

QUARTERLY INVESTMENT REVIEW

Global Equity Allocation Investment Fund USD Class A

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees Fund (USD Class A)	9.45	22.56	22.56	8.78	11.29	–	7.40
Gross of Fees Fund (USD Class A)	9.65	23.44	23.44	9.58	12.13	–	8.21
MSCI ACWI	11.03	22.20	22.20	5.75	11.72	–	8.70
Value Added (vs. MSCI ACWI)	-1.58	0.36	0.36	3.03	-0.43	–	-1.29

Major Performance Drivers

- Top-down asset allocation had a meaningful negative impact for the quarter, as our overweighting to emerging equities underperformed, and this was exacerbated by the bias away from the U.S., which led the way in developed equities.
- Security selection was also negative, hindered by it being a tougher quarter for Value in developed markets.

Emerging Market equities, with an emphasis on undervalued stocks, represented 27.3% of the total portfolio weight on average during the quarter. Our overweight position in emerging equities was unhelpful for relative performance as MSCI Emerging Markets returned 3.3% in GBP terms, behind the MSCI ACWI return of 6.3%. Security selection was decently positive and mitigated some of this impact, as our portfolio had a better return of 5.4%. An overweight position in Power Finance (India Financials), REC (India Financials), Lenovo (China Information Technology), and MediaTek (Taiwan Information Technology) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, an overweight position in PetroChina (China Energy) featured in the five biggest individual detractors from relative performance for the quarter.

U.S. equities accounted for 28.0% of the total portfolio on average through the quarter, made up of 17.2% in broad U.S. and the remainder in Quality equity. This leaves the portfolio 34.7% underweight U.S. equities in total, and this had a negative impact on relative performance for the quarter as the MSCI USA index returned 7.0%, ahead of MSCI ACWI. Security selection in the U.S. was positive and, in aggregate, our U.S. portfolio returned 7.8%. An underweight position in Tesla (Consumer Discretionary) stocks featured in the top five biggest individual contributors or detractors at total portfolio level. On the flipside, underweight positions in Microsoft (Information Technology) and Broadcom (Information Technology) featured in the five biggest individual detractors from relative performance for the quarter.

Core European equities accounted for an average weight of 24.7% of the portfolio for the quarter, although the actual exposure is a little higher allowing for the domicile of some of the Quality holdings. Our overweight position in Europe had no material impact on relative performance as the MSCI Europe index returned 6.3%, in line with the MSCI ACWI return. Security selection within Europe was challenging, however, and the portfolio returned 3.8%. No European positions featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, an overweight position in Ahold (Netherlands Consumer Staples) and BAT (U.K. Consumer Staples) featured in the five biggest individual detractors from relative performance for the quarter.

Japanese equities accounted for 10.0% of the total portfolio on average through the quarter. This is a moderate overweight position against the index and had a small negative impact on performance relative to the index as MSCI Japan returned 3.6% for the quarter. Our stock selection in Japan was a little negative, with a 1.2% return. No Japanese stocks featured in the top five biggest individual contributors or detractors at the total portfolio level. The portfolio held 6.3% on average in the remaining catch-all "other international." In aggregate, across allocation and stock selection, this had a small negative impact on relative performance for the quarter.

Portfolio weights, as a percent of equity, for the positions mentioned were: Ahold (0.8%), REC (0.7%), BAT (0.8%), Microsoft (1.8%), Broadcom (0.0%), Tesla (0.0%), Power Finance (0.7%), Lenovo (0.7%), MediaTek (0.8%), and PetroChina (0.5%).

Inception Date: 20-Oct-14

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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 investor's 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. Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower.

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PRODUCT OVERVIEW

The Fund seeks to generate total return.

The philosophy that underlies all of GMO's Asset Allocation investment strategies is the belief that, at times and in the short term, the pricing of asset classes can deviate from true intrinsic value, but mean reverts to appropriate valuation levels over the long term. Using GMO's 7-Year Asset Class Forecasts, the Fund seeks to allocate to areas of the global equity markets we believe are most attractively valued. Our approach combines the best of GMO's top-down Asset Allocation views and bottom-up equity research to identify mispricings at both the asset class and individual security levels. The Fund allocates to equity strategies that are actively managed by other GMO investment teams with expertise and experience in security selection within their respective markets.

IMPORTANT INFORMATION

Comparator Index(es): 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. Please visit <https://www.gmo.com/americas/benchmark-disclaimers/> to review the complete benchmark disclaimer notice.

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Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/equities/global-all-country-equity-allocation-strategy/global-equity-allocation-investment-fund---dgeaf/>

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This advertisement has not been reviewed by the Monetary Authority of Singapore.

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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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