

# GLOBAL EQUITY

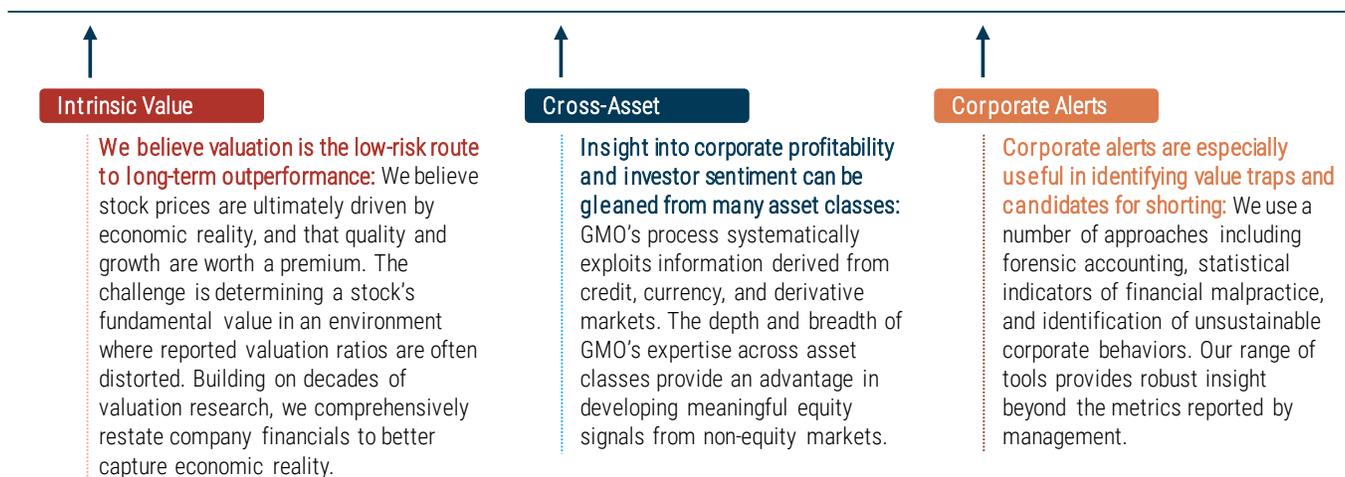
## *The Opportunity*

In the short run, global equity markets exhibit exploitable inefficiencies as a result of irrational investor behavior, the imperfect flow of information, and the participation of non-economic actors. However, in the long run, equity market returns are ultimately driven by economic reality. The difference creates an opportunity for investors who focus on valuation in conjunction with less traditional methods to identify mispriced equity securities. Further, the application of investment insights using a quantitative framework allows investors to take advantage of these opportunities across the broadest possible opportunity set.

## *The GMO Solution*

The GMO Global Equity approach can be used in a range of systematic benchmark-aware solutions designed to achieve exposure to the views of the GMO Global Equity team's alpha models. The approaches seek to add value by looking beyond traditional value metrics to understand a security's intrinsic value, taking into consideration a company's quality and growth prospects, and using alternative indicators of mispricings to gain a differentiated view into company fundamentals, including cross-asset and corporate governance signals.

## *Expected Returns*



## *The Client Fit*

The Global Equity benchmark-aware strategies each offer an attractive opportunity for investors looking for risk-adjusted returns while maintaining equity market exposure. The strategies aim to maximize returns, net of transaction and borrowing costs and subject to risk parameters, by investing in the client's chosen equity universe. Benchmark-relative risks and returns are driven primarily from bottom-up stock picking.

## LONG-ONLY EQUITY STRATEGIES

The Global Equity long-only strategies are designed to apply the team's alpha insights to diversified equity universes. The strategies aim to be fully invested in equities and target a tracking risk range of 3% to 6%. Long-only strategies include:



## CUSTOM EQUITY UNIVERSE OR OBJECTIVE

The Global Equity approach can also be used to develop customized solutions that build on the team's bottom-up stock selection insights. Potential solutions include:



## *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 opportunities.

## *The Team*

GMO's Global Equity team is a pioneer in quantitative investing for institutions, building on decades of accumulated research on how to best capture valuation opportunities and other mispricings. The team manages a range of long-only and equity extension strategies.

GMO has carefully assembled a world-class quantitative research effort built on a wide array of quantitative disciplines, including backgrounds in physics, mathematics, finance, economics, engineering, astronomy, computer science, and business. The team collaborates across GMO's Boston and London offices, both historically centers of quantitative research excellence at GMO, and applies its alpha insights to a range of other U.S., international, and global equity strategies across the firm.

## RISK

Risks associated with investing in these strategies may include Market Risk – Equities, Non-U.S. Investment Risk, and Management and Operational Risk. For specific risks applicable to each strategy, please consult the relevant offering document.