

# Foreign Small Companies Fund

Quarter Ending June 30, 2019

## OVERVIEW:

The Foreign Small Companies Fund seeks to deliver high total return by investing in non-U.S. equities whose outstanding publicly traded equities are in the lowest 25% of publicly traded market capitalization (float) in a particular country at the time of investment. The Funds benchmark is the S&P Developed ex-U.S. Small Cap Index.

## Performance (%)

Net of Fees, Class III, Fair Value, USD	+2.78
Gross of Fees, Class III, Local Close, USD	+3.03
S&P Developed ex-U.S. Small Cap <sup>1</sup>	+2.62
<b>Value Added</b>	<b>+0.42</b>

## Major Performance Drivers

Small cap stocks continued to rise in the second quarter of 2019. The portfolio added value from stock selection despite headwinds faced by valuation-oriented models.

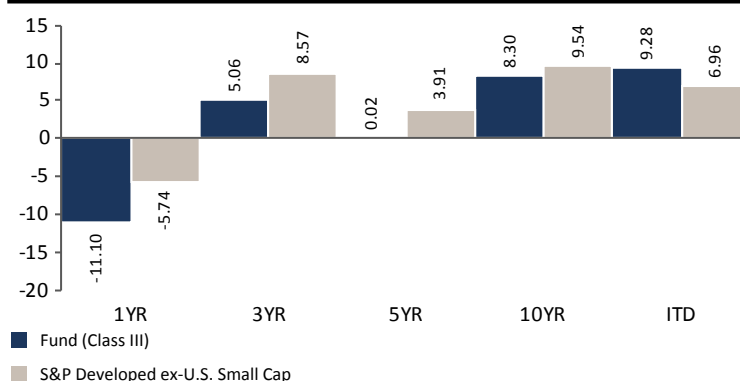
Areas of strong stock selection included U.K. Consumer Discretionary and Information Technology, Italian and German Industrials, and Canadian Consumer Discretionary. Games Workshop Group (U.K. Consumer Discretionary), a top contributor motivated by a mix of attractive growth prospects and positive sentiment from other asset classes, rose as it delivered strong sales growth and profitability for the fiscal year ended June 2, 2019.

In contrast, names with attractive valuations were among the biggest detractors, including Plus 500 (U.K. Financials), Sojitz (Japan Industrials), and Coretronic (Taiwan Information Technology). Emerging market holdings also detracted from a combination of overweight positioning and stock selection.

Quarter-ending weights, as a percent of equity, for the positions mentioned were: Games Workshop Group (2.5%), Plus 500 (0.6%), Sojitz (1.9%), and Coretronic (1.0%).

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](http://www.gmo.com). Gross Expense Ratio of 1.91% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2019.

## Annualized Return (%) as of June 30, 2019



Inception date: 01/04/1995

Chart returns include purchase premiums and redemption fees impact if applicable.

**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](http://www.gmo.com). Read the prospectus carefully before investing.**

Risks associated with investing in the Fund may include Small Companies Risk, Market Risk-Equities, Non-U.S. Investment Risk, Currency Risk and Illiquidity Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus.

<sup>1</sup> The S&P Developed ex-U.S. Small Cap Index is an independently maintained and widely published index comprised of the small capitalization stock component of the S&P Broad Market Index (BMI). The BMI includes listed shares of companies from developed and emerging countries with a total available market capitalization (float) of at least the local equivalent of \$100 million USD. The S&P Developed ex-U. S. Small Cap Index represents the bottom 15% of available market capitalization (float) of the BMI in each country. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors.