

QUARTERLY INVESTMENT REVIEW

U.S. Opportunistic Value Strategy

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Composite)	-1.34	4.77	18.35	–	–	–	8.77
Gross of Fees (Composite)	-1.22	5.16	18.95	–	–	–	9.31
S&P Composite 1500	-3.36	12.24	20.98	–	–	–	12.00
S&P Composite 1500 Value	-4.20	6.98	21.41	–	–	–	11.38
Value Added (vs. S&P Composite 1500)	2.02	-7.48	-2.63	–	–	–	-3.23
Value Added (vs. S&P Composite 1500 Value)	2.85	-2.22	-3.06	–	–	–	-2.62

Major Performance Drivers

Global markets fell in the third quarter, reflecting uncertainty about global growth amid continued inflationary pressures and concerns that interest rates would need to remain higher for longer than previously expected. Higher oil prices on the back of production cuts by Saudi Arabia and Russia increased concerns on the inflation front, while China's declining growth prospects added to global growth pressures.

In the third quarter, the performance of the S&P Composite 1500 Value was nearly in line with the S&P Composite. In this environment the combination of Value model performance and deep value positioning underpinned the portfolio's value added versus both benchmarks.

Outperformance was primarily driven by sector allocation, including overweights toward Energy and Communication Services and an underweight toward Information Technology. Stock selection was also positive in Information Technology, including not holding Apple or Microsoft.

Stock selection in Financials was a key detractor in the quarter, including overweight positioning in Discover Financial Services.

Portfolio weights, as a percent of equity, for the positions mentioned were: Apple (0.0%), Microsoft (0.0%) and Discover Financial Services (0.7%).

Inception Date: 28-Jun-22

Risks: Risks associated with investing in the Strategy may include Focused Investment Risk, Commodities Risk, Market Risk-Equities, Management and Operational Risk and Smaller Company Risk. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com.

Performance Returns: Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of a model advisory fee and incentive fee if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Fees paid by accounts within the composite may be higher or lower than the model fees used. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%.

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PRODUCT OVERVIEW

The GMO U.S. Opportunistic Value Strategy seeks total return. The Strategy currently seeks to profit from our Asset Allocation team's insight that "deep value" stocks are truly dislocated in the U.S. This actively managed strategy avoids the "shallow value" stocks, which are expensive relative to their own history, and focuses solely on the deep value names that GMO's Systematic Equity team identifies as the most undervalued, recognizing that relying on reported financials and index definitions of value can lead investors to misjudge the opportunity.

IMPORTANT INFORMATION

Comparator Index(es): The S&P Composite 1500 combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.

The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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