

# SGM Major Markets Fund

Year Ending December 31, 2018

## OVERVIEW:

The GMO SGM Major Markets Fund seeks long-term total return by investing in a portfolio of long and short positions in global equity, bond, currency, and commodity markets. We implement the Fund primarily by using liquid futures and forward non-U.S. exchange contracts.

## Performance (%)

Net of Fees, Class III, USD	-2.13
Gross of Fees, Class III, Local Close, USD	-1.14
FTSE 3-Mo. TBill+++ <sup>1</sup>	+1.86
<b>Value Added</b>	<b>-3.00</b>

## Major Performance Drivers

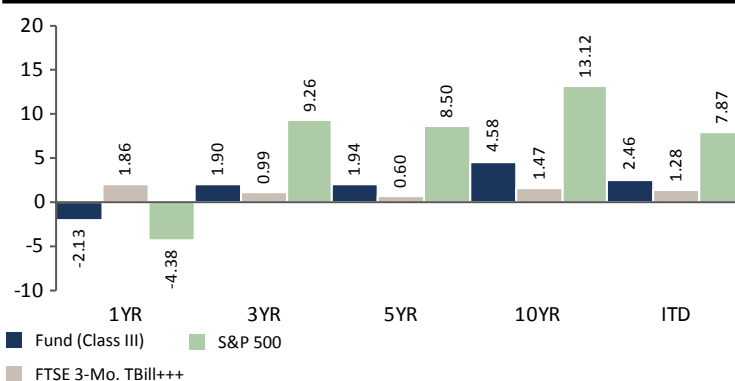
After a healthy start to the year, whereby equity markets surged higher on the back of supportive fundamentals, the rosy glass investors had been peering through seemed to dim as worries around future growth came to the fore. It seems many of the geopolitical concerns that the market had to deal with during 2018 will persist over to the New Year, particularly Brexit and the continued US-China trade tensions. In the final months of the year, investors sought refuge in perceived safe havens such as US Treasuries, which pushed yields lower after they rose throughout the year on the back of multiple Fed rate hikes, gold, and the Japanese Yen.

The portfolio underperformed its benchmark for the year. Equity market positions were the main detractor to performance, particularly long exposures to emerging, Asian and European markets. A significant short exposure to the US, held on valuation grounds, added strong value in the final quarter and for the year after being a drag on performance earlier in 2018. Commodity positions lost value, mostly due to a long position in oil over the final quarter. Currency positions helped performance, as the Australian dollar and New Zealand dollar, held short, weakened against the US dollar, held long. Fixed income positions had a minor impact on performance for the year.

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 1.03% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

Effective October 3, 2011, the fund implemented a new investment strategy and performance from periods prior to that date represents a different investment strategy than the one that the fund is currently pursuing.

## Annualized Return (%) as of December 31, 2018



Inception date: 04/11/2005

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 Market Risk - Equities, Management and Operational Risk, Non-U.S. Investment Risk, Liquidity Risk, and Derivatives Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Distributor: Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

<sup>1</sup> The FTSE 3-Month Treasury Bill +++ Index is an internally maintained benchmark computed by GMO, comprised of 50% Dow Jones-UBS Commodity Index and 50% J.P. Morgan 3 Month Cash Index through 10/31/2011 and FTSE 3-Month Treasury Bill Index thereafter.