

Global Equity Allocation Investment

Quarter Ending December 31, 2018

OVERVIEW:

The GMO Global Equity Allocation Investment Fund seeks total return by investing in global equities and equity-related securities. The Fund does not seek to allocate its investments in line with or seek to control risk relative to the MSCI All Country World Index or any other securities market index or benchmark.

Performance (%)

Net of Fees, GBP	-10.56
Gross of Fees, Unswung, GBP	-10.37
MSCI ACWI ¹	-10.67
Value Added	+0.30

GROUP ALLOCATION: +0.9%

Developed



Emerging



SECURITY SELECTION: -0.6%

Developed



Emerging



Major Performance Drivers

Emerging Markets

Characteristics: Our positioning in emerging markets emphasizes undervalued stocks. We have a distinct value tilt to the positioning of the portfolio today.

Positioning: Emerging markets accounted for 26.2% of our total portfolio weight on average during the quarter.

Results: Our overweight position in emerging markets resulted in a strong positive allocation impact as they outperformed the MSCI All Country World Index by more than 5% for the quarter. Security selection was also helpful as it proved to be another decent quarter for a valuation driven approach to investing. In particular, three of the top five contributors to relative performance at the total fund level were in Brazil as both the equity and currency performed very well in the quarter.

US

Characteristics: Our allocation in the US includes stocks that we believe are attractively valued, as selected by our quantitative valuation approach.

Positioning: We allocated 17.4% of our total portfolio weight on average during the quarter to US equities.

Results: US equities underperformed MSCI ACWI, so our underweight position added value to relative performance against the benchmark. Our stock selection impact was mildly negative, which was a little disappointing as value investing had a reasonable quarter with the Russell 3000 Value Index having a rare (in recent times) win over the Russell 300 Growth Index. Our underweight positions in Amazon and Apple both featured in the top five contributors to relative performance at the total fund level.

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. Gross Expense Ratio of 0.00% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

GMO UK Limited authorised and regulated by the Financial Conduct Authority

Global Equity Allocation Investment

Quarter Ending December 31, 2018

High Quality

Characteristics: More than 80% of our position in high quality equity is domiciled in the US, but it is comparatively multinational and carries less cyclical economic exposure than the broad US market.

Positioning: Our allocation to high quality accounted for 16.3% of our total portfolio weight on average during the quarter.

Results: Our position in high quality had a negative allocation impact for the quarter as the S&P 500 underperformed MSCI ACWI (although in aggregate we remain significantly underweight the US market). However, high quality outperformed the S&P by an excellent 1.6% for the quarter. A zero weight in poorly performing Amazon compensated for an overweight in poorly performing Apple. A zero weight in energy helped as the oil price crashed, and an overweight to Health Care along with strong selection within Health Care were also beneficial.

Europe

Characteristics: Our position in Europe carries a fair amount of exposure to some of the more cyclically exposed segments of the market.

Positioning: Europe accounted for 21.8% of our total portfolio weight on average during the quarter.

Results: From a top-down allocation perspective, our small overweight position in European stocks had little impact on relative performance during the quarter as MSCI Europe performed broadly in line with MSCI ACWI. Stock selection had a negative impact on relative performance, driven by Sweden and the UK.

¹ The MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed and emerging markets. 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.