GMO DOMESTIC RESILIENCE STRATEGY

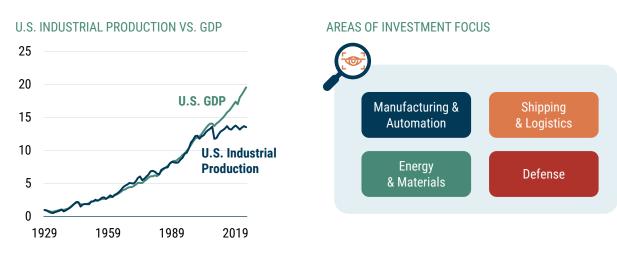
The Opportunity: Investing in American Reindustrialization

Throughout the 20th century, the United States economy was driven by its ability to make things. From the late 1920s through 2000, U.S. GDP and industrial production were tightly linked. At the turn of the century, this relationship began to change.

While GDP continued its long-term trend higher, industrial production stagnated. This change, driven by relaxed corporate and government attitudes toward outsourced manufacturing, had numerous trickle-down effects on American life. Corporate profits rose, but communities dependent on manufacturing collapsed. Consumer prices fell, but voter anger increased. In response, U.S. public policy toward outsourcing began to shift. The 2020 emergence of COVID-19 accelerated this movement, and corporations joined the fray, their enthusiasm toward outsourcing dampened by overwhelming supply chain disruptions during the COVID era. Today, the U.S. sits at a unique juncture. Both public and corporate policy support American reindustrialization, yet the path forward will take time and patience, traits in short supply on Wall Street. Several decades of offshoring will not be reversed quickly, but this reality creates an exciting backdrop for investors willing to take a long-term view on the growth opportunities from American reindustrialization.

U.S. INVESTS IN DOMESTIC RESILIENCE

Stagnant industrial production resulted in bipartisan support for investment



As of 2024 | Source: U.S. Federal Reserve, GMO

The GMO Solution

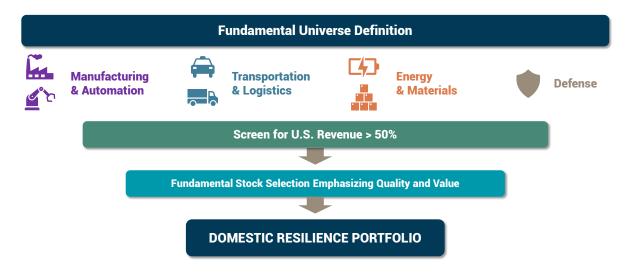
The GMO Domestic Resilience Strategy seeks to apply GMO's time-tested views on the importance of valuation and company quality to the emerging opportunity of American reindustrialization. We begin by building an investment universe focused on segments of the U.S. stock market with outsized exposure to American reindustrialization.

Manufacturing & Automation, Transportation & Logistics, Energy & Materials, and Defense companies help form the backbone of the American economy and will play a critical role in accelerating America's domestic resilience through reindustrialization. The GMO Focused Equity team employs a proprietary framework emphasizing quality and valuation standards to select companies within the universe that we believe are best positioned to deliver superior returns.



GMO DOMESTIC RESILIENCE

Investing in American Reindustrialization



GMO brings three key competitive advantages to managing the GMO Domestic Resilience Strategy:

Experience

GMO is a pioneer in applying quality and value principles to a variety of unique asset classes and investment opportunities. Key investment personnel focused on the Domestic Resilience Strategy have decades of investment experience to draw upon in pursuing this investment opportunity.

Focus

The Domestic Resilience Strategy leverages the depth and breadth of the GMO Focused Equity team's research coverage to build a focused, high-conviction portfolio. The Strategy balances an appreciation for diversification with the acknowledgment that superior long-term returns can be generated by focusing on the most attractive subset of companies within our investment universe.

Fundamental Approach

GMO's approach pairs the historical, data-focused analysis of key market trends with a fundamental stock selection approach designed to focus investments on companies best positioned to capitalize on return opportunities stemming from American reindustrialization.

The Client Fit

- Complement to Core U.S. Equity Holding: Clients invested in core U.S. equity strategies today hold a portfolio that is quite multinational. Only ~60% of revenue exposure from companies in the S&P 500 actually comes from the U.S. market, leaving investors' core U.S. equity exposure potentially lacking exposure to American reindustrialization. By contrast, ~90% of Domestic Resilience companies' revenue comes from the U.S. market.
- Thematic Allocation: The GMO Domestic Resilience Strategy targets a unique subset of the U.S. stock market. The Strategy provides a dedicated, focused approach to American reindustrialization, a long-term investment trend.
- Value & Mid-Cap Style: While the Strategy was not constructed with a style box focus, its current characteristics make it an appropriate fit alongside other value and mid-cap style allocations.



GMO DOMESTIC RESILIENCE STRATEGY | Product Primer

Who We Are

Founded in 1977, GMO is a private partnership whose sole business is investment management. The firm manages global portfolios with offices and clients around the world. Investment offerings include equity, fixed income, multi-asset class, and alternative strategies. GMO is known for blended fundamental and quantitative investment research expertise and a long-term orientation toward value investing.

The Team

The GMO Domestic Resilience Strategy is managed by the GMO Focused Equity team. The experienced team includes 18 investment professionals and six partners of the firm, with members located in Boston and London. Tom Hancock and Sam Klar, portfolio managers for the Domestic Resilience Strategy, oversee idea generation, research, and portfolio positioning, with Mr. Klar serving as the primary decision-maker.

RISK

Risks associated with investing in the Strategy may include Focused Investment Risk, Market Risk – Equities, and Management and Operational Risk.

