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March 30, 2012 as amended May 4, 2012

This brochure provides information about the qualifications and business practices of Grantham, Mayo, Van Otterloo & Co. LLC (“GMO”). If you have any questions about the contents of this brochure, please contact GMO at (617) 330-7500. An investment adviser’s registration with the SEC does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about GMO is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

There have been no material changes to GMO's brochure since GMO's last annual update in March 2011, other than the following:

- Effective June 27, 2011, Brad Hilsabeck became Chief Executive Officer of GMO and joined the GMO Board of Directors. Previously, Mr. Hilsabeck was GMO's Head of Global Client Relations.
- Effective December 31, 2011, Bill Nemerever retired as the Co-Head of GMO's Fixed Income Division. Tom Cooper, who served as Co-Head with Bill, is now the sole head of the Division.

The information contained in this brochure is as of March 30, 2012 unless otherwise noted.

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Item 4. Advisory Business

- A. Grantham, Mayo, Van Otterloo & Co. LLC (“GMO”) was founded in 1977 and furnishes discretionary investment advisory services, predominantly to institutional clients. GMO is a Massachusetts limited liability company that is controlled by active employee-members (“Members”). The Members, analogous to partners in other organizations, include senior individuals in the firm. No Member owns more than 25% of the membership interests in the firm.

GMO’s offices include its headquarters in Boston, Massachusetts, and an office in San Francisco, California. The offices of GMO’s affiliates are located in Amsterdam, London, Singapore, Sydney and Zurich. Please see Item 10, “*Other Financial Industry Activities and Affiliations*” for a more detailed discussion about GMO’s affiliates.

- B. GMO offers investment strategies in many of the major asset classes (*e.g.*, large- and small/mid-cap U.S., international, emerging and global equities; U.S., international, emerging and global fixed income), as well as asset allocation, absolute return and alternative strategies. GMO offers these strategies in a variety of styles, which for some strategies include value, growth and core. GMO’s investment strategies are implemented through advice provided to pooled vehicles (*e.g.*, mutual funds or private funds) or through discretionary advice provided to separately managed accounts. Please see Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*” below for more information regarding GMO’s investment strategies.
- C. GMO may tailor its advisory services for clients invested in separately managed accounts. GMO may agree with a client to manage the client’s assets against a particular benchmark or pursuant to investment guidelines discussed and agreed upon with the client. To the extent practicable and consistent with the intended investment strategy, GMO may agree to implement client-imposed limitations on GMO’s discretionary authority with respect to the securities to be bought or sold for an account, including but not limited to, diversification requirements, benchmark deviation, industry concentration, restrictions prohibiting the purchase of certain securities or securities of certain types of issuers, prohibiting investments in certain countries or markets, and prohibiting the employment of certain investment strategies or techniques (*e.g.*, derivatives). Please see Item 16, “*Investment Discretion*,” which discusses these and other restrictions relating to GMO’s discretionary authority. Limitations on GMO’s discretionary authority may result in client accounts that are subject to limitations performing differently (and potentially less successfully) than other accounts with similar strategies managed by GMO that do not have such limitations.
- D. GMO does not participate in wrap-fee programs.
- E. As of December 31, 2011, GMO managed US\$90,552,653,193 on a discretionary basis for its clients (excluding assets managed by GMO’s affiliates). Please note that

this figure reflects GMO's net assets under management, as contrasted with the gross assets required to be reported in Part 1A of Form ADV as GMO's "regulatory assets under management."

Although GMO may be directed by a client with a separately managed account to invest exclusively in a particular GMO pooled vehicle, GMO does not otherwise manage any client assets on a non-discretionary basis.

Item 5. Fees and Compensation

- A. The rate of GMO's advisory (or management) fee varies with the type of account or product, the asset class being managed, and the investment strategy employed by GMO. GMO's fees are generally asset-based and are calculated at an annual rate as a percentage of the value of the net assets in the account.

In some cases, GMO may be paid a combination of an asset-based fee and performance fee. The performance fee may take the form of a special allocation of profit to GMO or an affiliate from a GMO pooled vehicle. (Special allocations and performance fees are referred to interchangeably throughout this brochure.) The performance fee may be calculated in a variety of ways depending on multiple factors including, but not limited to, the nature of the strategy, relevant performance benchmarks and performance hurdles, and is generally calculated based on both realized and unrealized appreciation. Please see Item 6, "*Performance-Based Fees and Side-by-Side Management*" below for more information.

Under appropriate circumstances, in GMO's discretion and where permitted by applicable law, the terms of an investment advisory contract, including fee schedules, terms of payment and termination provisions, may be negotiable. The asset based fees paid to GMO by clients with separately managed accounts generally range from 0.38% to 1.35%.

The GMO Trust mutual funds and GMO Series Trust mutual funds (collectively, "GMO Mutual Funds") pay management, service, administration and/or supplemental support fees to GMO and bear total net annual expenses as described in the attached *Schedules I and II* and as described in their respective prospectuses, as supplemented from time to time.

The stated asset-based fee rates for each pooled product advised by GMO excluding GMO Mutual Funds (collectively, the "GMO Private Funds"), are summarized on *Schedule III*. Note that the universe of GMO Private Funds contemplated in this brochure may be broader than the list of "private funds" required to be reported in Item 7.B of Part 1A of Form ADV. With respect to the fees charged by GMO Private Funds that are set forth on *Schedule III*, the general partner, investment adviser, or board of directors of such vehicles, as the case may be, has discretion to waive or reduce the asset-based fees and/or performance fees for any period for some or all investors and admit investors or accept additional subscriptions from existing

investors subject to such other fee arrangements as it deems appropriate and generally without notice to or consent from other investors.

Except as specifically noted therein, the summary of fees set forth for the GMO Mutual Funds and the GMO Private Funds (collectively, "GMO Funds") on *Schedules I, II and III* is as of December 31, 2011 and may not reflect subsequent changes. GMO Funds that liquidated between January 1 and March 15, 2012 are not included.

For many clients, including the Asset Allocation Trust (an open-end investment management company for which GMO serves as investment adviser and in which Wells Fargo Advantage Funds Asset Allocation Fund, a series of Wells Fargo Funds Trust, is currently the only investor), GMO is given authority to allocate (and reallocate) a client's assets among GMO Trust Funds and, in some cases, other pooled vehicles, on a discretionary basis. Often, GMO receives no direct fee for advising or performing the allocation, but will receive fees only from the underlying pooled vehicles. GMO will earn a higher total fee to the extent a client's assets are allocated among pooled vehicles that have higher fees payable to GMO. Therefore, a conflict of interest exists because GMO has an incentive to allocate client assets into pooled vehicles that produce the greatest fees for GMO.

In other cases, a client that has granted such asset allocation authority to GMO will be assessed an account-level fee which may consist of an asset-based fee or a combination of an asset-based fee and performance fee. To the extent that a separately managed account is invested in a GMO Mutual Fund, GMO generally will credit against the account-level fee payable to GMO the amount of any management and shareholder service fees paid to GMO by the GMO Mutual Fund in respect of such account's investment in the GMO Mutual Fund. To the extent a separately managed account is invested in a GMO Private Fund, GMO may credit the amount of any advisory or management fee paid to GMO by the GMO Private Fund in respect of such account's investment in the GMO Private Fund against the account level fee payable to GMO or may reduce the GMO Private Fund's fee to zero with respect to such account's investment in the GMO Private Fund. In these cases, GMO has a conflict because GMO can earn the same amount (and earns a higher fee for its allocation services) when a client's assets are allocated among products that have a lower average fee. In addition, a conflict of interest exists when GMO is allocating assets among pooled products when GMO is also considering whether to close pooled products with limited capacity but whose investors may pay GMO fees. GMO has an incentive to accept additional investments in those GMO Funds with higher fees even if a larger asset base may be more difficult to manage. GMO, in its sole discretion, may permit investment by GMO Funds in other GMO Funds that are otherwise closed to unaffiliated investors. Similarly, GMO may restrict investment by GMO Funds in other GMO Funds while remaining open to unaffiliated investors. GMO, on behalf of GMO Private Funds, may also, in its sole discretion, reduce all or a portion of the management fee or performance fee or bear other costs and expenses related to investments held by GMO, its affiliates, and their respective members and employees.

GMO has retained Breckinridge Capital Advisors, Inc. (“Breckinridge”) as sub-adviser to manage the municipal bond portfolio of GMO Tax-Managed Global Balanced Portfolio. Breckinridge earns a fee paid by GMO based on a fee schedule subject to breakpoints. The arrangement involves conflicts for GMO in making decisions as to what portion of the Portfolio is to be allocated to Breckinridge.

- B. For accounts that are pooled vehicles, fees are accrued daily or monthly and paid in arrears. For accounts that are separately managed, asset-based fees are typically billed and payable quarterly in arrears, although such accounts may be billed more or less frequently. Performance fees for separately managed accounts, if applicable, are typically billed annually but GMO and a client may agree to a more frequent billing cycle. GMO generally avoids accepting authority to withdraw fees from any client’s assets for purposes of satisfying fees owed by clients. From time to time, a client in a separately managed account may provide a standing instruction to GMO in its investment management agreement to redeem in GMO Funds held in its accounts to the extent necessary to pay GMO’s account-level advisory fee. For all accounts, the amount of the asset-based fee is prorated if GMO provides advisory services for periods of less than a full payment cycle (*e.g.*, at the beginning or end of GMO’s engagement to provide advisory services). For accounts with performance fees, accrued performance fees are generally payable at the time of any redemption from the account or pooled vehicle. In all cases, and even if a contract is silent, GMO requires that management fees billed from January through November be paid by March 15 of the following year (except for certain partnerships and non-US clients who must remit payment by the end of the calendar year in which they were billed) and, with respect to fees billed as of December 31 of each year, no later than December 31 of the following year.
- C. Clients will incur brokerage costs, third-party execution costs (if any) and other transaction costs associated with GMO’s management of the accounts’ portfolio securities. Please see Item 12, “*Brokerage Practices*” for a description of GMO’s brokerage practices.

In addition to advisory (or management) fees and brokerage and transaction costs, Clients invested in the GMO Mutual Funds, whether directly or through a separately managed account, will indirectly bear the fees and expenses paid by the GMO Mutual Funds, as applicable, including shareholder service, supplemental support and/or administration fees paid by the GMO Mutual Funds to GMO and other fees and expenses paid by the GMO Mutual Funds (to the extent not otherwise waived or reimbursed by GMO), which include but are not limited to, expenses of the independent Trustees of each Trust and their independent counsel, fees and expenses for legal, fund accounting, transfer agency, custodial and auditing services, compensation and expenses of Trust employees and consultants that are not affiliated with GMO (excluding any employee benefits), securities lending fees and expenses, interest expense, transfer taxes, and other investment-related costs (including overdraft charges), hedging transaction fees, extraordinary and non-recurring and certain other unusual expenses (including taxes). Some GMO Mutual Funds also

charge purchase premiums and/or redemption fees, which are paid by the investor to the relevant GMO Mutual Fund (and not to GMO) upon purchases into or redemptions from the GMO Mutual Fund. Some GMO Mutual Funds may be subject to other expenses including fees that are payable to subtransfer agents or recordkeepers, which are not typically expenses reimbursed by GMO. The total net annual operating expenses of each GMO Mutual Fund are set forth in the tables in *Schedules I and II* and described in the GMO Mutual Funds' prospectuses, as supplemented from time to time.

In addition to advisory fees and brokerage and transaction costs, clients invested in GMO Private Funds, whether directly or through a separately managed account, will bear the fees and expenses paid by the GMO Private Funds (to the extent not otherwise waived or reimbursed by GMO), including but not limited to custody fees, brokerage commission and third-party execution fees, if any, administration, legal, audit and accounting fees, and certain other fees and expenses, which may include purchase premiums, withdrawal and/or redemption fees and other investment related costs, including legal and accounting costs.

Some GMO Funds invest in other GMO Funds and other pooled investment vehicles. Shareholders in those GMO Funds may also bear the indirect net expenses associated with their investment (if any) in underlying funds. Investors should refer to the relevant prospectus for GMO Mutual Funds and/or the current offering memoranda for GMO Private Funds for a more detailed description of such underlying funds' fees and expenses.

GMO has contractually agreed to bear some of the operational expenses for many of the GMO Funds it advises (e.g., accounting, transfer agency expenses). The extent to which GMO bears those expenses varies by GMO Fund. Therefore, when negotiating those expenses with third-party service providers (which are often negotiated for all pools at the same time), GMO has an economic incentive to favor a fee structure that shifts expenses from Funds for which GMO has a greater reimbursement obligation to those Funds for which GMO has a lesser (or no) reimbursement obligation.

Clients with separately managed accounts typically engage a custodian to custody their assets managed by GMO and are responsible for custodial fees and other expenses charged by their custodian, including relevant trading and brokerage expenses, which are paid directly by the clients to their custodians.

- D. Clients do not pay GMO's fees in advance.
- E. Neither GMO nor any of its supervised persons accepts compensation for the sale of securities or other investment products.

Item 6. Performance Based Fees and Side-by-Side Management

As described above, GMO may be paid an asset-based fee or a combination of an asset-based fee and performance fee. Please see Item 5, *“Fees and Compensation”* above and the related Schedules for more information about GMO’s fees. To the extent GMO charges a performance fee, the client must be eligible and the performance fee must generally comply with the requirements of Section 205 and Rule 205-3 under the Investment Advisers Act of 1940, as amended (“Advisers Act”). In situations where GMO has entered into a performance fee arrangement, it may have an economic incentive to make riskier investments and/or pursue riskier strategies than it might otherwise. In addition, because many of GMO’s investment personnel manage both accounts with an asset-based fee on the one hand and accounts with a performance fee component on the other, they face potential conflicts of interest in that they may have an incentive to favor accounts for which GMO receives a performance fee. GMO may also have conflicts related to engaging in short sales of, or taking a short position in, an investment owned or being purchased by other client accounts managed by GMO or vice versa. See Item 11, *“Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities.”*

GMO may also have an incentive to favor accounts in which it and/or its Members and employees may own a substantial interest. To manage these conflicts, GMO maintains firm-wide trade allocation standards, and each of the trading desks has implemented specific allocation procedures designed to allocate investment opportunities fairly and equitably over time. Information regarding these procedures is provided under Item 12, *“Brokerage Practices.”*

To manage further the potential conflicts associated with side-by-side management of accounts or funds with performance fees and those that have solely asset-based fees, no Member or employee has been granted any specific participation in the performance of any account managed by GMO nor is any Member or employee compensated in any way that is explicitly linked to the performance of any portfolio.

Item 7. Types of Clients

GMO provides investment advice to a wide variety of clients, including, but not limited to, endowments, foundations, employee benefit plans, governmental and supranational entities, taxable corporations, investment companies, pooled vehicles, trusts, other institutions and individuals. The minimum account size for GMO Mutual Funds varies but is generally \$10 million (\$5 million for tax-managed funds). For GMO Private Funds, the minimum account size varies depending on the vehicle, but is generally at least \$5 million. Minimum account size requirements are waived for Members and employees and for other investors at GMO’s discretion. The minimum account size for separately managed accounts varies by strategy.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

- A. GMO portfolio managers employ a variety of tools in providing investment advice to its clients, including, but not limited to, proprietary quantitative techniques and fundamental investment analysis.

GMO offers investment strategies in many of the major asset classes – large and small/mid-cap U.S., international, emerging and global equities and U.S., international, emerging and global fixed income -- as well as asset allocation, absolute return and alternative strategies. Please refer to *Appendix A* for a general description of each of GMO's investment strategies as of the date of this brochure. Descriptions of strategies offered through pooled investment vehicles are qualified in their entirety by the information in such vehicle's offering materials. Descriptions of strategies offered through separately managed accounts are qualified in their entirety by reference to the applicable investment advisory agreement and related investment guidelines.

Investing in securities involves risk of loss that clients should be prepared to bear.

- B. The following chart identifies the material risks associated with the strategies described in *Appendix A*. Risks not marked for a particular strategy, may, however, still apply to some extent to that strategy at various times. All strategies could be subject to additional risks due to the types of investments they make and changing market conditions over time. This summary of the principal risks is qualified in its entirety by the information contained in the strategy's offering materials (if any).

Some clients may request variations on the strategies described in *Appendix A*. For those separately managed accounts, such variations may subject the accounts to risks in addition to those material risks identified below.

	U.S. Equities	Interna- tional Equities	Global Equities	Emerging Equities	Fixed Income	Asset Allocation	Absolute Return	Alternative
Borrowing and Leverage Risk	•	•	•	•	•	•	•	•
Commodities Risk						•	•	•
Convertible Securities Risk	•	•	•	•	•	•	•	•
Counterparty Risk	•	•	•	•	•	•	•	•
Credit Market Illiquidity Risk					•	•	•	
Credit Risk	•				•	•	•	•
Currency Risk		•	•	•	•	•	•	•
Derivatives Risk	•	•	•	•	•	•	•	•

	U.S. Equities	Interna- tional Equities	Global Equities	Emerging Equities	Fixed Income	Asset Allocation	Absolute Return	Alternative
Focused Investment Risk	•	•	•	•	•	•	•	•
Foreign Investment Risk	•	•	•	•	•	•	•	
Large Investor Risk	•	•	•	•	•	•	•	•
Legal and Regulatory Risks	•	•	•	•	•	•	•	•
Liquidity Risk	•	•	•	•	•	•	•	•
Management and Operational Risk	•	•	•	•	•	•	•	•
Market Disruption and Geopolitical Risk	•	•	•	•	•	•	•	•
Market Risk-Equity Securities Risk	•	•	•	•		•	•	•
Market Risk- Fixed Income Securities Risk					•	•	•	•
Natural Resources Risk						•		•
Portfolio Turnover Risk	•	•	•	•	•	•	•	•
Preferred Securities Risk	•	•	•	•	•	•	•	•
Prime Brokerage Risk						•	•	
Real Estate Risk	•					•	•	•
Short Sales Risk					•	•	•	
Smaller Company Risk	•	•	•	•		•	•	•
Underlying Strategies Risk	•	•	•	•	•	•	•	•

- *Borrowing and Leverage Risk* – If permitted by the strategy’s investment policies, the strategy may purchase securities on margin, may borrow money, may use derivatives (including reverse repurchase agreements), and may lend its securities, each of which may cause its portfolio to be leveraged. Leverage increases the strategy’s portfolio losses when the value of its investments decline. The strategy could be subject to a “margin call,” under which the strategy would be required to either deposit additional funds with a broker or suffer mandatory liquidation of securities pledged to a broker if the securities pledged by the strategy to a broker to secure its margin accounts decline in value.
- *Commodities Risk* – Commodity prices can be extremely volatile and are affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics,

nationalization, expropriation, or other confiscation, international regulatory, political, and economic developments, and developments affecting a particular industry or commodity.

- *Convertible Securities Risk* – Convertible securities are subject to market risk (with respect to the fixed income security as well as the underlying equity security) and credit risk. A convertible security may also be subject to redemption at the option of the issuer at a price established in its governing instrument, and any such redemption could have an adverse effect on the ability of the strategy to achieve its investment objective.
- *Counterparty Risk* – The strategy runs the risk that the counterparty to an OTC derivatives contract or a borrower of the strategy's securities will be unable or unwilling to make timely principal, interest, or settlement payments, or otherwise honor its obligations. GMO weighs various factors in determining the risks associated with entering into a transaction with a counterparty. Such factors may include credit quality, collateral arrangements and guarantees. Factors considered may vary by Investment Division. Unless otherwise required by contractual arrangements with individual clients, there is neither an explicit limit on the amount of exposure that an account may have with any one counterparty nor a requirement that counterparties maintain a specific rating by a nationally recognized rating organization in order to be considered for potential transactions. To the extent that GMO's view with respect to a particular counterparty changes (whether due to external events or otherwise), existing transactions are not required to be terminated or modified. Additionally, new transactions may be entered into with a counterparty that is no longer considered eligible if the transaction is primarily designed to reduce the overall risk of potential exposure to that counterparty (for example, re-establishing the transaction with a lesser notional amount).
- *Credit Market Illiquidity Risk* – Illiquidity in the credit markets could cause the price of investments held by the strategy to decline, which may have the result of forcing the strategy to sell assets to meet margin calls, which could, in turn, create further downward price pressure.
- *Credit Risk* -- The strategy runs the risk that the issuer or guarantor of a fixed income security or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligations to pay principal or interest payments or to otherwise honor its obligations. The market value of a fixed income security normally will decline as a result of the issuer's failure to meet its payment obligations or the market's expectation of a default, which may result from the downgrading of the issuer's credit rating. Below investment grade securities have speculative characteristics, and changes in economic conditions or other circumstances are more likely to impair the capacity of issuers to make principal and interest payments than is the case with issuers of investment grade securities.

- *Currency Risk* – Fluctuations in exchange rates may adversely affect the value of the strategy's foreign currency holdings and investments denominated in foreign currencies.
- *Derivatives Risk* – The use of derivatives involves the risk that their value may not correlate with the value of the relevant underlying assets, rates or indices. Derivatives also present other strategy risks, including market risk, liquidity risk, currency risk, and credit and counterparty risk. Because the contract for each OTC derivative is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than the Fund and if that occurs, the Fund may decide not to pursue its claims against the counterparty rather than incur the cost and unpredictability of legal proceedings. The Fund, therefore, may be unable to obtain payments the Manager believes are owed to it under OTC derivatives contracts or those payments may be delayed or made only after the Fund has incurred the costs of litigation.

Short positions may not act as an effective hedge against long positions. The success of any hedging strategy will depend in part on GMO's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments being hedged.

A purchase or sale of a futures contract may result in losses in excess of the amount invested in the futures contract. If the strategy uses futures for hedging, in the event of an imperfect correlation between a futures position and the portfolio position intended to be hedged, the strategy may realize a loss on the futures contract at the same time it is realizing a loss on the portfolio position intended to be hedged. In addition, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, thereby effectively preventing liquidation of unfavorable futures positions.

- *Focused Investment Risk* – Focusing investments in a limited number of countries, regions, sectors or companies or in industries with high positive correlations to one another creates additional risk. This risk is particularly pronounced for a strategy, which invests its assets in the securities of a limited number of issuers, as the strategy is particularly exposed to adverse developments affecting those issuers, and a decline in the market value of a particular security held by the strategy may affect the strategy's performance more than if the strategy invested in the securities of a larger number of issuers.
- *Foreign Investment Risk* – The market prices of many foreign securities may fluctuate more than those of U.S. securities. Foreign markets often are less stable, smaller, less liquid and less regulated than U.S. markets, and the cost of trading in those markets often is higher than in U.S. markets. In addition, the strategy may be subject to foreign taxes on capital gains or other income payable on foreign

securities, on transactions in those securities or otherwise on the repatriation of proceeds generated from those securities. Also, there are risks associated with any license that the strategy needs to maintain to invest in some foreign markets. In some foreign markets, prevailing custody and trade settlement practices (*e.g.*, the requirement to pay for securities prior to receipt) may expose the strategy to credit and other risks with respect to participating brokers, custodians, clearing banks or other clearing agents, escrow agents and issuers. Further, adverse changes in investment regulations, capital requirements, or exchange controls could adversely affect the value of the strategy's investments. These and other risks (*e.g.*, nationalization, expropriation, or other confiscation of assets of foreign issuers to which the strategy is exposed) are greater for the strategy's investments in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries. To the extent the strategy invests to a significant extent in a particular country, the strategy's performance may be affected by political, social and economic conditions in that country and/or geographical region or operational risks particular to that country or region.

- *Large Investor Risk* – To the extent that a strategy is offered as a pooled vehicle and interests in the pooled vehicle are held by large investors (*e.g.*, institutional investors, asset allocation funds, or other GMO pooled vehicles), the pooled vehicle is subject to the risk that these investors will disrupt the pooled vehicle's operations by purchasing or redeeming interests in large amounts and/or on a frequent basis.
- *Legal and Regulatory Risks* – U.S. regulators are empowered to promulgate a variety of new rules pursuant to recently enacted financial reform legislation, including new clearing, margin, reporting and registration requirements with respect to OTC derivatives contracts. These regulatory changes could, among other things, restrict the strategy's ability to engage in OTC derivatives transactions, increase the cost of such transactions and/or mandate collateral or margin requirements.
- *Liquidity Risk* – Low trading volume, lack of a market maker, a large position or legal restrictions may limit or prevent the strategy from selling particular securities or closing derivative positions at desirable prices. Holding less liquid securities increases the likelihood that the strategy will honor a redemption request in-kind.
- *Management and Operational Risk* – The strategy relies on GMO's ability to achieve its investment objective. GMO uses proprietary investment techniques in making investment decisions for the strategy, but that does not assure that GMO will achieve the desired results and a strategy may incur significant losses. GMO may, for example, fail to use derivatives effectively, choosing to hedge or not to hedge positions at disadvantageous times. GMO's portfolio managers may use quantitative analyses and/or models. Any imperfections or limitations in such

analyses and/or models could affect the ability of the portfolio managers to implement strategies. By necessity, these tools make simplifying assumptions that limit their efficacy. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most recent information about a company or a security. There also can be no assurance that all of GMO's personnel will continue to be associated with GMO for any length of time. The loss of the services of one or more employees of GMO could have an adverse impact on a strategy's ability to achieve its investment objective. A strategy also is subject to the risk of loss and impairment of operations from operational risk as a result of GMO's and other service providers' provision of investment management, administrative, accounting, tax, legal, and other services to the strategy.

- *Market Disruption and Geopolitical Risk* – Geopolitical events may disrupt securities markets and adversely affect global economies and markets. Those events as well as other changes in foreign and domestic economic and political conditions could adversely affect the value of the strategy's investments.
- *Market Risk- Equity Securities* – The market value of equity investments may decline due to factors affecting the issuing companies, their industries, or the economy and equity markets generally. Because the strategy normally does not take temporary defensive positions, declines in stock market prices generally are likely to reduce the market value of the strategy's investments. The strategy may purchase equity investments at prices below what GMO believes to be their fundamental value. The strategy runs the risk that the prices of these investments will not increase to what GMO believes to be their fundamental value or that GMO has overestimated their fundamental value. Certain strategies may purchase "growth" securities. Because growth securities typically trade at higher multiples of current earnings than other securities, their market values are often more sensitive than other securities to changes in future earnings expectations.
- *Market Risk- Fixed Income Securities* – A strategy that invests a significant portion of its assets in fixed income securities, including bonds, notes, bills, synthetic debt instruments, and asset-backed securities, is subject to various market risks. These risks include, but are not limited to, loss on investments in asset-backed and other fixed income securities, lack of liquidity of these investments, and impact of fluctuating interest rates. In addition, a principal risk run by a strategy that holds a significant investment in fixed income securities is that an increase in prevailing interest rates will cause the value of its investments to decline. The risks associated with increases in interest rates is generally greater for a strategy that invests in fixed income securities with longer durations and in some cases duration can increase. Moreover, as inflation increases, the real value of the strategy's assets could decline. If deflation occurs, it may increase the risk of issuer default and adversely affect the value of the strategy's assets.

Asset-backed securities involve the risk of loss of principal if obligors of the underlying obligations default and the defaulted amounts exceed any credit support provided for the securities. The obligations underlying asset-backed securities are subject to unscheduled prepayments and the strategy may be unable to invest prepayments at as high a yield as the yield of the asset-backed security. Asset-backed securities, particularly mortgage-backed securities, are subject to the risk that their underlying assets were not properly securitized, which could reduce and/or eliminate their market value.

Collateralized debt obligations may be subject to prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk. Due to the complex nature of a collateralized debt obligation, such investments may not perform as expected.

If the strategy acquires an interest in a loan through a participation, it must rely on the seller of the participation not only for the enforcement of the strategy's rights against the borrower but also for the receipt and processing of principal, interest, or other payments due under the loan. Also, loans are often subject to prepayments from free cash flow of the borrower, which reduce the principal on which the strategy's interest income is calculated.

Investments in distressed or defaulted instruments are generally considered speculative and may involve substantial risks not normally associated with investments in healthier companies, including higher credit risk and the risk of insolvency proceedings. If GMO's evaluation of the eventual recovery value of a defaulted instrument should prove incorrect, the strategy may lose a substantial portion or all of its investment.

- *Natural Resources Risk* – The strategy is particularly exposed to adverse developments affecting issuers in the natural resources sector. In addition, the securities of companies in the natural resources sector may experience more price volatility than securities of companies in other industries. Some of the commodities used as raw materials or produced by these companies are subject to broad price fluctuations as a result of industry wide supply and demand factors. As a result, companies in the natural resources sector often have limited pricing power over supplies or for the products they sell which can affect their profitability. Companies in the natural resources sector also may be subject to special risks associated with natural or man-made disasters. In addition, the natural resources sector can be especially affected by events relating to international political and economic developments, government regulations including changes in tax law or interpretations of law, energy conservation, and the success of exploration projects.
- *Portfolio Turnover Risk* – The strategy has not placed any limit on the rate of portfolio turnover. A high rate of portfolio turnover involves greater expenses

than a lower rate and may result in tax costs to investors depending on the tax laws applicable to such investors.

- *Preferred Securities Risk* – If the strategy owns a preferred stock that is deferring its distribution, investors may recognize income for tax purposes despite the fact that they are not receiving current income on the position. Also, if a preferred security is redeemed, the strategy may not be able to reinvest the proceeds at a comparable rate of return.
- *Prime Brokerage Risk* – To the extent a strategy uses a prime broker to custody its assets, the strategy is subject to the risk that its custodian prime broker (or a third party used by its prime broker to hold the strategy's assets) becomes insolvent, which could delay or prevent the ability of the strategy to access its assets.
- *Real Estate Risk* – Real estate-related investments may decline in value as a result of factors affecting the real estate industry, such as the supply of real property in particular markets, changes in zoning laws, delays in completion of construction, changes in real estate values, changes in property taxes, levels of occupancy, adequacy of rent to cover operating expenses, and local and regional market conditions. The value of real estate-related investments also may be affected by changes in interest rates and social and economic trends. REITs are subject to the risk of fluctuations in income from underlying real estate assets, the inability of the REIT to effectively manage the cash flows generated by those assets, prepayments and defaults by borrowers, and failing to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 and/or to maintain exempt status under the 1940 Act.
- *Short Sales Risk* – The strategy may seek to hedge investments or realize additional gains through short sales of securities. The strategy may make short sales “against the box,” meaning the strategy may make short sales while owning or having the right to acquire, at no added cost, securities identical to those sold short. The strategy incurs transaction costs, including interest, when opening, maintaining, and closing short sales against the box. Short sales against the box protect the strategy against the risk of loss in the value of a portfolio security by offsetting a decline in value of the security by a corresponding gain in the short position. The converse, however, is that any increase in the value of the security will be offset by a corresponding loss in the short position. If the strategy engages in short sales of securities it does not own, it may have to pay a premium to borrow the securities and must pay to the lender any dividends or interest it receives on the securities while they are borrowed. Short sales of securities the strategy does not own involve a form of investment leverage, and the amount of the strategy's potential loss is theoretically unlimited.
- *Smaller Company Risk* – The securities of small- and mid-cap companies often are less widely held and trade less frequently and in lesser quantities, and their

market prices often fluctuate more, than the securities of companies with larger market capitalizations.

- *Underlying Strategies Risk* – The strategy is indirectly exposed to all of the risks of an investment in the underlying strategies, including the risk that the underlying strategies in which it invests will not perform as expected or that the strategy will invest in underlying strategies with higher fees or expenses.

Item 9. Disciplinary Information

There are no legal or disciplinary events that GMO believes are material to a client's or prospective client's evaluation of its advisory business or the integrity of its management.

Item 10. Other Financial Industry Activities and Affiliations

- A. GMO is not registered nor does it have an application pending to register as a broker-dealer. Certain of GMO's management persons and client-facing personnel are principals and/or registered representatives of Funds Distributor LLC, an unaffiliated broker-dealer that has been retained (for regulatory reasons only) to effect client transactions in shares/interests of GMO Funds and to act as placement agent for certain GMO Private Funds.
- B. GMO is registered with the Commodities Futures Trading Commission as a commodity trading adviser and a commodity pool operator and is a member of the National Futures Association ("NFA"). Certain of GMO's management persons and client-facing personnel are registered with the NFA as principals and/or associated persons.
- C. *Related pooled investment vehicles and general partners.* GMO manages the constituent funds of GMO Trust. GMO Trust was organized by GMO in September 1985. GMO Trust is a registered management investment company (SEC File No. 2-98772, 811-4347). GMO provides management and other services to the series of GMO Trust.

GMO manages the constituent funds of GMO Series Trust. GMO Series Trust was organized by GMO in May 2011. GMO Series Trust is a registered management investment company (SEC File No. 811-22564). GMO provides management and other services to the series of GMO Series Trust.

GMO provides advisory and other services to the GMO Private Funds, which are listed on *Schedule III*. GMO or GMO Investment Partners, LLC, a wholly owned subsidiary of GMO, serves as the general partner to several of the GMO Private Funds advised by GMO. GMO Emerging Illiquid GP, LLC, a wholly owned subsidiary of GMO, serves as the general partner to GMO Emerging Illiquid Fund, L.P.

Members and employees of GMO serve as officers and/or trustees of GMO Trust and GMO Series Trust. In addition, Members and employees of GMO serve as officers and/or members of the boards of directors of certain GMO Private Funds that pay fees to GMO, including performance fees. In some cases, Members and employees may constitute a majority of the board of directors. GMO Members and employees who serve as officers and/or directors may have potential conflicts of interest with the GMO Fund. GMO may also hold the only voting securities issued by the GMO Private Fund and may have a conflict in exercising its voting rights.

Related advisers. GMO UK Limited is a wholly owned subsidiary of GMO located at One Angel Court, Throgmorton Street, London EC2R7HJ England (“GMO UK”). The firm commenced operations in December 2003 and manages or services accounts similar to those managed by GMO in the U.S. Simon Harris, Anthony Hene and Mark Ingham are Members of GMO and are also employees of GMO UK. Carl O’Rourke, Naser Bashir, Michael Monnelly, Tom Smith, James Montier and Justin Ashmall are employees of GMO UK and are associated persons of GMO with respect to services they provide to GMO and/or GMO’s clients as agreed with GMO.

GMO UK has entered into an agreement with GMO pursuant to which GMO executes all trade orders placed by GMO UK on behalf of its clients and performs related and ancillary back office functions. Trades placed on behalf of clients of GMO UK are executed by GMO’s Quantitative Equity Division’s Trading Desk and are subject to GMO’s policies regarding trade allocation and aggregation, including the allocation of limited opportunities. Information regarding these procedures is provided under Item 12, “*Brokerage Practices.*” The UK Equity Investment Division of GMO UK Limited was integrated with the GMO Quantitative Equity Division in 2011.

GMO Investment Management Company (Ireland) Limited (“GMO Ireland”) is a wholly owned subsidiary of GMO UK. GMO Ireland’s registered office is at Styne House, Upper Hatch Street, Dublin 2, Ireland. GMO Ireland commenced operations in July, 2007 and was established to manage and provide oversight over the activities of GMO Unit Trust, a unit trust organized and regulated in Ireland.

GMO Australasia, LLC, a U.S. registered investment adviser (SEC File No. 801-56449), is a wholly owned subsidiary of GMO and is located at 40 Rowes Wharf, Boston, MA 02110. GMO Australasia, LLC commenced operations in November 1995 and manages or services Australasian accounts similar to those managed by GMO in the U.S.

GMO Australia Partnership is a wholly owned subsidiary of GMO. GMO Australia Partnership is located at Level 12, 1 Alfred Street, Sydney NSW 2000 Australia. GMO Australia Partnership commenced operations in November 1995 and provides management, marketing, client and other services to GMO Australia Ltd. Jason Halliwell is the head of the Systematic Global Macro Division, a Member of GMO and an employee of GMO Australia Partnership. Sean Gleason, Craig Louis, Vikram

Mundkur, Peter Martin and Andrew Thompson are employees of GMO Australia Partnership and are associated persons of GMO with respect to services they provide to GMO and one or more of GMO's clients as agreed with GMO.

GMO Australia Ltd. is an indirect wholly owned subsidiary of GMO (owned through GMO Australasia, LLC), located at Level 12, 1 Alfred Street, Sydney NSW 2000 Australia. GMO Australia Ltd. commenced operations in November 1995 and manages or services accounts similar to those managed by GMO in the U.S.

GMO Singapore Pte. Limited ("GMO Singapore") is an indirect wholly owned subsidiary of GMO (owned through GMO Australasia, LLC), located at 6 Battery Road, #24-02A, Singapore 049909. GMO Singapore commenced operations in February 2003 and manages or services accounts similar to those managed by GMO in the U.S. Amit Bhartia is a Member of GMO and also an employee of GMO Singapore. Miten Amin, Ernest Chew, Mark Wu and Gunwoo Lim are employees of GMO Singapore and are associated persons of GMO with respect to services they provide to GMO and one or more of GMO's clients as agreed with GMO.

GMO Renewable Resources, LLC, a U.S. registered investment adviser (SEC File No. 801-55183), is a majority-owned subsidiary of GMO located at 77 Franklin Street, Boston, MA 02110. GMO Renewable Resources, LLC provides advice primarily with respect to timberland and agricultural investments. The firm commenced operations in January 1998.

GMO Renewable Resources is a New Zealand unlimited liability company and an indirect wholly owned subsidiary of GMO Renewable Resources, LLC, located at Zens Centre, Level 9, 1135 Arawa Street, Rotorua, New Zealand. GMO Renewable Resources (New Zealand) manages or services non-discretionary accounts similar to those managed by GMO Renewable Resources, LLC in the U.S.

GMO's investment adviser affiliates may provide advice to their clients with respect to strategies that are similar to strategies offered by GMO and those investment advisory affiliates may purchase on behalf of their clients the same securities that GMO may purchase for its clients. As a result, interests of GMO's clients may conflict with the interests of clients of GMO's investment advisory affiliates.

Related commodity pool operator. GMO Investment Partners, LLC, a wholly owned subsidiary of GMO and general partner to several private pooled vehicles advised by GMO, is registered with the CFTC as a commodity pool operator.

Affiliates of GMO also sponsor limited partnerships or other pooled products. Please see the discussion below in Item 11 describing conflicts related to GMO's advisory activities.

Other arrangements. A foundation and a charitable trust established by a GMO Member lease office space at GMO's offices. The trust and the foundation are

subject to GMO's Code of Ethics and Insider Trading Policy and Procedures, including restrictions on securities trading by the trust, the foundation and its employees. The Member has also agreed that the foundation's employees will be subject to GMO's Code of Ethics and Insider Trading Policy and Procedures, GMO's Code of Conduct, GMO's Gift Policy, any restrictions or policies implemented by GMO from time to time with respect to employee investments, and all other GMO workplace conduct policies. The Member, the foundation and the trust have reported that each of them has retained a consulting firm to provide bona fide investment advisory services; the consulting firm also recommends GMO to potential clients. Please see Item 14, "*Client Referrals and Other Compensation*," which describes the arrangement.

GMO Members and employees may serve on the boards of directors and/or investment committees of external organizations, including those organizations that are currently or may become GMO clients. Such service may present conflicts of interest to the extent the Member or employee becomes aware of material non-public information and may be unable to initiate some transactions for other clients while in possession of that information. GMO will, to the extent possible, take steps to mitigate such conflicts if and when they arise.

GMO has an exclusive consultancy relationship with Goldfish Capital Advisors Private Limited ("Goldfish") located at One India Bulls Center, Tower 2B, 10th Floor, Elphinstone Road, Mumbai – 400 013, India to provide investment advisory services with respect to the India market. Goldfish is not an affiliate of nor otherwise related to GMO.

- D. GMO does not recommend or select other investment advisers for its clients for compensation.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

GMO has adopted a Code of Ethics that is applicable to all of its and its affiliates' Members, employees and, in general, on-site consultants world-wide (collectively, "access persons"). The Code of Ethics is designed to comply with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Advisers Act. The Code of Ethics establishes personal trading procedures, including pre-clearance and reporting obligations. While GMO's access persons may, subject to the terms of GMO's Code of Ethics, purchase investments for their own accounts, including the same investments as may be purchased or sold for client accounts, GMO's Code of Ethics is designed to prevent its access persons from engaging in personal securities transactions that may compete or interfere materially with trading of client accounts. In order to give effect to the prohibitions in the Code of Ethics, the Code also sets forth procedural requirements, including pre-clearance by the Compliance Department of many types of trades. Some securities (*e.g.*, certain mutual fund shares, U.S. government securities and money market instruments) and some transactions (*e.g.*, dividend reinvestment, *de minimis* trades,

transactions in accounts managed by third parties) are exempt from the substantive and/or procedural requirements of the Code of Ethics. Exceptions from the Code of Ethics may be granted in appropriate circumstances.

GMO also maintains a Code of Conduct Policy that sets forth GMO's professional expectations of its personnel and a Gift Policy that is designed to provide reasonable oversight of potential conflicts associated with the receipt of entertainment and other gifts.

The foregoing discussion is a summary and is qualified in its entirety by the Code of Ethics, the Code of Conduct and the Gift Policy, which are available to any client or prospective client upon request.

GMO also has adopted an Insider Trading Policy and Procedures ("Insider Trading Policy") applicable to all employees, on-site consultants, officers, members and directors that forbids such persons from trading, either personally or on behalf of others (including on behalf of clients), on the basis of material non-public information (commonly referred to as "insider trading"), except as specifically contemplated under the Policy. The Insider Trading Policy does not provide absolute assurance as to the correct handling of material non-public information, but does contain procedures reasonably designed to aid GMO personnel in avoiding insider trading, and to aid the Company in preventing, detecting and imposing sanctions against, insider trading. Those procedures include a ban on trading on the basis of, or any other action to take advantage of, material non-public information, except as specifically contemplated under the Policy.

GMO may engage the services of "expert networks," members of which provide expertise in particular sectors or industries, to assist in analyzing securities. GMO seeks to obtain assurance from the network and/or the experts that the experts will not provide GMO with material nonpublic information and will not arrange discussions between GMO and experts who have worked for an issuer within the past six months.

GMO's procedures specifically permit (but do not require) GMO's Chief Compliance Officer ("CCO") to establish temporary ethical screens to control the flow within the firm of material non-public information received by persons subject to the Insider Trading Policy. The use of a temporary ethical screen may enable GMO to avoid placing securities of an issuer on a restricted list, whereby GMO accounts would be prohibited from transacting in securities of such issuer. From time to time, however, based on the relevant facts and circumstances, GMO's CCO or other designee may deem it necessary or appropriate to restrict trading by GMO accounts in the securities of particular issuers and will place such securities on a restricted list. Placement of a security on the restricted list will restrict its purchase or sale by GMO client accounts, including GMO employee accounts, rendering illiquid any such security already in a client's account until such time as the security is removed from that list.

GMO attempts to disclose material conflicts of interest in this document. However, because conflicts are endemic for registered investment advisers, in responding to the

particular items of Form ADV Part 2, GMO has focused on identifying those conflicts that may be most salient. Set forth in this section is a description of certain conflicts that arise in the course of GMO's activities as well as a description of how GMO seeks to address such conflicts. Other sections of this brochure also provide a description of additional conflicts of interest that may arise in the operation of GMO's business. Please see Item 12, "*Brokerage Practices*," for a description of GMO's procedures with respect to the allocation of investment opportunities among its clients, including the allocation of limited opportunities, and a discussion of the factors GMO considers when selecting brokers to effect transactions for clients. Please also see Item 5, "*Fees and Compensation*," and Item 6, "*Performance Based Fees and Side-by-Side Management*" for a description of conflicts associated with the fees charged by GMO, including performance fees and fees for asset allocation. Item 14, "*Client Referrals and Other Compensation*," describes conflicts that may arise with consultants that recommend GMO to their clients and Item 17, "*Voting Client Securities*" discloses conflicts relating to proxy voting.

Conflicts related to advisory activities. GMO acts as investment adviser to pooled vehicles and separately managed accounts that have similar investment objectives and pursue similar strategies. Certain investments identified by GMO may be appropriate for multiple clients. Investment decisions for these clients are made by GMO in its best judgment, but in its sole discretion, taking into account factors GMO believes are relevant. Such factors may include investment objectives, regulatory restrictions, current holdings, availability of cash for investment, pending contributions or withdrawals, the size of the investments generally, and limitations and restrictions on a client's accounts that are imposed by the client or by law. GMO generally is not under any obligation to share any investment, idea or strategy with all of its clients. Decisions to buy and sell investments for each client advised by GMO are made by the relevant GMO Investment Division with a view to achieving each client's investment objectives. Therefore, a particular investment may be bought or sold for only one client or in different amounts and at different times for more than one but less than all clients, even though it could have been bought or sold for other clients at the same time. Likewise, a particular investment may be bought for one or more clients when one or more other clients are selling the investment. Conflicts may also arise in cases when clients with different strategies invest in different parts of an issuer's capital structure, including circumstances in which one or more clients own private securities or obligations of an issuer and other clients may own public securities of the same issuer. Actions by investors in one part of the capital structure could disadvantage investors in another part of the capital structure. It is also possible that GMO may cause a client to engage in short sales of or take a short position in an investment owned or being purchased by other client accounts managed by GMO or vice versa. These positions and actions may adversely affect or benefit certain clients at different times. In addition, purchases or sales of the same investment may be made for two or more clients on the same date. There can be no assurance that a client will not receive less (or more) of a certain investment than it would otherwise receive if GMO did not have a conflict of interest among clients. In effecting transactions, it may not be possible, or consistent with the investment objectives of GMO's various clients, to purchase or sell securities at the same time or at the same prices.

In addition, GMO or an affiliate of GMO serves as the general partner of GMO Private Funds in which GMO solicits client investments or, pursuant to the discretionary authority granted to GMO by a client, in which GMO causes a client to invest. As a result of its receipt of a performance-based special allocation, the general partner of a GMO Fund may be allocated a disproportionate amount of capital gains for US federal tax purposes relative to the capital balance it or an affiliate has in the GMO Private Fund. See Item 6, “*Performance-Based Fees and Side-by-Side Management*.” GMO, affiliates of GMO, and their respective members and employees also may invest in pooled vehicles advised by GMO or for which GMO or an affiliate of GMO serves as the general partner. At times, especially when a pooled vehicle commences operations, investments by GMO, its affiliates and their respective members and employees may constitute a substantial percentage of the pool’s total assets. GMO may have an incentive to favor accounts in which it and/or its Members and employees may own a substantial interest or with respect to accounts from which GMO may recognize taxable capital gains as the result of earning a performance-based special allocation.

GMO seeks to deal with the conflicts of interest described in the paragraphs above by following procedures with respect to the allocation of investment opportunities among its clients, including the allocation of limited opportunities. Information regarding these procedures is provided under Item 12, “*Brokerage Practices*.”

When GMO acts as the investment adviser to accounts, including GMO Funds, that pay performance fees, it gives rise to conflicts of interest for GMO. The procedures GMO follows to deal with the conflicts of interest that arise as a result of the side-by-side management of accounts paying performance fees and asset-based fees are described in Item 6, “*Performance-Based Fees and Side-by-Side Management*.” GMO also acts as the investment adviser to pooled vehicles that GMO recommends to clients or, pursuant to the discretionary authority granted to GMO by a client, in which GMO causes a client to invest. This gives rise to an additional conflict because GMO or an affiliate is paid an asset-based fee and, in certain cases, a performance fee, by the pooled vehicles and, as a result, has an incentive to cause clients to invest in these pooled vehicles and thereby increase the vehicle’s assets and GMO’s fee. GMO will generally credit the amount of any advisory and shareholder service fees paid to GMO by the pooled vehicle in respect of such account’s investment in the pooled vehicle against any account-level fee payable by the account to GMO pursuant to its investment advisory agreement, or will waive the fees otherwise payable with respect to the account’s investment in the pooled vehicle. This credit or waiver will not necessarily eliminate the conflict (because GMO will earn more for asset allocation when client assets are allocated among products with a lower average fee) and GMO may continue to have a financial incentive to cause clients to invest in GMO-affiliated pooled vehicles.

To the extent permitted by applicable law, GMO’s compliance policies and procedures, and a client’s investment guidelines, GMO may engage in “cross trades” where, as investment manager to a client account, GMO causes that client account to purchase a security directly from (or sell a security directly to) another client account. Cross trades

present a conflict of interest because GMO represents the interests of both the selling account and the buying account in the same transaction and may have a financial incentive to favor one client account over the other due to different fee arrangements or otherwise. This conflict may be greater in cases where GMO or its Members and/or employees own a substantial portion of a GMO Fund that engages in a principal transaction.

Conflicts related to information known by or provided to GMO. In connection with its activities, GMO may seek and/or receive information that is not generally available to the public. GMO is not obligated to make such information available to its clients or to use such information to effect transactions for its clients. Under applicable law, GMO may be prohibited from improperly disclosing or using such information, including for the benefit of a client. GMO's procedures include a ban on trading on the basis of, or any other action to take advantage of, material non-public information except where permitted under GMO's Insider Trading Policy. These procedures may limit GMO from being able to purchase or sell securities of the issuer to whom the material, non-public information pertains, rendering illiquid any such security already in a client's account until such time as the ban on trading is lifted. Please see the discussion above regarding GMO's Insider Trading Policy and ethical screens procedure.

GMO may make information about GMO Funds' portfolio positions (including short positions) available to unrelated third parties. These third parties may use that information to provide additional market analysis and research to GMO. GMO may use that market analysis and research to provide investment advice to clients other than the client(s) whose portfolio positions were used for the analysis. Please refer to the GMO Funds' policies on *Disclosure of Portfolio Holdings*, which govern the GMO Funds' disclosure of portfolio holdings and generally require that the recipient of portfolio holdings enter into a confidentiality agreement with respect to that information.

Item 12. Brokerage Practices

- A. In selecting brokers and dealers to effect portfolio transactions, GMO seeks best execution. Best execution is not based solely on the explicit commission charged by the broker/dealer and, consequently, a broker/dealer effecting a transaction may be paid a commission higher than that charged by another broker/dealer for the same transaction. Seeking best execution involves the weighing of qualitative as well as quantitative factors, and evaluations of best execution are, to a large extent, possible, if at all, only after multiple trades have been completed. GMO does place trades with broker/dealers that provide investment ideas and other research services, even if the relevant broker has not yet demonstrated an ability to effect best execution; however, trading with such a broker (as with any and all brokers) will typically be curtailed or suspended in due course if GMO is not reasonably satisfied with the quality of trade executions, unless or until the broker has altered its execution capabilities in such a way that GMO can reasonably conclude that the broker is capable of achieving best execution.

The determination of what may constitute best execution involves a number of considerations in varying degrees of emphasis, including, without limitation, the overall net economic result to accounts; the efficiency with which the transaction is effected; access to order flow; the ability of the executing broker/dealer to effect the transaction where a large block is involved; reliability (*e.g.*, lack of failed trades); availability of the broker/dealer to stand ready to execute possibly difficult transactions in the future; technological capabilities of the broker/dealer; the broker/dealer's inventory of securities sought; the financial strength and stability of the broker/dealer; and the relative weighting of opportunity costs (*i.e.*, timeliness of execution) by different strategies. Additionally, regulations in certain markets, particularly emerging markets, require GMO to identify and trade with one or a limited number of brokers on behalf of clients. In some instances, GMO may utilize principal bids with consideration to such factors as reported broker flow, past bids and a firm's ability and willingness to commit capital. Most of the foregoing are subjective considerations made in advance of the trade and are not always borne out by the actual execution.

GMO's broker/dealer selection may, in addition to the factors listed above, also be based on research services provided by the broker/dealer. In seeking best execution and in determining the overall reasonableness of brokerage commissions, GMO may consider research services received by broker-dealers and therefore, may select or recommend a broker-dealer based on GMO's interest in receiving the research or other products or services, rather than on the lowest commission charged. GMO may also direct trades to broker/dealers based in part on the broker/dealers' history of providing, and capability to continue providing, pricing information for securities purchased.

Generally, GMO determines the overall reasonableness of brokerage commissions paid upon consideration of the relative merits of a number of factors, which may include: (i) the net economic effect to the particular account; (ii) historical and current commission rates; (iii) the kind and quality of the execution services rendered; (iv) the size and nature of the transactions effected; and (v) research services received. These factors are considered mostly over multiple transactions covering extended periods of time in varying degrees of emphasis and are used to evaluate the relative performance of the brokers and other institutions used to effect transactions for accounts. In some instances, GMO may evaluate best execution on principal bids based on the total commissions charged (the bid for handling a trade as a principal trade) because the trades were filled at the price set at an agreed upon time (*e.g.*, previous night's close). In those cases, any additional "impact" or cost is represented by the cents per share or basis points paid in addition to a typical commission rate.

Clients who have or seek non-US equity or fixed income exposure in their accounts typically give GMO discretion to execute foreign exchange transactions. In general, GMO seeks best execution in the execution of foreign exchange transactions by comparing rates across counterparties and selecting the

counterparty that GMO believes can provide best execution. If a client has not granted GMO discretion to place foreign exchange trades with counterparties other than the client's custodian bank (e.g., because of a client's "all-in" fee arrangement with its custodian), GMO will have limited ability to seek best execution. In certain jurisdictions where it is general market practice ('restricted currencies') or under limited circumstances when GMO believes operational or trading efficiencies may be gained (e.g., income repatriation; trading in some emerging markets), GMO may arrange standing instructions with a client's custodian to execute the foreign exchange transaction, subject to the custodian's terms and conditions. In the event that a client's custodian offers more than one program for standing instruction trades, and if the client has granted GMO discretion to do so, GMO will select the program it believes is in the best interests of the client under the circumstances.

Because GMO will frequently use broker/dealers that provide research in all markets and that research is a factor in evaluating broker/dealers, GMO relies on the statutory safe harbor in Section 28(e) of the Securities Exchange Act of 1934. However, GMO does not participate in any formal soft dollar arrangements involving third party research (i.e., research provided by someone other than the executing broker/dealer) or the payment of any of GMO's out-of-pocket expenses. In all cases, the research services received by GMO are limited to the types of research contemplated by Section 28(e) of the Securities Exchange Act of 1934. Research services provided by broker/dealers take various forms, including personal interviews with analysts, written reports, pricing services in respect of securities, and meetings arranged with various sources of information regarding particular issuers, industries, governmental policies, specific information about local markets and applicable regulations, economic trends, and other matters. To the extent that services of value are received by GMO, GMO receives a benefit because it does not have to produce or pay for the services itself. Such services furnished to GMO may be used in furnishing investment or other advice to all or some subset of GMO's accounts, and services received from a broker/dealer that executed transactions for a particular account will not necessarily be used by GMO specifically in servicing that particular account.

Because GMO may purchase information from broker/dealers with whom it effects trades on behalf of its client accounts, the broker/dealer may believe it has a financial incentive to charge a favorable fee to GMO for such information in return for client brokerage. In addition, GMO may conduct business with institutions such as broker-dealers or investment banks that invest, or whose clients invest, in pooled vehicles sponsored or advised by GMO or its affiliates, or may provide other consideration to such institutions or recognized agents. As a result, GMO may have a conflict of interest in placing its brokerage transactions with those broker-dealers.

With respect to GMO Trust Funds or sub-advised mutual funds (collectively, the "Mutual Funds"), GMO does not knowingly place any principal trades through known affiliated persons (or affiliated persons of affiliated persons (as defined in the Investment Company Act of 1940, as amended)) acting as broker/dealer. To the extent a broker/dealer is believed to be an affiliated person of GMO or certain

accounts managed by GMO or to the extent legal or factual uncertainty leads GMO to treat a broker as such an affiliated person, the Mutual Funds may be adversely affected by GMO's decision not to enter into principal transactions with such entity on their behalf.

GMO does not engage in directed brokerage. To the extent that clients place restrictions on counterparties (for example, based on credit rating), or limit foreign exchange transactions to execution by the clients' custodian bank, there may be fewer eligible counterparties available for trading and execution for those clients.

GMO recognizes that centralized maintenance of a client's futures positions can provide favorable netting of variation margin requirements for the client and provide significant operational efficiencies for the client in reconciling outstanding futures contracts. Consequently, GMO is prepared to accommodate clients seeking centralization of those functions with the client's futures commission merchant, provided that GMO is permitted to enter into "give-up" arrangements with the executing brokers of GMO's choosing and that such arrangements do not, in GMO's judgment, affect the ability to achieve best overall execution of futures transactions.

GMO's Policy on Soft Dollars, Directed Brokerage and Commission-Recapture Programs is available upon request.

- B. GMO currently maintains multiple trading desks, each of which is largely dedicated to one of the following investment divisions (the "Investment Divisions") of the firm:

- Quantitative Equity
- Emerging Markets Equity
- International Active Equity
- Global Fixed Income
- Asset Allocation
- Systematic Global Macro

However, each of GMO's investment divisions may also use existing trading desks not primarily associated with that division to trade certain types of securities or to assist in the implementation of discrete portfolio management styles. Examples include, but are not limited to, the following: the Asset Allocation Division may trade equities and foreign currencies through the Quantitative Equity Division and Emerging Markets Equity Division's trading desks and the Quantitative Equity Division may trade derivative instruments through the Asset Allocation trading desk. In addition, as disclosed in Item 10, "*Other Financial Industry Activities and Affiliations*," trading for GMO UK is effected through the trading desk of GMO's Quantitative Equity Division. For information regarding the Systematic Global Macro Division and GMO Australia Ltd., please refer to Item 10, "*Related Advisers*." GMO may introduce new trading desks from time to time.

Trading orders may be placed on a principal or agency basis with brokers, in GMO's discretion. Principal equity trades are generally placed seeking the price at an agreed

upon time (*e.g.*, previous night's close), depending on the factors driving the investment and execution decisions.

Trades are generated by different investment theses. Each investment thesis is assigned a corresponding execution benchmark (*e.g.*, price at the time of order arrival, market closing price, volume weighted average price over some specified period). Certain investment theses and their corresponding execution benchmarks involve trading programs that place relatively greater emphasis on speed of execution and less emphasis on price, while others place greater emphasis on price (or impact on market price) and less emphasis on speed of execution. Trading orders for investment theses may be designed to be executed in a matter of an hour or less, several hours, over the course of a trading day, or over a multi-day period. Therefore, trading generated by one thesis may be completed before the trading for another thesis -- even where the program is initiated at the same time for the two theses or the slower program is initiated first. As a result, the speed of order fulfillment, and correspondingly the execution price achieved for a subsequent order, may be different from pre-existing orders with the execution pricing achieved on a particular order being either above or below the execution pricing achieved on pre-existing orders, which may take longer to fill. Additionally, short-term investment theses, those theses that utilize fundamental inputs on an opportunistic basis, and trades to manage short-term portfolio exposure may trade in advance of or may be completed more quickly than trades executed on behalf of other accounts/theses. Finally, varying theses that may invest in the same securities may involve trading programs that trade at different times throughout the day or month. Because of the foregoing, certain strategies, which may include accounts with performance fees, may trade in advance of other strategies or may be completed more quickly, and, as a result, may achieve different execution on the same or similar securities. GMO's trade allocation procedures may include blocking/aggregating orders, limiting the volume of subsequent orders, or subsequent back-testing. GMO's trade allocation procedures are designed so that over time accounts are not likely to be systematically advantaged or disadvantaged due to the order placement/execution process.

Except as described above with respect to an investment division trading through another investment division's trading desk, for most securities transactions, GMO does not coordinate among its separate trading desks. Where possible, prior to the open of the relevant market, GMO aggregates trades for accounts that are being traded by a single trading desk to implement a similar thesis and for which trade instructions are provided with sufficient time to satisfy internal processes. Each trading desk generally allocates portfolio trades pro-rata among clients for which the desk is executing an investment thesis on any given day, with the relevant clients receiving the same price for trades executed through the same broker on the same day. However, as noted above, each investment thesis has a corresponding execution benchmark and in the event that a single trading desk is trading the same security with different execution benchmarks, differently benchmarked trades will not normally be aggregated and different investment theses (and their corresponding clients) may utilize different brokers and will often receive different prices and

potentially pay different commissions rates. Likewise, one trading desk may be executing a program for one investment thesis while another may be simultaneously executing a program for another investment thesis involving the same security and those trades will not be aggregated. In addition, market, regulatory and/or country limitations (especially in the case of emerging markets) may or may not result in identical prices or commissions, even where the same investment thesis is being implemented for all relevant clients by the same trading desk. Please also see the discussion below regarding initial public offerings and offerings of limited opportunities.

Trading orders from a trading desk that can only be partially filled are generally reduced on a pro-rata basis, through use of a randomizer, or on some other basis consistent with the goal of treating all clients equitably over time. Specific procedures vary somewhat among the trading desks. Market limitations (especially in the case of emerging markets) and other practicalities may require special treatment. If an order placed by a trading desk is filled at varying prices, clients in the same strategy are generally provided with an average price for trades placed through the same broker, or other steps are taken so that all similarly situated accounts receive fair consideration over time. In some cases, a trading desk may execute a strategy-based trade at the same time it is executing a trade for the same security with the same or a different broker to meet account-specific requirements, in which case the strategy-based trade and the account-specific trade will be treated as distinct trades not subject to the discussion above regarding orders that are filled at varying prices. In those cases, these trades might be effected at different prices (or involve different commissions) even if they involve the same broker. In certain markets outside the U.S., an average price may not be obtainable due to specific market limitations such as restrictions on trades by grouped accounts. As noted above, separate trading desks may achieve different results for the same security.

With initial public offerings (IPOs) and with certain other investment opportunities expected to be in very limited supply, GMO's policies require that the trading desks coordinate with one another such that allocations will generally consider the needs of clients across all of the trading desks. This generally does not apply to trading desks of GMO's related entities. When it is not practicable to allocate an opportunity across all similarly-managed eligible accounts, trading desks use various methods, such as randomizers and sequencing, to allocate such limited opportunities equitably over time. There may also be situations where an IPO or limited opportunity is theoretically eligible for investment by multiple strategies but only some of the strategies (including, perhaps, those on which GMO charges a performance fee) regard the IPO or limited opportunity as an appropriate investment. Many of GMO's investment strategies focus on seasoned issuers, and consequently those strategies that generate most of the brokerage commissions may participate less frequently in IPOs or limited opportunities even though they may generate significant brokerage commissions or good will that may make it possible for other strategies to receive greater allocations of IPOs or limited opportunities. The Systematic Global Macro Division, whose personnel

are located in the offices of GMO Australia Ltd., are subject to GMO's policies with respect to coordination of limited opportunities with other GMO trading desks.

In certain non-U.S. jurisdictions, local law limits the number of accounts sponsored by GMO that may purchase locally traded shares. Generally, GMO Trust Funds will be given priority and other clients may be precluded from participation in offerings of local shares.

Item 13. Review of Accounts

- A. GMO Funds are subject to regular review by members of the Investment Divisions. Members of the Investment Divisions report regularly to the Boards of Trustees of GMO Mutual Funds. Members of the relevant Investment Divisions also report regularly to the Boards of Directors of those GMO Private Funds organized as Bermuda corporations and the Boards of Directors of the GMO Private Funds domiciled in Ireland. Members of the Quantitative Division report quarterly to the Board of Directors of GMO Investment Management Company (Ireland) Limited in connection with the advisory services it provides to the funds that are formed as unit trusts domiciled in Ireland and for which GMO Investment Management Company (Ireland) Limited serves as the management company.

Client Relationship Managers ("CRMs") and members of the investment teams from the relevant Investment Divisions generally review on a periodic basis client accounts, including those invested in GMO Funds through separately managed accounts. Reviews include a summary of relevant market conditions that have affected the accounts since the last reporting period and that may affect an account in the future.

- B. In addition to the regular review performed by members of the relevant Investment Divisions, factors that may trigger a review include, but are not limited to, changes in market or economic conditions; changes in information regarding particular issuers; purchases and sales of securities; and changes in a client's needs communicated to GMO. Client requests may also trigger a review. General reviews of accounts usually involve consideration of investment objectives, types of portfolio securities owned, investment performance, and similar matters; however, the matter reviewed may reflect the factors which triggered the review. All CRMs and members of the Investment Divisions are expected to participate in client account reviews as needed.
- C. GMO provides written reports to clients at various frequencies including daily, monthly, quarterly, and annually or in response to heightened market interest. A client report will contain some or all of the following components: account performance, change in market value, cost, estimated fees, attribution analysis, mandate review, investment review, profile summary, holdings, and process review.

The Boards of Trustees of the GMO Mutual Funds, the Board of Directors of the GMO Private Funds incorporated in Bermuda and the Boards of Directors of the GMO Private Funds domiciled in Ireland periodically receive reports that include a summary of relevant market conditions that have affected selected portfolios during the reporting period and that may affect these portfolios in the future. These Boards also have the opportunity to review performance of all relevant portfolios at the time of their respective meetings.

Item 14. Client Referrals and Other Compensation

GMO does not receive an economic benefit from someone who is not a client for providing investment advice or other advisory services to GMO clients. In addition, neither GMO nor a related person compensates any person for client referrals.

Certain GMO Private Funds have appointed Funds Distributor LLC as placement agent. Funds Distributor LLC processes transactions but does not solicit clients. The compensation paid to Funds Distributor LLC may be paid by GMO or out of the relevant Fund's assets, or as a sales charge or other fee on the purchase or withdrawal of Fund interests.

GMO and its affiliates may purchase access to information such as subscriptions to periodicals, participation in conferences, research papers and access to surveys from organizations affiliated with professional consultant or financial services firms that advise (or whose affiliates advise) potential GMO clients. In addition, the foundation and the trust described in Item 10, "*Other Financial Industry Activities and Affiliations*," and the Member that established the foundation and trust may purchase quarterly performance reporting services from professional consultants. Additionally, the foundation referenced in Item 10 has reported that it, the Member who established the foundation, and a related trust have each retained for bona fide investment advisory services a consulting firm that also recommends GMO to potential clients. GMO does not make payments to consultants or financial services firms conditioned on favorable evaluations of GMO and payments are not made to reward the firms referenced above for client referrals. Nonetheless, these firms and/or their personnel may believe that they have a financial incentive to give favorable evaluations of GMO and may therefore operate as if they are faced with a conflict of interest. GMO may also waive investment minimums for persons who work for consultants, GMO clients and/or prospective clients. Clients should inquire of their consultants or other advisers as to 1) whether GMO waived investment minimums for their personnel, 2) purchases or receives any information from such firm or any affiliate thereof, or 3) is involved in any other arrangement where the consultant or adviser believes it has any financial incentive to give favorable evaluations of GMO.

Item 15. Custody

In general, GMO takes steps to avoid having custody of client funds and securities. Most of GMO's clients with separately managed accounts engage custodians to maintain custody of their funds and securities, and GMO's authority with respect to such funds and

securities is generally limited to issuing instructions to the client's custodian to effect or to settle trades.

Some clients give GMO the power to withdraw funds from the relevant client's GMO Fund account and invest those proceeds in another GMO fund that is a permitted investment for that client. Without coming to a legal conclusion as to whether GMO has custody over these clients' assets (or, for example, whether the allocation of assets among funds is merely settling of trades), GMO operates as if it does have custody. Accordingly, GMO has procedures reasonably designed to ensure that the transfer agent or administrator of the relevant GMO fund will deliver account statements at least quarterly to each such client and such accounts are subject to an annual surprise exam by an independent auditor. Clients should carefully review those statements and, to the extent GMO also delivers statements to such clients, compare the GMO statement to the statement of the transfer agent or administrator.

Item 16. Investment Discretion

GMO accepts authority to manage client assets on a discretionary basis. In general, clients enter into a written investment advisory agreement with GMO, which sets forth the parties' responsibilities and the scope of GMO's authority over the client's account. The standard of care applicable to GMO and the agreed upon methodology for calculating damages, if any, are set forth in the investment advisory agreement. Unless otherwise provided, and where appropriate, GMO may net of any gains or losses in the client's account associated with the breach of the standard of care. As described above in Item 4, "*Advisory Business*," GMO's discretionary authority as to the securities to be bought or sold for an account is subject to the agreed-upon investment objectives, guidelines, limitations and restrictions for the account. Such investment limitations vary from one account to another and may include, but are not limited to, diversification requirements, benchmark deviation, industry concentration, restrictions prohibiting the purchase of certain securities or securities of certain types of issuers, prohibiting investments in certain countries or markets, and prohibiting the employment of certain investment strategies or techniques (*e.g.*, derivatives).

Decisions to buy and sell portfolio securities for each of GMO's investment advisory clients are made by GMO with a view to achieving each client's investment objectives taking into consideration other account-specific factors such as, without limitation, cash flows into or out of the account, current holdings, the account's benchmark(s), applicable regulatory limitations, liquidity, cash restrictions, applicable transaction documentation requirements, market registration requirements and/or time constraints limiting GMO's ability to confirm adequate transaction documentation or seek interpretation of investment guideline ambiguities. Therefore, a particular security may be bought or sold only for certain GMO clients even though it could have been bought or sold for other clients at the same time. A particular security may be bought/sold for one or more clients when one or more other clients are selling/buying the security or taking a short position in the security, including clients invested in the same investment strategy. Additionally, one of GMO's Investment Divisions may share investment ideas with one or more other

Investment Divisions and/or may manage a portion of another Investment Division's client accounts.

Item 17. Voting Client Securities

For clients who have delegated responsibility for proxy voting to GMO, GMO has adopted proxy voting policies and procedures. In some instances, GMO may agree to implement a client's own proxy voting policy. GMO has engaged a third party service provider to be its proxy voting agent. GMO's policies and procedures describe its proxy voting guidelines, the administration of the proxy voting process, how conflicts of interest will be addressed and recordkeeping requirements. Clients who have delegated responsibility for proxy voting to GMO, whether according to GMO's proxy voting policies and procedures or according to such clients' own proxy voting policies and guidelines, may contract for the right to direct GMO's vote in a single, particular solicitation. A copy of GMO's Proxy Voting Policy is available on request or may be found on the SEC's website, www.sec.gov, as part of GMO Trust's registration statement.

In instances where GMO has the responsibility and authority to vote proxies on behalf of its clients for shares of GMO Trust, there may be instances where a conflict of interest exists. Accordingly, the policies and procedures provide that GMO will (i) vote such proxies in the best interests of its clients with respect to routine matters, including proxies relating to the election of Trustees; and (ii) with respect to matters where a conflict of interest exists between GMO and GMO Trust, such as proxies relating to a new or amended investment management contract between GMO Trust and GMO, or a re-organization of a series of GMO Trust, GMO will either (a) vote such proxies in the same proportion as the votes cast with respect to that proxy, or (b) seek instructions from its clients (which may include the governing body of a GMO Fund).

In addition, if GMO is aware that one of the following conditions exists with respect to a proxy, GMO considers the following events a potential material conflict of interest with respect to a proxy: (1) GMO has a business relationship or potential relationship with the issuer; (2) GMO has a business relationship with the proponent of the proxy proposal; or (3) GMO Members, employees or consultants have a personal or other business relationship with the participants in the proxy contest, such as corporate directors or director candidates. In the event of a potential material conflict of interest, GMO will (i) vote such proxy according to its guidelines; (ii) abstain; or (iii) request that the client votes such proxy.

The GMO Series Trust has adopted a proxy voting policy under which responsibility to vote proxies related to its portfolio securities has been delegated to GMO. Because each GMO Series Trust Fund invests in a GMO Trust Fund, each GMO Series Trust Fund is obligated under the Investment Company Act of 1940 either to seek instructions from its security holders with regard to the voting of all proxies with respect to its interest in the GMO Trust Fund and to vote such proxies only in accordance with such instructions, or

to vote the shares of the GMO Trust Fund held by it in the same proportion as the vote of all other holders of the GMO Trust Fund.

For investors in GMO Trust Funds and GMO Series Trust Funds, information regarding how such Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is or will be available for the GMO Trust Funds on the GMO website at www.gmo.com, for the GMO Series Trust Funds at www.dc.gmo.com and for both on the Securities and Exchange Commission website at www.sec.gov no later than August 31 of each year. For clients invested in GMO Private Funds or separately managed accounts for which GMO has been delegated proxy voting authority, each client may contact its designated CRM to receive information regarding how such fund or account voted proxy securities.

If a client has not given GMO authority to vote proxies, such client should arrange to receive proxy solicitation materials directly from its custodians or transfer agents. A client may contact its designated CRM with questions regarding a particular solicitation.

For separate accounts, GMO does not advise clients on the merits of joining class actions relating to securities held in separate accounts and has no direct role with respect to clients' participation in class action settlements. GMO does not generally serve as lead plaintiff in class action lawsuits. For GMO Funds, GMO may retain a third party service provider to facilitate participation in class action settlements.

Item 18. Financial Information

- A. GMO does not require or solicit prepayment of fees.
- B. GMO confirms that there is no financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients.
- C. GMO has not been the subject of a bankruptcy petition at any time during the past ten years.

SCHEDULE I

GMO Trust Fees and Compensation

<u>Fund Name</u>	<u>GMO's Annual Advisory Fee</u>	<u>GMO's Service Fee/ Administration/Supplemental Support</u>	<u>GMO's Total Fee</u>	<u>Fund's Total Net Annual Expenses¹</u>
GMO U.S. Core Equity Fund, Class III ²	0.31%	0.15%	0.46%	0.46%
Class IV ²	0.31%	0.10%	0.41%	0.41%
Class V ²	0.31%	0.085%	0.40%	0.40%
Class VI ²	0.31%	0.055%	0.37%	0.37%
Class M ²	0.31%	0.20%	0.51%	0.76%
GMO Quality Fund, Class III ²	0.33%	0.15%	0.48%	0.48%
Class IV ²	0.33%	0.105%	0.44%	0.44%
Class V ²	0.33%	0.085%	0.42%	0.42%
Class VI ²	0.33%	0.055%	0.39%	0.39%
GMO U.S. Intrinsic Value Fund, Class III ²	0.31%	0.15%	0.46%	0.46%
GMO U.S. Growth Fund, Class III ²	0.31%	0.15%	0.46%	0.47%
Class M ²	0.31%	0.20%	0.51%	0.77%
GMO U.S. Small/Mid Cap Fund, Class III ²	0.31%	0.15%	0.46%	0.47%
GMO Real Estate Fund, Class III ²	0.33%	0.15%	0.48%	0.48%
GMO Domestic Bond Fund, Class III ^{2/3}	0.10%	0.15%	0.25%	0.26%
Class VI ^{2/3}	0.10%	0.055%	0.16%	0.17%
GMO Core Plus Bond Fund, Class III ²	0.25%	0.15%	0.40%	0.43%
Class IV ²	0.25%	0.10%	0.35%	0.38%
GMO International Bond Fund, Class III ²	0.25%	0.15%	0.40%	0.46%
GMO Strategic Fixed Income Fund, Class III ²	0.25%	0.15%	0.40%	0.42%
Class VI ²	0.25%	0.055%	0.31%	0.33%
GMO Currency Hedged International Bond Fund,				
Class III ²	0.25%	0.15%	0.40%	0.44%
GMO Global Bond Fund, Class III ²	0.19%	0.15%	0.34%	0.43%
GMO Emerging Country Debt Fund, Class III ²	0.35%	0.15%	0.50%	0.65%
Class IV ²	0.35%	0.10%	0.45%	0.60%
GMO Short-Duration Investment Fund, Class III ²	0.05%	0.15%	0.20%	0.22%
GMO Short-Duration Collateral Fund ²	0.00%	0.00%	0.00%	0.01%
GMO Short-Duration Collateral Share Fund Class III ²	0.05%	0.15%	0.20%	0.21%
Class VI ²	0.05%	0.055%	0.11%	0.12%
GMO Inflation Indexed Plus Bond Fund, Class III ²	0.25%	0.15%	0.40%	0.47%
Class VI ²	0.25%	0.055%	0.31%	0.38%
GMO U.S. Treasury Fund, Class III ^{2/4}	0.08%	0.00%	0.08%	0.08%
GMO Asset Allocation Bond Fund, Class III ²	0.25%	0.15%	0.40%	0.44%
Class VI ²	0.25%	0.055%	0.31%	0.35%
GMO Asset Allocation International Bond Fund				
Class III ^{2/7}	0.25%	0.15%	0.40%	0.40%
Class VI ^{2/7}	0.25%	0.055%	0.31%	0.31%
GMO International Core Equity Fund, Class	0.38%	0.15%	0.53%	0.53%

III				
Class IV	0.38%	0.09%	0.47%	0.47%
Class VI	0.38%	0.055%	0.44%	0.44%
GMO International Intrinsic Value Fund, Class II	0.50%	0.22%	0.72%	0.72%
Class III	0.50%	0.15%	0.65%	0.65%
Class IV	0.50%	0.09%	0.59%	0.59%
Class M	0.50%	0.20%	0.70%	0.95%
GMO International Growth Equity Fund, Class III	0.50%	0.15%	0.65%	0.65%
Class IV	0.50%	0.09%	0.59%	0.59%
GMO Developed World Stock Fund, Class III	0.45%	0.15%	0.60%	0.60%
Class IV	0.45%	0.10%	0.55%	0.55%
GMO Currency Hedged International Equity Fund,				
Class III ²	0.54%	0.15%	0.69%	0.70%
GMO Foreign Fund, Class II	0.60%	0.22%	0.82%	0.82%
Class III	0.60%	0.15%	0.75%	0.75%
Class IV	0.60%	0.09%	0.69%	0.69%
Class M	0.60%	0.20%	0.80%	1.05%
GMO Foreign Small Companies Fund, Class III	0.70%	0.15%	0.85%	0.85%
Class IV	0.70%	0.10%	0.80%	0.80%
GMO International Small Companies Fund, Class III	0.60%	0.15%	0.75%	0.75%
GMO Emerging Markets Fund, Class II ²	0.75%	0.22%	0.97%	1.08%
Class III ²	0.75%	0.15%	0.90%	1.03%
Class IV ²	0.75%	0.105%	0.86%	0.99%
Class V ²	0.75%	0.085%	0.84%	0.94%
Class VI ²	0.75%	0.055%	0.81%	0.91%
GMO Emerging Countries Fund, Class III ²	0.65%	0.15%	0.80%	1.17%
Class M ²	0.65%	0.20%	0.85%	1.47%
GMO Taiwan Fund, Class III	0.81%	0.15%	0.96%	1.35%
GMO Tax-Managed International Equities Fund,				
Class III	0.50%	0.15%	0.65%	0.65%
GMO Flexible Equities Fund, Class III	0.55%	0.15%	0.70%	0.70%
Class VI	0.55%	0.055%	0.61%	0.61%
GMO U.S. Equity Allocation Fund, Class III ²	0.00%	0.00%	0.00%	0.39%
GMO International Equity Allocation Fund, Class III ²	0.00%	0.00%	0.00%	0.72%
GMO International Opportunities Equity Allocation				
Fund, Class III ²	0.00%	0.00%	0.00%	0.63%
GMO Global Equity Allocation Fund, Class III ²	0.00%	0.00%	0.00%	0.58%
GMO World Opportunities Equity Allocation Fund,				
Class III ²	0.00%	0.00%	0.00%	0.54%
GMO Global Asset Allocation Fund, Class III ²	0.00%	0.00%	0.00%	0.53%
GMO Strategic Opportunities Allocation Fund,				
Class III ²	0.00%	0.00%	0.00%	0.54%
GMO Alpha Only Fund, Class III ²	0.50%	0.15%	0.65%	0.67%

Class IV ²	0.50%	0.10%	0.60%	0.62%
GMO Emerging Domestic Opportunities Fund, Class II	0.75%	0.22%	0.97%	1.08%
Class III	0.75%	0.15%	0.90%	1.01%
Class IV	0.75%	0.105%	0.86%	0.97%
Class V	0.75%	0.085%	0.84%	0.95%
Class VI	0.75%	0.055%	0.81%	0.92%
GMO Special Purpose Holding Fund ^{2/5}	0.00%	0.00%	0.00%	9.25%
GMO World Opportunity Overlay Fund ²	0.00%	0.00%	0.00%	0.06%
GMO Alternative Asset Opportunity Fund ^{2/5/6}	0.70%	0.15%	0.60%	0.86%
GMO Special Situations Fund, Class III ²	0.37%	0.15%	0.52%	0.57%
Class VI ²	0.37%	0.055%	0.43%	0.48%
GMO Benchmark-Free Fund	0.00%	0.00%	0.00%	0.54%
GMO Debt Opportunities Fund				
Class III	0.25%	0.15%	0.40%	0.40%
Class VI	0.25%	0.055%	0.31%	0.31%
GMO Global Focused Equity Fund				
Class III	0.60%	0.15%	0.75%	0.75%
Class IV	0.60%	0.10%	0.70%	0.70%
GMO Resources Fund				
Class III	0.50%	0.15%	0.65%	0.75%
Class IV	0.50%	0.10%	0.60%	0.70%
Class VI	0.50%	0.085%	0.59%	0.69%
Class VI	0.50%	0.055%	0.56%	0.66%
GMO High Quality Short Duration Bond Fund ⁷				
Class III	0.05%	0.15%	0.20%	0.20%
Class VI	0.05%	0.055%	0.11%	0.11%
GMO International Intrinsic Value Extended Markets Fund				
Class II	0.50%	0.22%	0.72%	0.72%
Class III	0.50%	0.15%	0.65%	0.65%
Class IV	0.50%	0.09%	0.59%	0.59%
GMO Implementation Fund	0.00%	0.00%	0.00%	0.00%
GMO Asset Allocation International Small Companies Fund, Class III ⁷	0.60%	0.15%	0.75%	0.75%
GMO International Large/Mid Cap Value Fund ⁷				
Class III	0.50%	0.15%	0.65%	0.66%
Class IV	0.50%	0.09%	0.59%	0.60%
Class VI	0.50%	0.085%	0.59%	0.60%
Class VI	0.50%	0.055%	0.56%	0.57%
GMO Benchmark-Free Allocation Fund ⁸				
Class III	0.65%	0.15%	0.85%	0.89%
Class MF	0.65%	0.10%	0.75%	0.84%
GMO U.S. Flexible Equities Fund, Class III ²	0.33%	0.15%	0.49%	0.49%
Class IV ²	0.33%	0.105%	0.45%	0.45%
Class V ²	0.33%	0.085%	0.43%	0.43%
Class VI ²	0.33%	0.055%	0.40%	0.40%

¹ After expense reimbursement by GMO. For certain Funds, total net annual expenses include expenses paid to service providers other than GMO.

² These Funds indirectly bear the fees of underlying GMO Trust Funds in which they invest, which are included in these figures.

³ GMO has voluntarily agreed to waive the management fee by 0.05%. GMO may change or terminate this waiver at any time.

⁴ GMO has voluntarily agreed to waive the management fee. GMO may change or terminate this waiver at any time.

⁵ Amount represents combined and direct operating expenses of the Fund and its subsidiary.

⁶ GMO has voluntarily agreed to waive the management fee by 0.10%. GMO may change or terminate this waiver at any time. GMO does not receive a fee for advisory services it provided to GMO Alternative Asset SPC Ltd., however, GMO does receive a fee in connection with advisory services that it provides to GMO Alternative Asset Opportunity Fund which substantially owns all of the outstanding shares of GMO Alternative Asset SPC Ltd.

⁷ As of March 15, 2012, the Fund had not yet launched.

⁸ Effective January 1, 2012

SCHEDULE II

GMO Series Trust¹ **Fees and Compensation**

<u>Fund Name</u>	<u>GMO's Annual Advisory Fee</u>	<u>GMO's Service Fee/ Administration</u>	<u>GMO's Total Fee</u>	<u>Fund's Total Net Annual Expenses*</u>
GMO U.S. Core Equity Series Fund ²				
Class R4	0.31%	0.05%	0.36%	0.76%
Class R5	0.31%	0.05%	0.36%	0.61%
Class R6	0.31%	0.05%	0.36%	0.51%
GMO Quality Series Fund ²				
Class R4	0.33%	0.05%	0.38%	0.78%
Class R5	0.33%	0.05%	0.38%	0.63%
Class R6	0.33%	0.05%	0.38%	0.53%
GMO US Intrinsic Value Series Fund ²				
Class R4	0.31%	0.05%	0.36%	0.76%
Class R5	0.31%	0.05%	0.36%	0.61%
Class R6	0.31%	0.05%	0.36%	0.51%
GMO US Growth Series Fund ²				
Class R4	0.31%	0.05%	0.36%	0.77%
Class R5	0.31%	0.05%	0.36%	0.62%
Class R6	0.31%	0.05%	0.36%	0.52%
GMO Core Plus Bond Series Fund ²				
Class R4	0.25%	0.05%	0.30%	0.73%
Class R5	0.25%	0.05%	0.30%	0.58%
Class R6	0.25%	0.05%	0.30%	0.48%
GMO International Bond Series Fund ²				
Class R4	0.25%	0.05%	0.30%	0.76%
Class R5	0.25%	0.05%	0.30%	0.61%
Class R6	0.25%	0.05%	0.30%	0.51%
GMO Global Asset Allocation Series Fund ³				
Class R4	0.00%	0.05%	0.05%	0.83%
Class R5	0.00%	0.05%	0.05%	0.68%
Class R6	0.00%	0.05%	0.05%	0.58%
GMO Global Equity Allocation Series Fund ³				
Class R4	0.00%	0.05%	0.05%	0.88%
Class R5	0.00%	0.05%	0.05%	0.73%
Class R6	0.00%	0.05%	0.05%	0.63%
GMO International Equity Allocation Series Fund ³				
Class R4	0.00%	0.05%	0.05%	1.02%
Class R5	0.00%	0.05%	0.05%	0.87%
Class R6	0.00%	0.05%	0.05%	0.77%
GMO US Equity Allocation Series Fund ³				
Class R4	0.00%	0.05%	0.06%	0.69%
Class R5	0.00%	0.05%	0.05%	0.54%
Class R6	0.00%	0.05%	0.05%	0.44%
GMO Benchmark-Free Allocation Series Fund ^{2/4}				
Class R4	0.65%	0.05%	0.70%	1.19%
Class R5	0.65%	0.05%	0.70%	1.04%
Class R6	0.65%	0.95%	0.70%	0.94%
GMO Emerging Country Debt Series Fund ²				
Class R4	0.35%	0.05%	0.40%	0.95%

Class R5	0.35%	0.05%	0.40%	0.80%
Class R6	0.35%	0.05%	0.40%	0.70%
GMO Developed World Stock Series Fund ²				
Class R4	0.45%	0.05%	0.50%	0.90%
Class R5	0.45%	0.05%	0.50%	0.75%
Class R6	0.45%	0.05%	0.50%	0.65%
GMO Foreign Series Fund ²				
Class R4	0.60%	0.05%	0.65%	1.05%
Class R5	0.60%	0.05%	0.65%	0.90%
Class R6	0.60%	0.05%	0.65%	0.80%
GMO International Core Equity Series Fund ²				
Class R4	0.38%	0.05%	0.43%	0.83%
Class R5	0.38%	0.05%	0.43%	0.68%
Class R6	0.38%	0.05%	0.43%	0.58%
GMO International Growth Equity Series Fund ²				
Class R4	0.50%	0.05%	0.55%	0.95%
Class R5	0.50%	0.05%	0.55%	0.80%
Class R6	0.50%	0.05%	0.55%	0.70%
GMO Emerging Countries Series Fund ²				
Class R4	0.65%	0.05%	0.70%	1.47%
Class R5	0.65%	0.05%	0.70%	1.32%
Class R6	0.65%	0.05%	0.70%	1.22%
GMO International Large/MidCap Value Series Fund ²				
Class R4	0.50%	0.05%	0.55%	0.96%
Class R5	0.50%	0.05%	0.55%	0.81%
Class R6	0.50%	0.05%	0.55%	0.71%

The Funds in the GMO Series Trust had not yet launched as of March 15, 2012.

¹ All GMO Series Trust Funds indirectly bear the fees of the GMO Trust Funds in which they invest and which are included in these figures.

² The amount reflects the management fee paid by the GMO Trust Fund. The GMO Series Trust Fund does not charge a management fee, but indirectly bears the management fee paid by the GMO Trust Fund in which it invests.

³ Neither the GMO Series Trust Fund nor the GMO Trust Fund in which it invests charges a management fee, but each indirectly bears the management fees of the underlying GMO Trust Funds in which the top-level GMO Trust Fund invests.

⁴ Effective January 1, 2012

SCHEDULE III

GMO Private Fund Fees

GMO Funds Plc	
GMO World Ex-UK Equity Fund	0.55%
GMO Emerging Markets Equity Fund	1.00%
GMO Quality Investment Fund	0.60%
GMO Global Real Return (UCITS) Fund ¹	
Class A USD, A EUR, A GBP, A AUD	0.80%
Class B USD, B EUR, B GBP, B AUD ²	0.40%
GMO Active World Ex-US Equity Fund ¹	0.82%
GMO Qualifying Investor Funds	
GMO Emerging Country Local Debt Investment Fund Plc	1.00%
GMO Unit Trust	
GMO UK Equity Core (UT) Fund	0.50%
GMO UK Equity Value (UT) Fund	0.55%
GMO Global Investment Funds Plc	
GMO Global Bond Investment Fund Plc	0.50%
GMO Developed World Equity Investment Fund Plc	0.55%
GMO Emerging Country Debt Investment Fund Plc	1.00%
GMO ERISA Pool	0.75%
GMO Emerging Country Debt, L.P.	1.00% ³
GMO Emerging Country Debt Portfolio (Offshore) Ltd.	1.00% ³
GMO Global Active Equity Fund, L.P.	0.85% ⁴
GMO Total Equities Master Portfolio	1.00% ⁶
GMO Total Equities Fund (Onshore)	1.00% ⁶
GMO Systematic Global Macro Fund (Onshore) ¹	1.00% ^{5,7}
GMO Systematic Global Macro Fund (Offshore)	1.00% ^{5,7}
GMO Systematic Global Macro Master Portfolio	1.00% ^{5,7}
GMO Completion Fund Master Portfolio	1.00% ⁵
GMO Completion Fund (Onshore)	1.00% ⁵
GMO Mean Reversion Fund (Onshore)	1.00% ⁵
GMO Mean Reversion Fund (Offshore), L.P.	1.00% ⁵
GMO Multi-Strategy Fund (Onshore)	1.00% ⁵
GMO Multi-Strategy Fund (Offshore), L.P.	1.00% ⁵
GMO Multi-Strategy Fund (Offshore II-Euros)	1.00% ⁵
GMO Multi-Strategy Fund (Onshore), LLC	1.00% ⁵
GMO Tax-Managed Global Balanced Portfolio	1.00% ⁸
GMO Currency Hedge Fund (Onshore)	1.00% ⁵
GMO Currency Hedge Master Portfolio (Offshore), L.P.	1.00% ⁵
GMO Alpha LIBOR (Offshore), L.P.	0.00%
GMO Alternative Asset SPC Ltd.	0.00%
GMO Tactical Opportunities Fund (Onshore)	1.00% ⁵
GMO Tactical Opportunities Fund (Offshore), L.P.	1.00% ⁵
GMO Fixed Income Hedge Fund (Onshore)	1.00% ⁵
GMO Fixed Income Hedge Fund (Offshore), L.P.	1.00% ⁵
GMO Emerging Currency Hedge Fund (Onshore)	1.00% ⁵
GMO Emerging Currency Hedge Fund (Offshore), L.P.	1.00% ⁵
GMO Emerging Illiquid Fund, L.P.	1.00% ⁹
The GMO Emerging Illiquid (Mauritius) Fund	0.00% ¹⁰
Japan Opportunities Fund, L.P.	¹¹
GMO Real Return Asset Allocation Fund, L.P.	¹²
GMO Real Return Asset Allocation Fund (Offshore), L.P.	¹²
GMO Credit Opportunities Fund, L.P.	1.00% ¹³

¹ As of March 15, 2012, the Fund (or, in the event that the Fund has multiple share classes, not all share classes of the Fund) had been launched.

² A performance fee may be payable in respect of Class B Shares under a separate agreement which must be entered into by Class B investors with GMO or a related party.

³ GMO receives the “Applicable Rate” for each Lock-Up Period equal to the following annual percentages: 1 Year Lock-Up Period – 1.00%; 2 Year Lock-Up Period – 0.90%; and 3 Year Lock-Up Period and a Special 2 Year Lock-Up Period – 0.80%. GMO also receives up to 20% of the amount by which any limited partner outperforms a specified benchmark depending on the lock-up period selected. Certain current investors may be subject to the Applicable Rate associated with the 3-Year Lock-Up Period or the Special 2 Year Lock-Up; however, these options are no longer available to new investors. Contributions prior to February, 2001 are subject to an Applicable Rate of 0.70%.

⁴ GMO or a related party receives, for investments less than \$35 million, a fee based on an annual rate of 0.85%. For investments equal to or more than \$35 million, the fee is based on an annual rate of 0.80% on investor’s investment up to \$125 million; 0.75% between \$125 million and \$250 million; and 0.69% over \$250 million.

⁵ GMO or a related party also receives a maximum special allocation of up to 20% of the increase, if any, of the net asset value of each limited partner’s capital account (in some cases, over a specified benchmark) for the applicable measurement period.

⁶ An investor’s Advisory Fee will vary depending on whether the investor makes an Advisory Fee Only Election or a Reduced Advisory Fee Election. The Advisory Fee Only Election is 1.35% on all assets if the investment is less than \$100 million and 1.25% on all assets if the investment is greater than or equal to \$100 million. The Reduced Advisory Fee Election is 0.60% on all assets plus a special allocation of 15% of the increase, if any, of the net asset value of each investor’s capital account (in some cases, over a specified benchmark) for the applicable measurement period.

⁷ GMO or a related party receives 1.00% for investments up to \$100 million; 0.60% between \$100 million and \$200 million; 0.50% for investments between \$200 million and \$500 million; 0.40% for investments between \$500 million and \$1 billion; and 0.30% for investments over \$1 billion.

⁸ A Limited Partner’s Advisory Fee Percentage will vary depending on whether the Limited Partner makes an Advisory Fee Election or a Reduced Advisory Fee Election. In the event the Limited Partner selects the Reduced Advisory Fee Election, GMO or a related party also receives a maximum special allocation at the end of each fiscal year of up to 30% of the net profits (after expenses), if any, allocable to each capital account for that year and adjusted for taxes.

⁹ The 1.00% fee paid to GMO was based on subscribed capital to such fund until the end of the fund’s investment period (March 7, 2010); thereafter the 1.00% fee has been based on the daily average (calculated at month end) of the aggregate amount of invested capital in the fund. GMO or a related party also receives up to 20% of distributions of profits (subject to an 8% priority return) after investors have received a return of their capital contributions.

¹⁰ GMO does not receive a fee for the advisory services it provides to The GMO Emerging Illiquid (Mauritius) Fund; however, GMO does receive a fee in connection with the advisory services that it provides to GMO Emerging Illiquid Fund, L.P., which owns substantially all of the outstanding shares of The GMO Emerging Illiquid (Mauritius) Fund.

¹¹ GMO or a related party receives a maximum annual management fee based on 0.75% on investor’s first \$50 million; 0.60% on the next \$50 million; 0.55% on the next \$100 million; 0.50% on the next \$100 million; and 0.45% over \$300 million.

¹² Each investor in this fund makes an election to pay to GMO either (i) an asset-based advisory fee only or (ii) a reduced asset-based advisory fee and a special allocation and designated investment allocation. If an investor elects to pay solely an advisory fee, such fee is based on an annual rate of up to 1.35% if such investor’s investment is less than \$100 million and 1.25% if at least \$100 million. If an investor elects to pay a reduced advisory fee, then (A) such advisory fee is based on an annual rate of 0.60% and (B) GMO will receive a maximum special allocation and designated investment allocation of up to 15% of the increase, if any, of the net asset value of such investor’s capital account over a specified benchmark for the applicable measurement period. The performance fee attributable to each designated investment pool, if any, will be calculated separately from the performance fee attributable to the remainder of the fund’s assets and will not be netted with such performance fee.

- ¹³ GMO or a related party also receives a maximum special allocation and designated investment allocation of up to 20% of the increase, if any, of the net asset value of each limited partner's capital account over the relevant benchmark for the applicable measurement period. The performance fee attributable to each designated investment pool, if any, will be calculated separately from the performance fee attributable to the remainder of the fund's assets and will not be netted with the special allocation.

APPENDIX A

Investment Strategies

The bolded and underlined headings below correspond to the chart located at Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*,” which identifies material risks associated with investment strategies employed by GMO portfolio managers. For example, the U.S. Core Equity strategy described below is subject to those material risks identified under “U.S. Equities” in the chart at Item 8.

U.S. Equities

U.S. Core Equity

The GMO U.S. Core Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the S&P 500 Index.

Intrinsic Value

The GMO Intrinsic Value Strategy seeks to achieve its investment objective, long-term capital growth, by investing in equities or groups of equities that GMO believes will provide higher returns than the Russell 1000 Value Index.

Quality

The GMO Quality Strategy seeks to achieve its investment objective, total return, by investing in equities or groups of equities that GMO believes to be of high quality.

Growth

The GMO Growth Strategy seeks to achieve its investment objective, long-term capital growth, by investing in equities or groups of equities that GMO believes will provide higher returns than the Russell 1000 Growth Index.

Small/Mid Cap

The GMO Small/Mid Cap Strategy seeks to achieve its investment objective, long-term capital growth, by investing in equities or groups of equities that GMO believes will provide higher returns than the Russell 2500 Index.

Real Estate

The GMO Real Estate Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI U.S. REIT Index.

International Equities

International Active EAFE

The GMO International Active EAFE Strategy seeks to achieve its investment objective, total return in excess of the MSCI EAFE Index, by investing in non-U.S. equities.

International Active Foreign Small Companies

The GMO International Active Foreign Small Companies Strategy seeks to achieve its investment objective, total return in excess of the S&P Developed ex-U.S. Small Cap Index, by investing in non-U.S. small capitalization equities.

International Intrinsic Value

The GMO International Intrinsic Value Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Value Index.

International Intrinsic Value Extended Markets

The GMO International Intrinsic Value Extended Markets Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI ACWI ex-U.S. Index.

International Large/Mid Cap Value

The GMO International Large/Mid Cap Value Strategy seeks to deliver high total return by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Value Index. GMO employs an active management approach and may use a combination of quantitative and qualitative investment methods to identify equities it believes present positive return potential relative to other equities.

International Growth

The GMO International Growth Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Growth Index.

International Core Equity

The GMO International Core Equity Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Index.

Currency Hedged International Equity

The GMO Currency Hedged International Equity Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE (Hedged) Index.

Japan Equity

The GMO Japan Equity Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI Japan Investable Market Index.

International Small Companies

The GMO International Small Companies Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Small Cap Index.

Tax-Managed International Equities

The GMO Tax-Managed International Equities Strategy seeks to achieve its investment objective, high after-tax total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI EAFE Index (after tax).

Emerging Equities

Emerging Markets

The GMO Emerging Markets Strategy seeks to achieve its investment objective, total return in excess of the S&P/IFCI Composite Index, by investing in emerging market equities.

Emerging Countries

The GMO Emerging Countries Strategy seeks to achieve its investment objective, total return in excess of the S&P/IFCI Composite Index, by investing in emerging country equities.

Emerging Domestic Opportunities

The GMO Emerging Domestic Opportunities strategy seeks to achieve its investment objective, total return, by investing in companies whose prospects are linked to the internal development and growth of the world's non-developed markets.

Global Equities

Global Active Equity

The GMO Global Active Equity Strategy invests primarily in a diversified portfolio of equity securities of U.S. and non-U.S. issuers that GMO believes will provide higher returns than the MSCI World Index.

Global Focused Equity

The GMO Global Focused Equity Strategy seeks to achieve its investment objective, total return, by investing in a limited number of securities that GMO believes offer the most attractive investment opportunities across the US- and foreign-equity markets.

Global Equity

The GMO Global Equity Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI World Index.

Global Growth

The GMO Global Growth Strategy seeks to achieve its investment objective, high total return, by investing in equities or groups of equities that GMO believes will provide higher returns than the MSCI World Growth Index.

Alternative Assets

Resources

The GMO Resources Strategy seeks to achieve its investment objective, total return, by investing in the securities of companies in the natural resources sector.

Fixed Income

Core Plus Bond

The GMO Core Plus Bond Strategy seeks to achieve its investment objective, total return in excess of the Barclays Capital U.S. Aggregate Index, by attempting to exploit misvaluations in global interest rate, currency and credit markets.

Inflation Indexed Plus Bond

The GMO Inflation Indexed Plus Bond Strategy seeks to achieve its investment objective, total return in excess of the Barclays Capital U.S. Treasury Inflation Notes Index, by attempting to exploit misvaluations in global interest rate, currency and credit markets.

U.S. Treasury

The GMO U.S. Treasury Strategy seeks to achieve its investment objective, liquidity and safety of principal with current income as a secondary objective, by investing in U.S. Treasury securities.

International Bond

The GMO International Bond Strategy seeks to achieve its investment objective, total return in excess of the J.P. Morgan Non-U.S. Government Bond Index, by attempting to exploit misvaluations in global interest rate, currency and credit markets.

Currency Hedged International Bond

The GMO Currency Hedged International Bond Strategy seeks to achieve its investment objective, total return in excess of the J.P. Morgan Hedged Non-U.S. Government ex-Japan Bond Index, by attempting to exploit misvaluations in global interest rate, currency and credit markets.

Global Bond

The GMO Global Bond Strategy seeks to achieve its investment objective, total return in excess of the J.P. Morgan Global Government Bond Index, by attempting to exploit misvaluations in global interest rate, currency and credit markets.

Emerging Country Debt

The GMO Emerging Country Debt Strategy seeks to achieve its investment objective, total return in excess of the J.P. Morgan Emerging Markets Bond Index Global, by investing primarily in sovereign debt of emerging countries and derivative securities relating thereto that GMO believes will provide higher returns than the benchmark.

Emerging Country Local Debt Investment

The GMO Emerging Country Local Debt Investment Strategy seeks to achieve its investment objective, total return, by investing in local currency government securities issued by emerging countries and derivative securities relating thereto that GMO believes will provide higher returns than the J.P. Morgan GBI-EM Diversified Index.

Asset Allocation Bond

The GMO Asset Allocation Bond Strategy seeks to achieve its investment objective, total return in excess of the Citigroup 3 Month Treasury Bill Index, by investing in fixed income securities.

Strategic Fixed Income

The GMO Strategic Fixed Income Strategy seeks total return in excess of the J.P. Morgan U.S. 3 Month Cash Index by attempting to exploit misvaluations in global interest rate, currency and credit markets.

Domestic Bond

The GMO Domestic Bond Strategy is not currently pursuing an active investment program. The Strategy primarily holds asset-backed securities.

Debt Opportunities

The GMO Debt Opportunities Strategy seeks to deliver its investment objective, positive total return, by investing primarily in debt investments.

Asset Allocation

Global Asset Allocation

The GMO Global Asset Allocation Strategy seeks total return in excess of the GMO Global Asset Allocation Index (65% MSCI ACWI Index and 35% Barclays Capital U.S. Aggregate Index) by investing in other GMO equity, fixed income and commodity strategies.

Benchmark-Free Allocation

The GMO Benchmark-Free Allocation Strategy seeks to generate positive total return by opportunistically allocating to a wide variety of asset classes that GMO believes are exhibiting substantial deviations from fair value. The Strategy does not have a particular securities market index as a benchmark and does not seek to outperform a particular index or blend of indices.

Real Return Global Balanced Asset Allocation

The GMO Real Return Global Balanced Asset Allocation Strategy seeks to achieve its investment objective, total return, by investing in other GMO strategies that provide exposure to global financial markets as represented by equities, commodities, currencies and fixed income securities that GMO believes will provide higher returns than the GMO Real Return Global Balanced Blended Benchmark (a weighted average of the underlying GMO strategy benchmarks which may consist of the MSCI World, Barclays Capital Aggregate, and Citigroup 3 Month T-Bill).

Global Allocation Absolute Return

The GMO Global Allocation Absolute Return Strategy seeks to achieve its investment objective, strong real returns over a market cycle, by investing in other GMO strategies including International Small Companies, Emerging Equities and Debt, REITs, TIPS and hedge strategies managed internally by GMO that GMO believes will provide higher returns than the Consumer Price Index (CPI) Plus 5% Index.

Global All Country Equity Allocation

The GMO Global All Country Equity Allocation Strategy seeks total return in excess of the MSCI ACWI Index by investing primarily in other GMO equity strategies.

Global Developed Equity Allocation

The GMO Global Developed Equity Allocation Strategy seeks total return in excess of the MSCI World Index by investing primarily in other GMO equity strategies.

International All Country Equity Allocation

The GMO International All Country Equity Allocation Strategy seeks total return in excess of the MSCI ACWI ex-U.S. Index by investing in other GMO non-U.S. equity strategies.

International Developed Equity Allocation

The GMO International Developed Equity Allocation Strategy seeks total return in excess of the MSCI EAFE Index by investing primarily in other GMO non-U.S. equity strategies.

Real Return Asset Allocation

The GMO Real Return Asset Allocation Strategy seeks to generate real returns over a market cycle by allocating to global equity, fixed income, commodities and derivative markets in a long/short framework with substantial flexibility. Along with actively managing traditional betas, the Strategy intends to maintain an exposure to pure alpha through an investment in the GMO Multi-Strategy portfolio, a hedge fund of hedge funds. The Strategy may also invest assets in distressed debt investments.

U.S. Equity Allocation

The GMO U.S. Equity Allocation Strategy seeks total return in excess of the Russell 3000 Index by investing primarily in other GMO U.S. equity strategies.

Alternative Asset Opportunity

The GMO Alternative Asset Opportunity Strategy seeks to achieve its investment objective, long term total return, by investing in a range of global equity, bond, currency, and commodity

markets using exchange traded futures and forward foreign exchange contracts as well as making other investments.

Alpha Only

The GMO Alpha Only Strategy seeks to outperform the Citigroup 3 Month Treasury Bill Index through long investment exposure to asset classes and sub-asset classes that it expects will outperform relative to the asset classes and sub-asset classes to which it has short investment exposure.

Tax-Managed Global Balanced

The GMO Tax-Managed Global Balanced Strategy seeks to achieve its investment objective, positive real return, by allocating assets to undervalued countries, currencies, and securities around the world.

Absolute Return

Total Equities

The GMO Total Equities Strategy's investment objective is absolute return. The Strategy seeks to deliver a return in excess of U.S. Treasury bills by engaging predominantly in value oriented activities in the equity and equity-related markets.

Tactical Opportunities

The GMO Tactical Opportunities Strategy seeks to achieve its investment objective of capital appreciation by investing primarily in global equities and equity derivatives.

Emerging Country Debt Long/Short

The GMO Emerging Country Debt Long/Short Strategy seeks to achieve its investment objective, total return, by investing primarily in debt instruments of emerging countries that GMO believes will provide higher returns than the J.P. Morgan U.S. 3 Month Cash Index.

Currency Hedge

The GMO Currency Hedge Strategy seeks to achieve its investment objective, absolute return, by investing in developed currency markets that GMO believes will provide higher returns than the J.P. Morgan U.S. 3 Month Cash Index

Fixed Income Hedge

The GMO Fixed Income Hedge Strategy invests in U.S. and non-U.S. fixed income securities of relatively high quality that GMO believes will provide higher returns than the J.P. Morgan U.S. 3-Month Cash Index.

Emerging Currency Hedge

The GMO Emerging Currency Hedge Strategy invests in emerging currencies that GMO believes will provide higher returns than the J.P. Morgan 3-Month Cash Index.

Mean Reversion

The GMO Mean Reversion Strategy seeks to achieve its investment objective, capital appreciation, by investing in long and short positions in a wide variety of asset classes that GMO believes will provide higher returns than the Citigroup 3 Month T-Bill Index.

Systematic Global Macro

The GMO Systematic Global Macro Strategy seeks to achieve its investment objective, long-term total return, by investing in, among other investments, equity, bond, commodity and currency futures and forward contracts that GMO believes will provide higher returns than the Citigroup 3 Month T-Bill Index.

Multi-Strategy

The GMO Multi-Strategy strategy seeks to achieve its investment objective, capital appreciation, by investing in a combination of investments in other hedge strategies managed by GMO that GMO believes will provide higher returns than the Citigroup 3 Month T-Bill Index.

The strategies described above are subject to change without notice to any recipient of these materials. Clients interested in investing in a strategy that may be offered through a pooled vehicle should rely upon disclosure included in a prospectus or private placement memorandum prepared for that fund. The information contained in these materials is subject in its entirety to and superseded by the disclosure in such prospectus or private placement memorandum to the extent of a conflict. To the extent that the terms of this brochure conflict with an investment management agreement governing a separately managed account, the investment management agreement will control. Pooled vehicles may be subject to restrictions on the types of investors who may invest. Nothing herein is intended to operate as an offer to sell securities.