described in *Item 6, "Performance-Based Fees and Side-by-Side Management."*

GMOE and its affiliates also serve as the investment adviser to pooled vehicles that GMOE or its affiliates recommend to clients or, pursuant to the discretionary authority granted to GMOE or its affiliates by a client, in which GMOE or its affiliates invests on behalf of a client. This gives rise to an additional conflict of interest because GMOE or an affiliate is paid an asset-based fee and, in certain cases, a performance fee, by the pooled vehicles and, as a result, has an incentive to cause clients to invest in these pooled vehicles and thereby increase the vehicle's assets and GMOE's or an affiliate's fee. To the extent there is an account-level fee payable by the account to GMOE or an affiliate pursuant to its investment advisory agreement, GMOE or the affiliate will generally credit the amount of any advisory

and shareholder service fees paid to GMOE or an affiliate by the pooled vehicle in respect of such account's investment in the pooled vehicle against the account-level fee or will waive the fees otherwise payable with respect to the account's investment in the pooled vehicle (generally as it relates to a Private Fund). This credit or waiver will not necessarily eliminate the conflict (because GMOE or the affiliate will earn more for asset allocation when client assets are allocated among products with a lower average fee) and GMOE or the affiliate may continue to have a financial incentive to cause clients to invest in affiliated pooled vehicles.

To the extent permitted by applicable law, GMOE's and its affiliates' compliance policies and procedures, and a client's investment guidelines, GMOE and its affiliates may engage in "cross trades" where, as investment manager to a client account, GMOE or its affiliates cause that client account to purchase a security directly from (or sell a security directly to) another client account. Cross trades present a conflict of interest because GMOE and/or its affiliates represent the interests of both the selling account and the buying account in the same transaction and may have a financial incentive to favor one client account over the other due to different fee arrangements or otherwise. This conflict may be greater in cases where GMOE, its affiliates or their Members and/or employees own a substantial portion of an affiliated pooled vehicle that engages in a cross trade. In addition, to the extent permitted by law (including client consents, which may in some instances be given by the board of directors for GMO Fund), GMOE may engage in principal transactions with client accounts.

Conflicts of interest related to information known by or provided to GMOE or its affiliates. In connection with its activities, GMOE or an affiliate and its associated persons may seek and/or receive information that is not generally available to the public. GMOE and its affiliates are not obligated to make such information available to their clients or to use such information to effect transactions for their clients. Under applicable law, GMOE and its affiliates may be prohibited from improperly disclosing or using such information, including for the benefit of a client. GMOE and its affiliates' procedures include a ban on trading on the basis of, or any other action to take advantage of, material non-public information, except in specific, limited circumstances described in the Insider Trading Policy. These procedures may limit GMOE or its affiliates, on behalf of their clients, from being able to purchase or sell any securities of the issuer to whom the material, non-public information pertains, rendering illiquid all such securities already in a client's account until such time as the ban on trading is lifted or foreclosing an otherwise attractive investment. Please see the discussion above regarding the Insider Trading Policy and ethical screens procedure.

GMOE may make information about GMO Funds' portfolio positions (including short positions) and other information available to unrelated third parties. Some third parties may use that information to provide additional market analysis and research to GMOE. GMOE may use that market analysis and research to provide investment advice to clients other than the client(s) whose portfolio positions were used for the analysis. Please refer to GMOE's Portfolio Holdings Disclosure Policy (at gmo.com), which governs the disclosure of the GMO Funds' portfolio holdings and generally requires that the recipient of portfolio holdings enter into a confidentiality agreement with respect to that information.

Item 12. Brokerage Practices

- A. Best Execution. GMOE has entered into an agreement with GMO pursuant to which the trading desk executes all trade orders placed by GMOE on behalf of its clients and performs related and ancillary back office functions. GMOE monitors these trade order execution functions as part of the portfolio and risk management functions performed by GMOE as investment advisor.

Orders for the purchase or sale of securities may be placed on a principal or agency basis with brokers/dealers in GMOE's discretion. In selecting brokers/dealers to effect portfolio transactions, GMOE seeks best execution and considers a number of factors, described in more detail below. Best execution is not based solely on the explicit commission charged by the broker/dealer and, consequently, a broker/dealer effecting a transaction may be paid a commission higher than that charged by another broker/dealer for the same transaction. Seeking best execution involves the weighing of qualitative as well as quantitative factors, and evaluations of best execution are, to a large extent, possible, if at all, only after multiple trades have been completed.

The determination of what may constitute best execution involves a number of considerations in varying degrees of emphasis, including, without limitation, the overall net economic result to accounts; the efficiency with which the transaction is effected; access to order flow; the ability of the executing broker/dealer to effect the transaction where a large block is involved; reliability (*e.g.*, lack of failed trades); availability of the broker/dealer to stand ready to execute possibly difficult transactions in the future; technological capabilities of the broker/dealer, including but not limited to execution technology; the broker/dealer's inventory of securities sought; reported broker flow; post-transaction reporting capabilities; the financial strength and stability of the broker/dealer; past bids and willingness to commit capital in the case of principal trades; and the relative weighting of opportunity costs (*i.e.*, timeliness of execution) by different trading strategies. Most of the foregoing are subjective considerations made in advance of the trade and are not always borne out by the actual execution. Due to the similarities among brokers/dealers in technological execution capabilities and commissions paid, GMO often allocates electronic or algorithmic equity trades across multiple brokers/dealers. Additionally, other factors may require GMO to identify and trade with one or a limited number of brokers/dealers, including regulations in certain markets (particularly emerging markets) and differences in trading documentation and/or arrangements among GMO Funds and accounts. GMOE may place trades with broker/dealers even if the relevant broker/dealer has not yet demonstrated an ability to effect best execution; however, trading with such a broker/dealer (as with any and all brokers/dealers) will typically be curtailed or suspended in due course if GMOE is not reasonably satisfied with the quality of trade executions, unless or until the broker/dealer has altered its execution capabilities in such a way that GMOE can reasonably conclude that utilizing the broker/dealer for trade execution is consistent with GMOE's obligation to seek best execution.

Generally, GMOE determines the overall reasonableness of brokerage commissions paid upon consideration of the relative merits of a number of factors, which may include: (i) the net economic effect to the particular account; (ii) historical and current commission rates;

(iii) the kind and quality of the execution services rendered; (iv) the size and nature of the transactions effected; and (v) in some cases, brokerage and research services received (see “*Soft Dollar Practices*”). These factors are considered over multiple transactions covering extended periods of time in varying degrees of emphasis. In some instances, best execution may be evaluated on principal bids based on the total commissions charged (the bid for handling a trade as a principal trade) because the trades were filled at the price set at an agreed upon time (e.g., previous night’s close). In those cases, any additional “impact” or cost is represented by the cents per share or basis points paid in addition to a typical commission rate. GMOE or its affiliates may also direct trades to broker/dealers based in part on the broker/dealers’ history of providing, and capability to continue providing, pricing information for securities purchased.

Because GMOE may purchase information from broker/dealers with whom it effects trades on behalf of its client accounts, the broker/dealer may believe it has a financial incentive to charge a favorable fee to GMOE for such information in return for client brokerage. In addition, GMOE may conduct business with institutions such as broker/dealers or investment banks that invest, or whose clients invest, in pooled vehicles sponsored or advised by GMOE, or its affiliates, or may provide other consideration to such institutions or recognized agents. As a result, GMOE has a potential conflict of interest in placing its brokerage transactions with those brokers/dealers.

Clients who have or seek non-U.S. equity or fixed income exposure in their accounts frequently give GMOE discretion to execute foreign exchange transactions. In general, GMOE seeks best execution in the execution of foreign exchange transactions by comparing rates across counterparties and selecting the counterparty that GMOE believes can provide best execution. For spot currency trades, GMOE generally nets buy and sell orders in the same currency and selects the counterparty providing the most competitive price for the resulting net trade. All of the buy and sell orders receive the price provided by the selected counterparty and each account trades independently with the counterparty. While the purpose of trading spot currency trades in this manner is to achieve a more favorable execution price for all clients, there can be no assurance that all clients will benefit or that they will benefit equally over time. For legal, regulatory and/or operational purposes, foreign currency orders for some accounts may not be netted for price discovery (as described above). As a result, such accounts may receive inferior prices than accounts that are netted for price discovery even though the trades may be executed at or close to the same time and/or by the same counterparty.

If a client has not granted GMOE discretion to place foreign exchange trades with counterparties other than the client’s custodian bank (e.g., because of a client’s “all-in” fee arrangement with its custodian), GMOE will have limited ability to seek best execution. In certain jurisdictions where it is general market practice (e.g., restricted currencies) or under circumstances when GMOE believes operational or trading efficiencies may be gained (e.g., income and dividend repatriation; trading in some emerging markets), GMOE may arrange standing instructions with a client’s custodian (who may in turn arrange instructions with a subcustodian) to execute the foreign exchange transaction, subject to the custodian’s (or subcustodian’s) terms and conditions. In the event that a client’s custodian offers more than one program for standing instruction trades, and if the client has granted GMOE discretion to

do so, GMOE will select the program it believes is in the best interests of the client under the circumstances and over time. GMOE may also determine to select a third-party bank or broker/dealer to execute trades in restricted currencies if GMOE believes that the third party has the ability to provide best execution.

GMOE recognizes that centralized maintenance of a client's futures, exchange-traded options and cleared derivative positions can provide favorable netting of variation margin requirements for the client and provide significant operational efficiencies for the client in reconciling outstanding positions. Consequently, GMOE is prepared to accommodate clients seeking centralization of those functions with the client's clearing broker, provided that GMOE is permitted to enter into "give-up" or similar arrangements with the executing brokers/dealers of GMOE's choosing and that such arrangements do not, in GMOE's judgment, affect the ability to achieve overall best execution of these transactions.

Soft Dollar Practices. Subject to GMOE's obligation to seek best execution, GMOE may use a portion of the commissions paid when executing client transactions to acquire external research and brokerage services ("soft dollar benefits") in a manner consistent with the "safe harbor" requirements of Section 28(e) of the Securities Exchange Act of 1934 or other applicable law. Specifically, GMOE may utilize client commissions (typically only for transactions in listed equities) to purchase eligible brokerage and research services where those services provide lawful and appropriate assistance in the investment decision-making process for GMOE's discretionary client accounts, and where GMOE in good faith believes the amount of the client commission is reasonable in relation to the value of the product or services provided by the broker/dealer.

In most cases, GMOE makes payments for eligible research and brokerage services either via a portion of the commission paid to the executing broker/dealer or through client commission sharing arrangements ("CSAs"). Where a commission paid to a broker/dealer with whom GMOE has established a CSA includes both an execution component and a research component, the broker/dealer may retain the execution portion and either credit or transmit the research portion to a CSA pool, or rebates the research portion to the clients generating those commissions. GMOE evaluates the research and brokerage services it receives from independent research providers and brokers/dealers, and GMOE allocates a portion of the CSA pool to the research provider that reflects GMOE's assessment of the value of the research and/or brokerage service. In this manner, CSAs enable GMOE to effect transactions, subject to best execution, and use a portion of the associated commissions to pay for research from providers with which GMOE does not have a brokerage relationship or from brokers/dealers with which GMOE trades on an execution-only basis. GMOE may from time to time utilize a CSA aggregation service ("CSA Aggregator"), whereby GMOE directs brokers/dealers with whom GMOE has established a CSA to transfer their research credits to the CSA Aggregator, and then directs the CSA Aggregator to make payment for eligible research or services or to rebate commissions to the clients generating those commissions. In the event of a broker/dealer's default or bankruptcy, CSA credits generated by trades with the broker/dealer may become unavailable.

Brokerage and research services acquired using soft dollars take various forms, including but not limited to personal interviews with analysts or a company's senior management; reports

and/or data concerning issuers, industries, governmental policies, local markets and applicable local market regulations, securities, economic factors and trends; portfolio strategy; economic, market and financial data; accounting and legal analysis; pricing services in respect of securities; and other services relating to effecting securities transactions and functions incident thereto. Research may be provided through a range of media, including written reports, electronic systems, telephone calls or in-person meetings. Although GMOE generally intends to use client commissions to pay only for products or services eligible under the Section 28(e) “safe harbor,” GMOE may use commission dollars to obtain products or services that are not intended to be used exclusively for investment decision-making purposes (“mixed-use products or services”). In those circumstances, GMOE will typically either (i) make a good faith effort to evaluate the various benefits and uses for which GMOE intends to use the mixed-use product or services, and will pay for that portion of the mixed-use product or service that is unrelated to GMOE’s investment decision-making; or (ii) pay for the total cost of the mixed-use product or service.

Use of soft dollars, while common in the asset management industry, involves potential conflicts of interest. To the extent that services of value are received, GMOE receives a benefit because it does not need to produce or pay for the research or brokerage services itself. Additionally, fees paid to GMOE are not reduced in connection with GMOE’s use of soft dollars, even though GMOE might otherwise be required to purchase some of these products and services for cash. As a result, GMOE may have an incentive to select a particular broker/dealer in order to obtain brokerage or research services and/or generate CSA credits to pay for such services, rather than to obtain the lowest price for execution. GMOE does not enter into any agreement or understanding with any broker/dealer which would obligate GMOE to direct a specific amount of brokerage transactions or commissions in return for such services, but certain brokers/dealers may state in advance or in a commission sharing agreement the amount of brokerage commissions they expect for certain services or that they may cease providing services if insufficient commissions are derived from the relationship with GMOE.

Clients do not receive a direct monetary benefit from brokerage and research products and services; however, these products and services may be useful to GMOE in providing investment advice to its clients. Any research received is used to service all clients to which it is applicable, whether or not the client’s commissions were used to obtain the research, and services received from a broker/dealer (or paid for by commissions paid to a broker/dealer) that executed transactions for a particular client account will not necessarily be used specifically in providing investment advice to that particular client account. To the extent that a client has placed restrictions on trading with certain brokers/dealers or otherwise, the client’s account may not contribute (or may not contribute as much as other client accounts) to the CSA pool even though GMOE may utilize brokerage and research services paid for out of the CSA pool in providing investment advice to the client’s account. Similarly, some client accounts will generate more CSA credits than other client accounts for a variety of reasons, including but not limited to account size, trading frequency and the investment strategy in which the account is managed. GMOE, in its sole discretion, may agree to reimburse a client for some or all of the client’s commissions attributable to brokerage or research services.

Affiliated Brokers. With respect to GMO Mutual Funds or sub-advised mutual funds (collectively, the “Mutual Funds”), GMOE does not knowingly place any principal trades for a Mutual Fund through affiliated persons of the Mutual Fund (or affiliated persons of affiliated persons of the Mutual Fund (as defined in the Investment Company Act of 1940, as amended)) acting as broker/dealer. To the extent a broker/dealer is believed to have such an affiliation with the Mutual Fund or to the extent legal or factual uncertainty leads GMOE to treat a broker/dealer as having such an affiliation, the Mutual Fund may be adversely affected by GMOE’s decision not to enter into principal or agency transactions on its behalf with the broker/dealer.

Directed Brokerage. GMOE does not engage in directed brokerage. To the extent that execution of certain strategies is practically limited (e.g. use of “enhanced custody” arrangements to facilitate short transactions by Mutual Funds) or to the extent that clients place restrictions on counterparties (e.g., based on credit rating), lack appropriate contractual arrangements with counterparties, utilize a single prime broker to facilitate short transactions, or limit foreign exchange transactions to execution by the clients’ custodian bank, there may be fewer eligible counterparties available for trading and execution for those clients, best execution may be more difficult to achieve for those clients and those clients may receive different, and sometimes inferior, prices than other GMOE clients.

B. GMO has a trading function (“Trading Desk”) whose personnel are located in Boston and Singapore. The Trading Desk provides trade execution services to all GMO investment teams, including any applicable associated persons (“Investment Teams”). While there is a centralized trading function, certain instruments (especially fixed income securities) are traded by the relevant investment team.

Trades are generated by different investment theses. Each investment thesis may be assigned a corresponding execution benchmark (e.g., price at the time of order arrival, market closing price, volume weighted average price over some specified period) (each investment thesis and corresponding execution benchmark, is a “trading strategy” and collectively, “trading strategies”). Certain trading strategies place relatively greater emphasis on speed of execution and less emphasis on price, while others place greater emphasis on price (or impact on market price) and less emphasis on speed of execution. Trading strategies may be designed to be executed in a matter of an hour or less, several hours, over the course of a trading day, or over a multi-day period. Therefore, trades generated by one trading strategy may be completed before those of another trading strategy-- even where the strategies are initiated at the same time or the slower trading strategy is initiated first. As a result, the speed of order fulfillment, and corresponding execution price achieved for a subsequent order, may be different from pre-existing orders with the execution pricing achieved on a particular order being either above or below the execution pricing achieved on pre-existing orders, which may take longer to fill. Additionally, for trading strategies implementing short-term investment strategies, those investment theses that utilize fundamental inputs on an opportunistic basis, and trades to manage short-term portfolio exposure may trade in advance of or may be completed more quickly than other trading strategies. Finally, varying investment theses that may invest in the same securities or other instruments may involve trading strategies that trade at different times throughout the day or month. Because of the foregoing, certain strategies, including accounts with performance fees, may trade in advance

of other strategies or may be completed more quickly, and, as a result, may achieve different execution on the same or similar investments.

Where practicable, prior to the open of the relevant market, the Trading Desk aggregates trades for accounts that are being traded to implement a similar trading strategy and for which trade instructions are provided with sufficient time to satisfy internal processes. The Trading Desk generally allocates portfolio trades pro-rata among clients for which the Investment Teams are applying the same trading strategy on any given day, with the relevant clients receiving the same price for trades executed through the same broker/dealer on the same day. The Trading Desk may determine to exclude accounts with relatively small order sizes from a particular trade order if it is determined that trading costs (e.g., ticket costs) would outweigh the benefits of trading. Additionally, due to regulatory restrictions trades at execution-only prices will not typically be aggregated with trades generating CSA credits or soft dollars.

As noted above, trading strategies may utilize different brokers/dealers and will often receive different prices and potentially pay different commissions rates. Likewise, two trading strategies may be simultaneously executing transactions involving the same instrument and those trades will not ordinarily be aggregated. In addition, market, regulatory and/or country limitations (especially in the case of emerging markets) or other factors may or may not result in identical prices or commissions. Further, legal, market and position restrictions may limit GMOE's ability to transact in an instrument or certain investment strategies may be given a priority over other investment strategies, which could restrict (or eliminate) an investment strategy's or account's ability to achieve its desired exposure to such instruments. Additionally, at times, trades for one account may not be aggregated with trades of other accounts within a particular strategy for various reasons including, but not limited to, regulatory restrictions, shareholder cash flows in the account, limitations on brokers/dealers that may be used to execute the transactions, or transactions in derivatives (e.g., total return swaps). Please also see the discussion below regarding initial public offerings and offerings of limited opportunities.

Trading orders that can only be partially filled are generally allocated on a pro-rata basis, allocated through use of a randomizer, or allocated on some other basis consistent with the goal of giving all clients equitable opportunities over time. Market limitations (especially in the case of emerging and/or frontier markets where the broker/dealer typically is required to have greater involvement in allocations), and other practicalities may require special treatment. If an is filled at varying prices, client accounts participating in the same block trade are generally provided with an average price for trades placed through the same broker/dealer, or other steps are taken so that all similarly situated accounts receive fair consideration over time. In some cases, similar trades may simultaneously be executed in different trading strategies, with the same or a different broker/dealer to meet account-specific requirements, in which case the trades will be treated as distinct trades not subject to the discussion above regarding orders that are filled at varying prices. In those cases, these trades, which may include executions in underlying derivative transactions, might be effected at the same or different prices (or involve different commissions) even if they involve the same broker/dealer. In certain markets outside the U.S., an average price may not be

obtainable due to specific market limitations such as restrictions on trades by grouped accounts.

Various teams within the Trading Desk are responsible for differing types of trades (e.g., electronic vs. high touch trades) and these teams may be independently executing trades in the same security at the same time and at different prices. GMO's trade allocation procedures are designed to provide reasonable assurance that, over time, accounts pursuing the same trading strategy are not likely to be systematically advantaged or disadvantaged due to the order placement/execution process. These procedures may include blocking/aggregating orders or limiting the volume of subsequent orders. While there is a centralized Trading function, certain instruments (especially fixed income securities) are traded by the relevant Investment Team.

With initial public offerings (IPOs) and with certain other investment opportunities expected to be in very limited supply (collectively, "limited opportunities"), GMOE's policies provide that the Investment Teams' orders be coordinated so that allocations will generally consider the needs of clients across all trading strategies. When it is not practicable to allocate an opportunity across all similarly-managed eligible accounts, GMO's Trading Desk will use various methods, such as randomizers and sequencing, to seek to provide all accounts using the same trading strategy with equitable opportunities for allocation over time. There may also be situations where a limited opportunity is theoretically eligible for investment by multiple accounts but GMOE and its affiliates determine that the limited opportunity is an appropriate or applicable investment for only some of the accounts (including, perhaps, those on which GMOE or its affiliates charge a performance fee). See Item 16, "*Investment Discretion*," for further discussion of GMOE's investment practices. Many of GMOE's and its affiliates' investment strategies focus on seasoned issuers, and consequently those strategies that generate most of the brokerage commissions may participate less frequently in limited opportunities even though they may generate significant brokerage commissions or good will that may make it possible for other strategies to receive greater allocations of limited opportunities.

In certain non-U.S. jurisdictions, local law limits the number of accounts sponsored by GMOE and its affiliates that may purchase locally traded shares or shares traded through special facilities. Generally, GMO Trust Funds will be given priority and other clients may be precluded from participation in offerings of local shares.

Item 13. Review of Accounts

A. GMO Funds are subject to regular review by the relevant Investment Teams.

Client Relationship Managers ("CRMs") and members of the Investment Teams generally provide client account reviews on a periodic basis. Reviews generally include a summary of relevant market conditions that have affected the account(s) since the last reporting period and that may affect the account(s) in the future. General reviews of accounts usually involve consideration of investment objectives, types of portfolio securities owned, investment process and performance, and similar matters; however, the matters reviewed may be limited

to the factors that triggered the reviews. All CRMs and relevant members of the Investment Teams are expected to participate in client account reviews as needed.

- B. In addition to the regular review performed by members of the relevant Investment Teams, factors that may trigger a review include, but are not limited to: changes in market or economic conditions; changes in information regarding particular issuers; purchases and sales of securities; changes in the investment process or investment team personnel; and changes in a client's needs communicated to GMOE. Client requests may also trigger a review.
- C. GMOE provides written reports to clients at various frequencies including daily, monthly, quarterly, and annually or in response to heightened market interest. A client report will contain some or all of the following components: account performance, change in market value, transaction details, estimated fees, attribution or contribution analysis, investment review, market review, profile summary, and holdings. Client reports may be augmented by additional written or oral communications.

Additionally, to the extent required by law, GMOE will make available a written report to investors in the GMO Funds on an annual basis no later than 6 months following the end of the financial year in compliance with the relevant laws, rules and regulations implementing the European Union Alternative Investment Fund Managers Directive.

The Boards of the GMO Funds periodically receive reports that include a summary of relevant market conditions that have affected selected portfolios during the reporting period and that may affect these portfolios in the future. The Boards of the GMO Funds also have the opportunity to review performance of the GMO Funds at the time of their meetings.

Item 14. Client Referrals and Other Compensation

GMOE does not receive an economic benefit from anyone who is not a client for providing investment advice or other advisory services to GMO clients.

Funds Distributor LLC, an unaffiliated broker/dealer, has been retained (for regulatory reasons only) to effect client transactions in shares/interests of certain GMO Funds and to act as a placement agent for the majority of the GMO Private Funds. Similarly, Robson Capital Management Inc. ("Robson") an unaffiliated broker/dealer, has been retained (for regulatory reasons) to effect client transactions in shares/interest of certain GMO Funds for Canadian-domiciled clients. Neither Funds Distributor LLC nor Robson solicit clients on behalf of GMOE or any of its affiliates. GMOE or an affiliate or certain GMO Funds may retain other third-party placement agents to place interests or shares with investors, or to otherwise assist with the offer and sale of GMO Funds' interests or shares - often in connection with opportunities in specific jurisdictions. Specifically, GMOS, an affiliate of GMOE, entered into an agreement with GI Capital in Japan to perform similar services and the agreement contemplates payments based on a percentage of base and/or performance fees. The compensation paid to Funds Distributor LLC, Robson or other third-party placement agents may be paid by GMOE or an affiliate or out of the relevant GMO Funds' assets. Clients should inquire of their consultants or other advisers as to whether GMOE or an affiliate is involved in any arrangement where the consultant or adviser

believes it has any financial or other incentive to give favorable evaluations of GMOE, a GMOE affiliate, or a GMO Fund.

GMOE relies primarily on the business development and marketing activities of its personnel to solicit new business. However, GMOE, or any of its affiliates, may retain third parties to solicit clients and/or place interests or shares with investors, or to otherwise assist with the offer and sale of GMO Funds' interests or shares. GMOE, or any of its affiliates, may directly compensate such third parties for client referrals. In those cases, GMOE, or any of its affiliates, will enter into a written agreement with such solicitor that outlines the compensation for such referrals, and describes the various procedures the solicitor is required to follow. As a result of the compensation offered to the solicitors, those solicitors will have a financial incentive to recommend GMOE, a GMOE affiliate, or a GMO Fund, to prospective investors. Additionally, certain third parties may provide capital introduction services on behalf of GMOE and/or the GMO Funds. Such third parties could include brokers, dealers or other counterparties that GMOE transacts with on behalf of GMO Funds and/or separately managed accounts or other service providers to GMOE and/or the GMO Funds. While no compensation is paid by GMOE or the GMO Funds in connection with these services, the third parties may seek to influence their selection by GMO as a service provider or counterparty by providing such capital introduction services. All counterparties and third-party service providers, including those that provide capital introduction services, are subject to GMOE's standard practice for the selection of counterparties (as described in Item 12 above, in the case of broker/dealers that effect trades on behalf of GMOE clients).

GMOE may purchase: (1) access to information such as subscriptions to periodicals or search services that contain requests for proposals, (2) participation in conferences, (3) research papers, (4) access to surveys from organizations affiliated with professional consultant or financial services firms that advise (or whose affiliates advise) potential GMOE clients and (5) access for inclusion in searches for prospective clients in the form of administration fees. In addition, the foundation and the charitable trust described in Item 10, "*Other Financial Industry Activities and Affiliations*," and the Member that established the foundation and trust may purchase quarterly performance reporting services from professional consultants. Additionally, the foundation referenced in Item 10 has reported that it, the Member who established the foundation, and a related trust have each retained for bona fide investment advisory services a consulting firm that also recommends GMOE or its affiliates to potential clients. GMOE personnel may have familial and/or personal relationships with personnel of professional consultant or financial services firms that advise (or whose affiliates advise) potential GMOE clients or that recommend GMOE services.

GMOE does not make payments to consultants or financial services firms conditioned on favorable evaluations of GMOE or for client referrals. Nonetheless, as a result of the arrangements described in the prior paragraphs or otherwise, consultants or financial services firms and/or their personnel may have a financial incentive to give favorable evaluations of GMOE and may therefore operate as if they are faced with a conflict of interest. GMOE, in its sole discretion, may also waive investment minimums. In particular, GMOE may waive a GMO Fund's investment minimum for clients whose investment consultant has full discretion or exercises substantial influence over its clients' assets and where the relationship meets the investment minimum. Clients should inquire of their consultants or other advisers as to whether

GMOE: (1) waived investment minimums for their clients or personnel, (2) purchases or receives any information from such firm or any affiliate thereof, (3) has Directors, Members or employees that have familial and/or personal relationships with the consultant or adviser, and/or (4) is involved in any other arrangement where the consultant or adviser it has (or believes it has) any financial or other incentive to give favorable evaluations of GMOE or to promote GMOE's services or GMO Funds.

Item 15. Custody

In general, GMOE takes steps to avoid having custody of client funds and securities. Each of the clients with separately managed accounts and the GMO Funds engage third-party custodians to hold funds and securities. GMOE's authority with respect to such funds and securities is limited to issuing instructions to the relevant custodian to effect or to settle trades pursuant to an investment management agreement. GMOE has no control over clients' third-party custodians. GMOE's clients and investors in the GMO Funds receive statements directly from the relevant GMO Fund's custodian, transfer agent or administrator, and are urged to compare those statements with those received from GMOE.

Item 16. Investment Discretion

GMOE may accept authority to manage client assets on a discretionary basis. In such instance, clients enter into a written investment advisory agreement with GMOE, which sets forth the parties' responsibilities and the scope of GMOE's authority over the client's account. The standard of care applicable to GMOE and the agreed upon methodology for calculating damages, if any, are often set forth in the investment advisory agreements. Unless otherwise provided, and where appropriate, GMOE may net any gains or losses in the client's account associated with the breach of the standard of care. As described above in Item 4, "*Advisory Business*," GMOE's discretionary authority as to the securities to be bought or sold for an account is subject to the agreed-upon investment objectives, guidelines, limitations and restrictions for the account. Such investment limitations vary from one account to another and may include, but are not limited to, diversification requirements, benchmark deviation, industry concentration, restrictions prohibiting the purchase of certain securities or securities of certain types of issuers, prohibiting investments in certain countries or markets, and prohibiting the employment of certain investment strategies or techniques (e.g., derivatives).

Decisions to buy and sell portfolio securities for each of GMOE's investment advisory clients are made by GMOE with a view to achieving each client's investment objectives taking into consideration other account-specific factors such as, without limitation, cash flows into or out of the account, current holdings, the account's benchmark(s), applicable regulatory limitations, liquidity, cash restrictions, applicable transaction documentation requirements, market registration requirements and/or time constraints limiting GMOE's ability to negotiate adequate transaction documentation or seek interpretation of investment guideline ambiguities. Therefore, a particular security may be bought or sold only for certain GMOE clients even though it could

have been bought or sold for other clients at the same time. As noted above, there may also be situations where a limited opportunity is theoretically eligible for investment by multiple accounts but GMOE determines that the limited opportunity is an appropriate investment for only some of the accounts (including, perhaps, those on which GMOE charges a performance fee). A particular security may be bought/sold for one or more clients when one or more other clients are selling/buying the security or taking a short position in the security, including clients invested in the same investment strategy.

Item 17. Voting Client Securities

For separately managed account clients, if applicable, who have explicitly delegated responsibility for proxy voting to GMOE in writing, GMOE has adopted proxy voting policies and procedures. GMOE has engaged a third-party service provider to be its proxy voting agent. GMOE's policies and procedures describe its proxy voting guidelines, the administration of the proxy voting process, how conflicts of interest will be addressed and recordkeeping requirements. A copy of GMOE's Proxy Voting Policy is available on request. Clients invested in the GMO Funds may contact their designated client relationship manager to receive information regarding how such fund voted proxy securities.

In addition, if GMOE is aware of one of the following conditions exists with respect to a proxy, GMO shall consider such event a potential material conflict of interest : (1) GMOE or GMO has a business relationship or potential relationship with the issuer; (2) GMOE or GMO has a business relationship with a proponent of the proxy proposal; or (3) GMOE personnel (including GMO employees or Members) or consultants have a personal or other business relationship with the participants in the proxy contest, such as corporate directors or director candidates. In the event that GMOE is aware of a potential material conflict of interest, GMOE will (i) vote such proxy according to its guidelines; (ii) abstain; or (iii) seek instructions from the client or request that the client vote such proxy.

Item 18. Financial Information

- A. GMOE does not require or solicit prepayment of fees.
- B. GMOE confirms that there is no financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients.
- C. GMOE has not been the subject of a bankruptcy petition at any time since its establishment in 2013.

SCHEDULE I

GMO Fund Fees

GMO Qualifying Investor Funds plc	
GMO Emerging Country Local Debt Investment Fund	1.00%*
GMO Systematic Global Macro Fund (Class AUD, Class A CAD, Class B CAD, Class EUR, Class GBP, Class USD, Class JPY, Class SEK, Class NOK)	1.00%*
GMO Global Investment Funds plc	
GMO Global Bond Investment Fund plc	0.50%
GMO Emerging Country Debt Investment Fund plc	1.00%*

* The fee stated is the highest fee that GMOE will receive from the Fund. A lesser fee can be charged. Additional fee arrangements may exist between GMOE and investors in the Fund.

GMOE reserves the right to waive all or a portion of the management fees for any fund. In addition, GMOE may enter into arrangements pursuant to which it rebates all or a portion of its fee to individual investors, effecting the same economic result as a fee reduction. GMOE may also enter into separate agreements with investors whereby GMOE may receive: (i) a performance fee from such investors based on the performance of a Fund, including performance fee arrangements based on the Fund's outperformance of its benchmark, inflation or other indices or hurdles other than the Fund's benchmark, if any; and/or (ii) other fees.

APPENDIX A

Investment Strategies

The bolded and underlined headings below correspond to the chart located at Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*,” which identifies material risks associated with investment strategies employed by GMO investment professionals. For example, GMO Global Bond Investment Fund as described below is subject to those material risks identified under “Fixed Income” in the chart at Item 8.

Fixed Income

GMO Global Bond Investment Fund

The investment objective is to seek total return in excess of the J.P. Morgan Global Government Bond Index. The portfolio is constructed by combining a benchmark replication process with active overlay strategies.

GMO Emerging Country Debt Investment Fund plc

The investment objective is total return in excess of that its benchmark, the J.P. Morgan Emerging Markets Bond Index Global by investing in external (‘hard’) currency emerging debt.

GMO Emerging Country Local Debt Investment Fund

The investment objective is total return in excess of that of its benchmark, the J.P. Morgan Government Bond Index-Emerging Markets Global Diversified by investing in local currency emerging debt.

Alternatives

Systematic Global Macro

The GMO Systematic Global Macro Strategy’s investment objective is long-term total return. Over a complete market cycle, the Strategy seeks annualized returns of 10% (gross of fees) above the FTSE 3-Month Treasury Bill Index with annualized volatility (standard deviation) of approximately 10-15%. The Strategy takes both long and short positions in a range of global equity, bond, commodity and currency markets using exchange-traded futures and forward exchange contracts, among other investments.

The strategies described above are subject to change without notice to any recipient of these materials. Clients interested in investing in a strategy that may be offered through a pooled vehicle should rely upon disclosure included in a prospectus or private placement memorandum prepared for that fund. The information contained in these materials is subject in its entirety to and superseded by the disclosure in such prospectus or private placement memorandum to the extent of a conflict. To the extent that the terms of this brochure conflict with an investment management agreement governing a separately

managed account, the investment management agreement will control. Pooled vehicles may be subject to restrictions on the types of investors who may invest. Nothing herein is intended to operate as an offer to sell securities.