

Emerging Markets Equity Fund

Year Ending December 31, 2019

OVERVIEW:

The GMO Emerging Markets Equity Fund seeks total return in excess of that of its benchmark, the MSCI Emerging Markets Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments. GMO expects the Fund will have a value bias relative to the benchmark.

Performance (%)

Net of Fees, USD	+21.98
Gross of Fees, Unswung, USD	+23.22
MSCI Emerging Markets ¹	+18.44
Value Added	+4.79

COUNTRY ALLOCATION: +7.0%

SECURITY SELECTION: -2.2%

Major Performance Drivers

Emerging markets began 2019 buoyed by attractive valuations. Sentiment see-sawed throughout the year based on the prospects of a trade truce between the U.S. and China. The announcement of a phase one trade deal in December boosted sentiment. Also helping were accommodative monetary policies around the world. Country returns over the year varied, ranging from a 50.9% leap in Russia to a 20.8% drop in Argentina. Sector returns were more clustered, varying from a 41.6% jump in IT to a rise of 3.7% in Health Care.

The Brazilian market went on a bull run driven by expectations (later fulfilled) that newly elected president Bolsonaro would succeed in enacting an important reform of the pension system. Some ground was lost later from a fall in the price of iron ore, a key export, and concerns about the political turmoil in the country. Our underweight in Brazil Consumer Staples and Consumer Discretionary hurt performance.

Chinese stocks jumped with the announcement of a series of policy easing measures from the government. Pressure arose later from slowing growth and rising corporate defaults. The year ended well with news of a trade truce with the U.S. and reports of gathering strength in the manufacturing sector. Our underweight in China Consumer Discretionary detracted from performance.

The year began poorly for India with a rise in the price of crude oil, a key import. The reelection of Prime Minister Modi provided an uplift. But sentiment turned negative again on a slowdown in the economy and a credit crisis among non-bank finance companies. Our underweight in India Consumer Staples and Consumer Discretionary added to performance.

Russian equities rose on signs of improving corporate governance. Also boosting performance was a jump in the price of oil, the country's major export. Our overweight in Russian sectors such as Energy, Financials and Materials contributed to performance.

The Taiwanese stock market was cheered by strength in the Technology sector worldwide, better-than-expected earnings growth, and some businesses moving factories from China to Taiwan. Our overweight in Taiwan Information Technology helped performance.

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investors shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. To obtain performance information to the most recent month end, visit www.gmo.com.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the fund's prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

As of January 1, 2019, the Emerging Markets Equity Fund changed its benchmark so that the Fund now seeks total return in excess of that of the MSCI Emerging Markets Index. The Fund formerly sought to outperform the S&P/IFCI Composite Index. GMO UK Limited authorised and regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is a branch office of GMO UK Limited and is registered with the AFM.

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¹ The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.