

# U.S. Equity Fund

Quarter Ending June 30, 2019

## OVERVIEW:

The GMO U.S. Equity Fund seeks to deliver high total return by investing in a portfolio of U.S. equities.

## Performance (%)

Net of Fees, Class III, USD	+3.90
Gross of Fees, Class III, USD	+4.02
Russell 3000 <sup>1</sup>	+4.10
<b>Value Added</b>	<b>-0.07</b>

## Major Performance Drivers

The Russell 3000 Index continued to rise in the second quarter of 2019. The positive performance was broad based across sectors; Energy was the only sector to see declines in the quarter. Value continued to face headwinds, but they were more modest than in the first quarter.

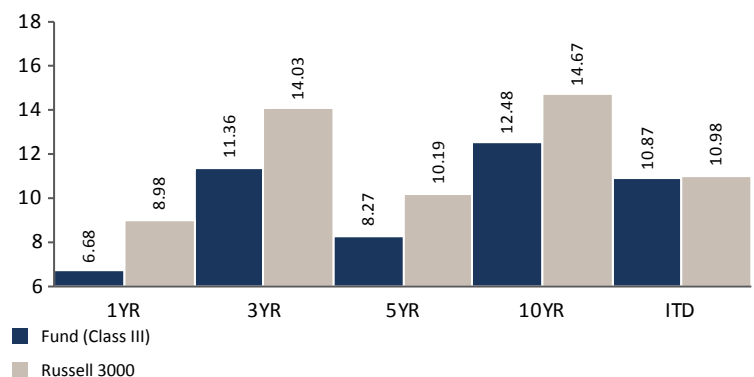
Portfolio results were nearly in line with the benchmark in the second quarter, with incremental value lost from stock selection partially offset by a small gain from sector allocation. Challenges faced by valuation-oriented models were in large part offset by contributions from growth models and signals which identified questionable management behavior.

Information Technology and Consumer Discretionary faced the greatest headwinds from stock selection. Top detractors reflected valuation headwinds, with markets favoring companies with less attractive valuations, such as Microsoft (Information Technology) and Facebook (Communication Services) over those with attractive valuations, such as Intel (Information Technology) and Kohls (Consumer Discretionary). In contrast, selection was positive in Industrials, including Aerospace, Defense, and Machinery names. A large underweight toward Alphabet (Communication Services) also added value; motivations for the position included negative sentiment from other asset classes.

Quarter-ending weights, as a percent of equity, for the positions mentioned were: Intel (2.8%), Kohls (0.5%), Microsoft (0.9%), Facebook (0.0%), and Alphabet (0.3%).

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 0.49% 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: 09/18/1985

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

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**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, Market Risk-Equities, Management and Operational Risk, Focused Investment Risk, Illiquidity Risk, and Derivative and Short Sale Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus.

<sup>1</sup> The Russell 3000 Index is an independently maintained and widely published index comprised of the stocks of the 3,000 largest U.S. companies based on total market capitalization. These companies represent approximately 98% of the total market capitalization of the U.S. equity market. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.