

**GRANTHAM, MAYO, VAN OTTERLOO & Co. LLC
40 ROWES WHARF
BOSTON, MASSACHUSETTS 02110**

(617) 330-7500

www.gmo.com

March 30, 2017

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 United States Securities and Exchange Commission (“SEC”) does not imply a certain level of skill or training. The information in this brochure has not been approved or verified by the 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 (as defined in relevant SEC regulations) to GMO's brochure since GMO's last annual update on March 31, 2016.

The information contained in this brochure is as of March 30, 2017 unless otherwise noted.

Item 3. Table of Contents

Item 2.	Summary of Material Changes	2
Item 3.	Table of Contents.....	2
Item 4.	Advisory Business	3
Item 5.	Fees and Compensation	4
Item 6.	Performance Based Fees and Side-by-Side Management	8
Item 7.	Types of Clients.....	9
Item 8.	Methods of Analysis, Investment Strategies and Risk of Loss.....	9
Item 9.	Disciplinary Information	20
Item 10.	Other Financial Industry Activities and Affiliations	20
Item 11.	Code of Ethics, Participation in Client Transactions and Personal Trading.....	23
Item 12.	Brokerage Practices	27
Item 13.	Review of Accounts.....	32
Item 14.	Client Referrals and Other Compensation.....	33
Item 15.	Custody.....	35
Item 16.	Investment Discretion.....	35
Item 17.	Voting Client Securities.....	36
Item 18.	Financial Information	37
Schedule I	38
Schedule II	42
Schedule III	44
Appendix A	47

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, Montevideo, Rotorua, Singapore, and Sydney. 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.*, U.S., non-U.S., emerging and global equities and fixed income), as well as multi-asset class, absolute return and alternative strategies. Within these strategies, a range of investment styles, market capitalizations, and types of securities may be represented. GMO’s investment strategies are implemented via pooled vehicles (*e.g.*, mutual funds or private funds) and/or through discretionary advice provided to separately managed accounts, some of which use pooled vehicles. Please see Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*” for more information regarding GMO’s investment strategies.
- C. GMO may tailor its advisory services for clients investing through separately managed accounts. GMO may agree 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, limitations in relationships with counterparties, and/or 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. Client accounts that are subject to such limitations may perform 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, 2016, GMO managed US\$71.6 billion on a discretionary basis for its clients. Please note that this figure reflects GMO’s net assets under management, as contrasted with the 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 product or asset class being managed, the investment strategy being employed, and the vehicle type in which the strategy is being implemented. GMO's fees are generally asset-based and calculated at an annual rate as a percentage of the value of the net assets in the account.

In some cases, GMO is paid a combination of an asset-based fee and a 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-based fees or 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 amounts. Please see Item 6, "*Performance-Based Fees and Side-by-Side Management*" 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 1.00%. The asset-based management fee rate for a separately managed account will typically begin at a higher rate than a pooled product managed in the same strategy.

GMO may, for fee calculation purposes, agree to aggregate the assets of related accounts that are being managed for the same client even if such account(s) is/are managed by an affiliate of GMO. In those circumstances, the aggregate accounts may receive the benefit of a lower effective fee due to the combined level of assets.

The GMO Trust mutual funds (each a "GMO Trust Fund") and GMO Series Trust mutual funds (each a "GMO Series Trust Fund") (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 in *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 in *Schedule III*, the general partner, investment adviser or board of directors of such vehicles, as the case may be, has discretion to waive, modify or calculate differently, or rebate a portion of 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 each of them 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”) in *Schedules I, II and III* is as of March 15, 2017 and does not reflect subsequent changes, if any.

For many clients, including some of the GMO Mutual Funds and Asset Allocation Trust, (an open-end investment management company for which GMO serves as investment adviser and in which Wells Fargo 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 from the underlying pooled vehicles to which it allocates. In such cases, 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 a performance fee. To the extent that such 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 generally reduces the GMO Private Fund’s advisory or management fee to zero with respect to such account’s investment in the GMO Private Fund. In all of these cases, GMO has a conflict of interest because GMO can earn the same amount (and therefore 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 to new investment 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 and may restrict investment by GMO Funds in other GMO Funds that remain 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 (the “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 because increased allocations to Breckinridge result in greater costs to GMO.

- 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 billing based on an initial, partial calendar year or to a more or less 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 an asset allocation or other separately managed account, may provide a standing instruction to GMO in its investment management agreement to redeem shares of GMO Funds held in its account to the extent necessary to pay their base (or advisory) fee and any performance fee owed to GMO. 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 investing in a class of a GMO Fund's shares that charges performance fees, accrued performance fees are generally payable at the time of each redemption from such GMO Fund and at the end of other account performance measurement periods (typically, annually). 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 will, either directly or through a separately managed account, bear the other 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, securities lending fees and expenses, interest expense, transfer taxes, and other investment-related costs (including investment-related legal expenses and overdraft charges), hedging transaction fees, extraordinary and non-recurring and certain other unusual expenses (e.g., taxes and litigation expenses). 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 such GMO Mutual Fund. Some GMO Mutual Funds may be subject to other expenses including distribution fees payable to subtransfer agents or record-keepers. Information about the foregoing, as well as 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 and which in some cases may be more current than this brochure, shall govern in all instances.

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 commissions and third-party execution fees, if any, administration, legal, audit, accounting, and certain other fees and expenses, which may include interest costs, commitment costs, purchase premium, redemption or other charges, other investment-related costs (including investment-related legal expenses), and extraordinary, non-recurring and certain other unusual expenses such as taxes and non-U.S. investment related costs (including, without limitation, associated local legal and accounting costs). Some GMO Private Funds also charge purchase premiums and/or redemption fees, which are paid by the investor to the relevant GMO Private Fund (and not to GMO) upon purchases into or redemptions from, such GMO Private Fund.

Some GMO Funds invest in other GMO Funds and other pooled investment vehicles not advised by GMO, and therefore may also bear the indirect expenses associated with their investment (if any) in underlying funds. In general, GMO has agreed to waive or reduce, but not below zero, the management fee that it charges each GMO Fund and the shareholder service fee that it charges each class of shares of a GMO Fund to the extent necessary to offset the management and shareholder service fees indirectly borne by the GMO Fund as a result of its direct or indirect investment in other GMO 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 any underlying fund's 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 and 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 GMO Funds for which GMO has a greater reimbursement obligation to those GMO Funds for which GMO has a lesser (or no) reimbursement obligation. Further, to the extent that GMO has discretion to allocate a client's assets among GMO Funds, it has an incentive to allocate to GMO Funds where GMO has a limited reimbursement obligation. In some cases, GMO may be permitted to recover from a GMO Fund expenses it has borne or reimbursed. Under such circumstances, shareholders bearing the expense of such recovery (*i.e.*, shareholders of the GMO Fund at the time of recovery) may not have benefitted from the initial reimbursement by GMO (*i.e.*, they were not shareholders at the time GMO bore or reimbursed the expense being recovered).

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 which are paid directly by the clients to their custodians. Separate account clients who engage futures commission merchants, derivatives clearing merchants or prime brokers are similarly responsible for the fees charged by those service providers.

- 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*" 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 of the Investment Advisers Act of 1940, as amended ("Advisers Act") and Rule 205-3 thereunder. In situations where GMO has entered into a performance fee arrangement, it may have an economic incentive to make riskier investments, pursue riskier strategies, seek less downside risk when a GMO Fund has outperformed its benchmark, and allocate superior investment ideas to those accounts capable of generating higher performance-related compensation than it might otherwise. In addition, because many of GMO's investment personnel manage both accounts with only asset-based fees and accounts with an asset-based fee and a performance fee component, they face conflicts of interest in that they may have an incentive to favor accounts for which GMO receives a performance fee.

GMO's compensation program for its investment professionals is designed to align compensation of the investment professionals managing an account to such accounts' performance over various periods. Bonus pools for the investment teams are determined based on an evaluation of each investment team's impact on GMO's overall goal of achieving investment excellence and, in limited circumstances (as of March 31, 2107, the Systematic Global Macro Team employed by GMO's Australian subsidiary) GMO uses a formulaic approach that includes a portion of revenues from performance fees.

As a result, individual investment professionals may have some or all of the same economic incentives that GMO itself may have when GMO is eligible to earn a performance fee. Specifically, whether or not GMO is earning or is eligible to earn a performance fee, individual investment professionals may have compensation-related incentives to make riskier investments, pursue riskier strategies, seek less downside risk when a GMO Fund has outperformed its benchmark and allocate superior investment ideas to those accounts capable of generating higher performance-related compensation than they might otherwise. GMO may also have an incentive to favor accounts in which it and/or its Members and employees may own a substantial interest. GMO maintains firm-wide trade allocation standards, and GMO's trading desk has 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 of interest associated with side-by-side management of accounts and funds with performance fees and those that have solely asset-based fees, dispersion among accounts employing similar investment strategies is

periodically reviewed to ensure that any material divergence in expected performance is adequately understood.

GMO may also have conflicts of interest 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 generally Item 11, “*Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities.*”

Item 7. Types of Clients

GMO provides investment advice to a wide variety of clients, including, but not limited to, endowments and foundations; employee benefit, pension and contribution plans; governmental and supranational entities; family offices; high net worth individuals; taxable entities, investment companies, pooled investment vehicles, trusts, other institutions and individuals. The minimum account size for investment in GMO Mutual Funds varies but generally requires at least a \$10 million commitment (\$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 and there are generally regulatory based limitations on the types of eligible investors. Minimum account size requirements are waived for Members and employees and for other investors at GMO’s discretion. GMO may waive a Fund’s investment minimum for clients whose investment consultant has full discretion or exercises substantial influence over its clients’ assets and where the relationship meets the investment minimum. The minimum account size for separately managed accounts varies by investment strategy.

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

- A. GMO investment professionals employ a variety of tools in providing investment advice to GMO clients including, but not limited to, proprietary techniques used to research and evaluate securities based on historical and forecasted financial information, as well as fundamental investment analysis.

GMO offers investment strategies in many of the major asset classes (*e.g.*, U.S., non-U.S., emerging and global equities and fixed income), as well as multi-asset class, 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 contained in the 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; and this brochure shall govern to the extent the contract is silent or ambiguous.

Investing in securities involves risk of loss that clients should be prepared to bear. Please note that ‘invested in’ as used in this brochure includes both long and short positions unless otherwise indicated. When used herein the: (i) terms ‘bonds,’ ‘fixed income investments,’ and ‘fixed income securities,’ include (a) obligations of an issuer to make payments on future

dates of principal, interest (whether fixed or variable) or both and (b) synthetic debt instruments created by GMO by using derivatives (e.g., a futures contract, swap contract, currency forward or option).

- 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 greater or additional risks due to the types of investments they make and changing market conditions over time. Where exposures are achieved using derivatives, the risks of owning the reference assets still apply, in addition to the risks of the derivative itself. This summary of the material risks is supplemented by the information contained in the GMO Fund'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 the material risks identified below.

	Equities	Fixed Income	Multi-Asset Class	Absolute Return
Borrowing and Leverage Risk	•	•	•	•
Climate Change Risk	•			
Commodities Risk	•	•	•	•
Convertible Securities Risk	•	•	•	•
Counterparty Risk	•	•	•	•
Credit Market Illiquidity Risk	•	•	•	•
Credit Risk	•	•	•	•
Currency Risk	•	•	•	•
Custodial Risk	•	•	•	•
Derivatives Risk	•	•	•	•
Focused Investment Risk	•	•	•	•
Risks Associated with Futures Brokers	•	•	•	•
Illiquidity Risk	•	•	•	•
Large Investor Risk	•	•	•	•
Legal and Regulatory Risks	•	•	•	•
Management and Operational Risk	•	•	•	•
Market Disruption and Geopolitical Risk	•	•	•	•
Market Risk-Equity Securities	•	•	•	•
Market Risk- Fixed Income Securities	•	•	•	•

	Equities	Fixed Income	Multi-Asset Class	Absolute Return
Merger Arbitrage Risk	•	•	•	•
Natural Resources Risk	•	•	•	•
Non- U.S. Investment Risk	•	•	•	•
Options 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 and may arrange with banks, brokers and others to borrow money. The strategy may use leverage to increase its exposure to the underlying investments and may borrow money without limitation or use derivative instruments in connection therewith. The use of leverage creates opportunities for greater total return but at the same time creates greater risks. While gains made with borrowed funds generally would cause a strategy’s net asset value to increase faster than without the use of borrowed funds, if the market value of securities purchased with borrowed funds declines, or does not appreciate sufficiently to cover the costs of borrowing, the strategy’s value will decrease faster and more significantly than without the use of borrowed funds. Such decrease in value could be substantial. As the strategies do not have specific limitations on long or short exposure, the risks associated with leverage may be greater than would otherwise be the case.
- Climate Change Risk* – The securities of companies involved in climate change-related industries are exposed to such factors as changes in global and regional climates, environmental protection regulatory actions, changes in government standard and subsidy levels, change in taxation and other domestic and international political, regulatory and economic developments. Companies involved in alternative fuels may also be adversely affected by the increased use of, or decreases in prices for, oil or other fossil fuels. Scientific developments, such as breakthroughs in the remediation of global warming, or changing sentiments about the deleterious effects of pollution, may also affect practices with respect to pollution control, which could in turn impact these companies. Such companies may also be significantly affected by the level or pace of technological change in industries focusing on energy, pollution and environmental control. Because society’s focus on climate change issues is relatively new, there could be significant changes of emphasis and direction, and rapid technological change, rendering even new approaches and products obsolete. As a result of these and other factors, the values of investments in securities

of companies involved in climate change-related industries tend to be considerably more volatile than those of companies in more established sectors and industries.

- *Commodities Risk* – Commodity prices can be extremely volatile and are affected by many factors. Exposure to commodities can cause the value of the strategy's portfolio to decline or fluctuate in a rapid and unpredictable manner.
- *Convertible Securities Risk* – The market value of a convertible security is a function of its 'investment value' (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its 'conversion value' (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. A convertible security may also be subject to redemption or conversion under specified circumstances and/or at the option of the issuer at a price established in its governing instrument
- *Counterparty Risk* – The strategy runs the risk that the counterparty to a derivatives contract, a clearing member used by a client account to hold a cleared derivatives contract, or a borrower of a client account's securities will be unable or unwilling to make timely settlement payments or otherwise honor its obligation. 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 (e.g., re-establishing the transaction with a lesser notional amount or entering into a countervailing trade with the same counterparty). Counterparty risk also may be more pronounced if a counterparty's obligations exceed the amount of collateral held by a strategy (if any), the strategy is unable to exercise its interest in collateral upon default by the counterparty, or the termination value of the instrument varies significantly from marked-to-market value of the instrument. To the extent the strategy allows a prime broker, if any, or any over-the-counter derivative counterparty to retain possession of any collateral, the strategy may be treated as an unsecured creditor of such counterparty in the event of the counterparty's insolvency.
- *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 reduce leverage, satisfy requirements under its borrowing arrangements or to meet margin calls, all of 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 investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligations to pay principal and interest payments or otherwise to honor its obligations in a timely manner. The market price of a fixed income investment will normally decline as a result of the issuer's, underlying

obligor's or guarantor's failure to meet its payment obligations or the downgrade of the relevant credit rating. The extent to which the market price of a fixed income security changes in response to a credit event depends on many factors and can be difficult to predict. Credit risk is particularly pronounced for below investment grade securities (sometimes referred to as "junk bonds") which have speculative characteristics, often are less liquid than higher quality securities, present a great risk of default and are more susceptible to real or perceived adverse market conditions.

- *Currency Risk* – Fluctuations in exchange rates may adversely affect the value of the strategy's investments. Currency risk includes the risk that the currencies in which the strategy's investments are traded, in which the strategy receives income, and/or in which the strategy has taken a position, will decline in value relative to the currency in which the strategy is denominated. Currency risk also includes the risk that the currency to which the strategy has obtained exposure through hedging declines in value relative to the currency being hedged, in which event, the strategy may realize a loss on both the hedging instrument and the currency being hedged.
- *Custodial Risk* – If a Custodian has custody of a strategy's securities, cash, distributions and rights accruing to the strategy's securities accounts, the strategy will be subject to credit risk with respect to the Custodian. Even if the Custodian has sufficient assets to meet all claims, there could be a delay before the strategy receives assets to satisfy its claims. Please also see "*Prime Brokerage Risk*."
- *Derivatives Risk* – The use of derivatives involves the risk that their value may not change as expected relative to changes in the value of the assets, rates or indices they are designed to track. Derivatives also present other risks, including market risk, illiquidity risk, currency risk, and credit and counterparty risk. Because the contract for each over-the counter derivative is individually negotiated, the counterparty may interpret contractual terms (*e.g.*, the definition of default) differently than GMO and, if it does, the strategy may decide not to pursue its claims against the counterparty to avoid the cost and unpredictability of legal proceedings. The strategy, therefore, may be unable to obtain payments GMO believes are owed to it under derivative instruments or those payments may be delayed or made only after the strategy has incurred the cost 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 correctly assess 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 futures positions.

Some types of interest rate swaps and credit default index swaps on North American and European indices that may be used by client accounts will be required to be centrally cleared. In a cleared derivatives transaction, the counterparty to the transaction is a central derivatives clearing organization, or clearing house, rather than a bank or broker. In light of the fact that the strategy is not a member of a clearing house and only members of clearing house can participate directly in the clearing house, the strategy holds cleared derivatives through accounts at a clearing member. The strategy will make and receive payments owed under cleared derivatives transactions (including margin payments) through their accounts at clearing members. Clearing members guarantee performance of a strategy's obligations to the clearing house. Clearing members at any time can require termination of existing cleared derivatives position or an increase in margin requirements above those required at the outset of a transaction. Any such termination or increase could interfere with the ability of the strategy to pursue its investment objective. Further, any increase in margin requirements by a clearing member could expose the strategy to greater credit risk to its clearing member, because margin for cleared derivatives positions in excess of a clearing house's margin requirements typically is held by the clearing member. Also, the strategy is subject to risk if it enters into a derivatives transaction that is required to be cleared (or which GMO expects to be cleared), and no clearing member is willing or able to clear the transaction on the strategy's behalf. In that case, the transaction might have to be terminated, and the strategy could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

- *Focused Investment Risk* – Overall risk can be reduced by geographic or industry diversification, and increased by focusing investments in a limited number of countries, regions, sectors, companies, indices or industries with high positive correlations to one another. Securities, sectors or companies that share common characteristics are often subject to similar business risks and regulatory burdens, and often react similarly to specific economic, market, political or other developments. Therefore, a strategy with investments that are focused in particular countries, regions, sectors, sectors within a country or region, industries or issuers that are subject to the same or similar risk factors and a strategy with investment whose prices are closely correlated to one another, are subject to greater overall risk than a strategy with investments that are more diversified and/or whose prices are not as closely correlated.
- *Risks Associated with Futures Brokers* — The strategy will assume the credit risk associated with placing its cash, margin and securities with brokers, and the failure or bankruptcy of any of such brokers could have a material adverse impact. To the extent that the strategy engages in futures and options contract trading and the futures commission merchants with whom the strategy maintains accounts fail to so segregate the strategy's assets, the strategy will be subject to a risk of loss in the event of the bankruptcy of any of its futures commission merchants. If the futures brokers

become bankrupt or insolvent, or otherwise default on their obligations to the strategy, the strategy may not receive all amounts owing to it in respect of its trading, despite the clearinghouse fully discharging all of its obligations. Furthermore, in the event of the bankruptcy of a futures broker, the strategy could be limited to recovering only a pro rata share of all available funds segregated on behalf of the futures broker's combined customer accounts, even though certain property specifically traceable to the Fund was held by the futures broker. Also, in contrast to the treatment of margin provided for cleared derivatives, the futures broker does not typically notify the futures clearing house of the amount of margin provided by the futures broker to the futures clearing house that is attributable to each customer. Therefore, a strategy is subject to the risk that its margin will be used by the futures clearing house to satisfy the obligations of another customer of its futures brokers.

- *Illiquidity Risk* – Low trading volume, lack of a market maker, large position size or legal restrictions (including price fluctuation limits or ‘circuit breakers,’ an affiliation with the issuer of a security or possession of material non-public information about the issuer) may limit or prevent the strategy from selling particular securities or unwinding derivative positions at desirable prices. To the extent a strategy is offered as a pooled vehicle, holding less liquid securities increases the likelihood that a redemption request will be honored in-kind and a strategy's investment in such a vehicle may often be redeemed only on specific dates (for example, monthly or quarterly). As a result, the strategy may not be able to dispose of its investment in the underlying strategy when GMO believes it would be advantageous to do so.
- *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* – Legal, tax and regulatory changes could occur during the term of the strategy that may adversely affect the strategy. New or revised laws or regulations or interpretations of existing laws may be issued by U.S. and non-U.S. regulators or other governmental regulatory authorities or self-regulatory organizations could adversely affect the strategy. A strategy may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.
- *Management and Operational Risk* – The strategy relies on GMO's ability to achieve its investment objective. Each strategy runs the risk that GMO's investment techniques will fail to produce the desired results and a strategy may incur significant losses. GMO uses quantitative models as part of its investment process. GMO's models are not necessarily predictive of future market events and use simplifying assumptions that may limit their effectiveness. In addition, there are limitations (e.g., inaccuracies, staleness) on the data available for analysis or manipulation of the models. A strategy also runs the risk that GMO's assessment of an investment (including a company's fundamental fair (or intrinsic) value) and/or its risks may be

wrong. There also can be no assurance that all of GMO's key personnel will continue to be associated with GMO for any length of time. The loss of their services 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 as a result of GMO's and other service providers' provision of investment management, administrative, accounting, tax, legal, pricing and other services to the strategy. GMO and other service providers are susceptible to cyber-attacks and technological malfunctions that may have effects that are similar to those of a cyber-attack, which, in each case, may have an adverse effect on the strategy.

- *Market Disruption and Geopolitical Risk* – Geopolitical and other events (e.g., wars and terrorism) may disrupt securities markets and adversely affect global economies and markets, thereby decreasing the value of and/or render illiquid the strategy's investments. Sudden or significant changes in the supply or prices of commodities or other economic inputs (e.g., the marked decline in oil prices in late 2014) may have material and unexpected effects on global securities markets and individual countries, regions, sectors, companies, or industries, which could significantly reduce the value of a strategy's investments. Securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt the orderly functioning of markets or reduce the value of instruments, traded in them, including investments of the strategy.
- *Market Risk - Equities* – The market price of equities may decline due to factors affecting the issuing companies, their industries, or the economy and equity markets generally. 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 value. In that case, the strategy runs the risk that the prices of these investments will not appreciate to or decline from what GMO believes to be their value or that GMO has overestimated their value. Certain strategies may purchase "growth" securities. Because growth securities typically trade at higher multiples of current earnings, 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 those investments and impact of fluctuating interest rates. The market price of a fixed income security can decline due to a number of market-related factors, including rising interest rates, widening credit spreads, or decreased liquidity. In addition, the market price of fixed income securities with complex structures, such as asset-backed securities, can decline due to market uncertainty about their credit quality and the reliability of their payment streams. The risks associated with such change in interest rates are generally greater for a strategy that invests in fixed income securities with longer durations.

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. This means that the strategy is also subject to the credit risk of the seller of the participation and other risks relating to that seller.

Floating-rate or adjustable-rate securities generally have shorter interest rate durations because their interest rates are not fixed, but rather float up and down as interest rates change. Conversely, inverse floating-rate securities have durations that move in the opposite direction from short-term interest rates and thus tend to underperform fixed rate securities when interest rates rise, but outperform them when interest rates decline.

Distressed or defaulted instruments are generally considered speculative and may involve substantial risks not normally associated with investments in healthier issuers, including adverse business, financial or economic conditions that can lead to defaulted payments and/or 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.

- *Merger Arbitrage Risk* – If a strategy purchases securities in anticipation of a proposed merger, exchange offer, tender offer, or other similar transaction, and that transaction later appears unlikely to be consummated or in fact is not consummated or is delayed, the market prices of the securities purchased by the strategy may decline sharply, resulting in losses to the strategy. There is typically asymmetry in the risk/reward payout of merger arbitrage strategies – the losses in failed transactions often far exceed the gains in successful transactions. A merger arbitrage transaction can fail for many reasons, including regulatory and antitrust restrictions, political motivations, industry weakness, stock specific events, failed financings and general market declines. When merger activity is low, GMO may be unable to identify enough opportunities to provide sufficient diversification in the strategy. Merger arbitrage strategies are subject to the risk of overall market movements, and a strategy may experience losses even if a transaction is consummated. A strategy's investment in derivatives or short sales of securities to hedge or otherwise adjust long or short investment exposure in connection with a merger arbitrage transaction may not perform as expected or may otherwise reduce the strategy's gains or increase its losses. Also, a strategy may be unable to hedge against market fluctuations or other risks.
- *Natural Resources Risk* – The prices of securities of companies in the natural resources sector may be more volatile 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. 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 political and economic developments, government regulations including changes in tax law or interpretations of law, energy conservation, and the success of competing exploration projects. Specifically, the natural resource sector can be significantly affected by import controls, worldwide competition and cartels, changes in consumer sentiment and spending, and can be subject to liability for, among other things, environmental damage, depletion of resources, and mandated expenditures for safety and pollution control.

- *Non-U.S. Investment Risk* – Investments in non-U.S. issuers or securities traded outside the United States may involve special risks due to non-U.S. economic, political and legal developments, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation, nationalization or confiscatory taxation of assets, other government involvement in the economy or in the affairs of specific companies or industries (including in the case of wholly or partially state-owned enterprises), imposition of withholding or other taxes, adverse changes in investment capital or exchange control regulations (which include suspension of the ability to transfer currency from a country), political changes, diplomatic developments, including the imposition of economic sanctions, and possible difficulty in obtaining and enforcing judgements against non-U.S. entities. Non-U.S. securities markets often include securities of only a small number of companies in a small number of industries. As a result, the market prices of many of the securities traded on those markets fluctuate more than those of U.S. securities.

Also, there are risks associated with any license that the strategy needs to maintain to invest in some foreign markets. These licenses are often subject to limitations, including maximum investment amounts. Once a license is obtained, a strategy's ability to continue to invest directly is subject to the risk that the license will be terminated or suspended.

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.

- *Options Risk* – There are various risks associated with transactions in exchange-traded and OTC options. The market price of an option is affected by many factors, including: changes in the market prices of underlying securities or indices; changes in the dividend rates of underlying securities (or in the case of indices, the securities in such indices); the time remaining before expiration; changes in interest rates or exchange rates; and changes in the actual or perceived volatility of the relevant stock market and underlying securities. A strategy that sells put options on stock indices likely will underperform the equity markets in sharply and/or rapidly rising markets.

- *Portfolio Turnover Risk* – There may not be any limits on the rate of portfolio turnover and securities may be sold without regard to the time they have been held when, in GMO’s opinion, investment considerations warrant such action (which may include taking and reversing a position within the same day). A high rate of portfolio turnover involves correspondingly greater expenses (such as brokerage commissions and transaction costs) than a lower rate, may act to reduce the strategy’s investment profits, or create a loss for investors and may result in increased 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, it may be required to report income for tax purposes even when it is 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. Preferred stocks are subordinated to bonds and other debt securities in an issuer’s capital structure in terms of priority for corporate income and liquidation payments, and therefore will be subject to greater credit risk than those debt securities.
- *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 market value as a result of factors affecting the real estate industry, such as the supply of real property in particular markets, overbuilding, changes in zoning laws, casualty or condemnation losses, delays in completion of construction, changes in real estate values, changes in operating costs and property taxes, levels of occupancy, adequacy of rent to cover operating costs, possible environmental liabilities, regulatory limitations on rent, fluctuations in rental income, increased competition and other risks related to local and regional market conditions. The market value of real estate-related investments also may be affected by changes in interest rates, macroeconomic developments, and social and economic trends. Real Estate Investment Trusts (“REITs”) are subject to the risk of fluctuations in income from underlying real estate assets, poor performance by the REIT’s manager, and GMO’s inability to effectively manage the cash flows generated by the REIT’s assets, prepayments and defaults by borrowers, self-liquidation, adverse changes in tax laws and, with respect to U.S. REITs, their failure to qualify for the special tax treatment granted to REITs under the Internal Revenue Code of 1986 or to maintain exempt status under the Investment Company Act of 1940, as amended (the “Investment Company Act”).
- *Short Sales Risk* – A strategy may sell securities or currencies short as part of its investment program in an attempt to increase their returns for hedging purposes. Short sales expose the strategy to the risk that it will be required to acquire, convert or exchange a security or currency to replace the borrowed security or currency when the security or currency sold short has appreciated in value, thus resulting in a loss to the strategy. Purchasing a security or currency to close out a short position can itself cause the price of the security or currency to rise further, thereby exacerbating any

losses. A strategy that sells short a security or currency it does not own also may have to pay borrowing fees to a broker and may be required to pay the broker any dividends or interest it receives on a borrowed security.

- *Smaller Company Risk* – Companies with smaller market capitalizations or smaller total float-adjusted market capitalization may have limited product lines, markets or financial resources, may lack the competitive strength of larger companies or may have inexperienced managers or may depend on a few key employees. In addition, their securities 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. Market risk and illiquidity risk are particularly pronounced for securities of these companies.
- *Underlying Strategies Risk* – A strategy that invests in other strategies is indirectly exposed to all of the risks of an investment in those 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 GMO's 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 U.S. broker/dealer. Certain of GMO's 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 a placement agent for the majority of the GMO Private Funds.
- B. GMO is registered with the Commodity Futures Trading Commission ("CFTC") as a commodity trading advisor 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 services and may arrange for other services to be performed for the constituent funds 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 services and may arrange for other services to be performed for the constituent funds of GMO Series Trust.

GMO provides advisory and other services to the GMO Private Funds, which are listed on *Schedule III*. GMO or an affiliate of GMO serves as the general partner to several of the GMO Private Funds advised by GMO.

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 the case of many GMO Private Funds, GMO Members and employees constitute a majority of the board of directors. GMO Members and employees who serve as officers, directors or trustees generally have conflicts of interest. GMO may also hold the only voting securities issued by a GMO Private Fund or otherwise may hold a majority of the shares voting at a meeting and will generally have a conflict of interest in exercising its voting rights.

Related advisers. Please note that all investment personnel of a related adviser are associated persons of GMO with respect to the services they provide to GMO and/or GMO clients as agreed with GMO.

GMO UK Limited (“GMO UK”) is a wholly-owned subsidiary of GMO located at No. 1 London Bridge, London SE1 9BG England. The firm commenced operations in December 2003 and services accounts similar to those managed by GMO in the U.S. Simon Harris, Anthony Hene and James Montier are Members of GMO and are also employees of GMO UK. Riversdale Waldegrave, Carl O’Rourke, Philip Pilkington, and Tommy Garvey are employees of GMO UK. All the aforementioned employees are associated persons of GMO with respect to services they provide to GMO and/or GMO’s clients as agreed with GMO.

GMO Europe LLC (“GMOE”), a U.S. registered investment adviser (SEC File No. 801-78683), is a wholly-owned subsidiary of GMO located at 40 Rowes Wharf, Boston, MA 02110. GMOE commenced operations at the end of calendar year 2013 and furnishes discretionary investment advisory services to Qualifying Investor Funds organized in Ireland and other funds offered into the European Union. GMOE is also registered with the CFTC as a commodity pool operator and is a member of the NFA. GMOE’s officers and employees are also Members and/or employees of GMO.

GMO Investment Management Company (Ireland) Limited (“GMO Ireland”) is a wholly-owned subsidiary of GMO UK. GMO Ireland’s registered office is at 30 Herbert 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, an umbrella unit trust organized and regulated in Ireland and GMO Investments ICAV, an Irish collective asset-management vehicle established as a UCITS umbrella fund with segregated liability between sub-funds. GMO Ireland is authorized by the Central Bank of Ireland as a UCITS management company under the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended.

GMO Australia Ltd. is a wholly-owned subsidiary of GMO, located at Suite 43.02, Grosvenor Place, 225 George 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 Australia Partnership is a wholly-owned subsidiary of GMO. GMO Australia Partnership is located at Suite 43.02, Grosvenor Place, 225 George 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 Team, a Member of GMO and an employee of GMO Australia Partnership and GMO Europe. Sean Gleason and Vikram Mundkur are Members of GMO and employees of GMO Australia Partnership. Peter Martin and Martin Emery are employees of GMO Australia Partnership. All the aforementioned employees 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 Singapore Pte. Limited ("GMO Singapore"), a U.S. registered investment adviser (SEC File No. 801-78717), is a wholly-owned subsidiary of GMO, located at 1 Raffles Place, #53-00, One Raffles Place, Singapore 048616. GMO Singapore commenced operations in February 2003 and manages or services accounts similar to those managed by GMO in the U.S. GMO Singapore has a Capital Markets Services License from the local regulator that authorizes it to carry out regulated activities of 'fund management,' 'dealing in securities,' 'trading in futures contracts,' and 'leveraged foreign exchange trading.' Amit Bhartia is a Member of GMO, and an employee of GMO Singapore. Ernest Chew, Gunwoo Lim, Mark Wu, Tiger Tong, Alvaro Pascual and Alicia Yeo are employees of GMO Singapore. GMO Singapore provides services to certain of the GMO Funds and is compensated by GMO for providing those services.

GMO Renewable Resources, LLC, a U.S. registered investment adviser (SEC File No. 801-55183), is a majority-owned subsidiary of GMO located at 225 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 ("RR NZ") and an indirect wholly owned subsidiary of GMO Renewable Resources, LLC, located at Lakesyde Business Centre, 1182 Whakaue Street, PO Box 475, Rotorua 3074. RR NZ 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.

Any of the foregoing related advisers may serve as a placement agent, distributor or marketer of GMO Funds in jurisdictions outside the United States and share revenue for providing such services. Please see Item 14, "*Client Referrals and Other Compensation*," for further discussion on any distribution arrangements.

Related commodity pool operators. GMO Investment Partners, LLC, a wholly-owned subsidiary of GMO and general partner and/or managing member to several GMO Private Funds, is registered with the CFTC as a commodity pool operator. GMOE is also 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 GMO Member has agreed that the charitable trust and the foundation are subject to many of the provisions of GMO's Code of Ethics and Insider Trading Policy and Procedures, including restrictions on securities trading by the charitable trust and the foundation. The Member has also agreed that personnel providing services on behalf of the charitable trust and the foundation will also generally be subject to GMO's Code of Ethics and Insider Trading Policy and Procedures, as well as 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. The Member, the foundation and the charitable 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 he or she 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 of interest if and when they arise.

GMO Singapore has a consultancy relationship in place with Goldfish Capital Advisors Private Limited ("Goldfish") located at One India Bulls Center, Tower 2B, 1201, Floor 12B, Elphinstone Road, Mumbai – 400 013, India, to provide non-discretionary investment advisory services. 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 generally applicable to all of its affiliates and their Members, employees and, in general, on-site consultants world-wide (collectively, "access persons"). GMO directors who are not Members of GMO are not treated as "access persons" under the Code of Ethics. The Code of Ethics is designed to comply with Rule 17j-1 of the Investment Company Act and Rule 204A-1 of the Advisers Act. The Code of Ethics establishes personal trading procedures, including certain pre-clearance and reporting obligations. While GMO's access persons may, subject to the terms of the 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, procedural requirements are also set forth in the Code of Ethics, 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.

GMO also maintains a Code of Conduct Policy that sets forth GMO's professional expectations of its personnel and as well as a Gift Policy and an Anti-Bribery and Corruption Policy that are designed to provide reasonable oversight of potential conflicts associated with the receipt and giving 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, GMO Members, and directors that forbids such persons from trading, either personally or on behalf of others (such as mutual funds and private accounts managed by GMO), while either aware of material non-public information or on the basis of material non-public information or communicating material non-public information to others (commonly referred to as "insider trading"), except in specific, limited circumstances described in the Policy. In connection with its activities, GMO may seek and/or receive information that is not generally available to the public, which may restrict the ability to transact in any related securities. Please see below, "*Conflicts of Interest Related to Information Known by or Provided to GMO.*" 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 GMO 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 in specific, limited circumstances described in the Policy. Those procedures also include provisions designed to manage the issues associated with GMO's use of "expert networks," whose members provide expertise in particular sectors or industries to assist GMO personnel in analyzing securities. GMO's procedures specifically permit GMO's Chief Compliance Officer ("CCO"), in his or her discretion, 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 restrict specific GMO accounts from trading the securities of an issuer, and therefore avoid placing securities of an issuer on a firm-wide restricted list, whereby all 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 all GMO accounts in the securities of particular issuers and will place such securities on a firm-wide 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 held in a client's account until such time as the security is removed from that list.

Conflicts. 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 2A, 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 also see Item 12, "*Brokerage Practices*," and Item 16, "*Investment Discretion*," 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 research and other 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, as well as analogous incentives associated with GMO's compensation system. Please also see Item 10, "*Other Arrangements*," for a discussion on conflicts associated with the foundation and charitable trust established by a GMO Member. 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*," describes conflicts relating to proxy voting.

Conflicts related to advisory activities. GMO serves 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 account that are imposed by law or by the client (including but not limited to restrictions and limitations resulting from the client having a limited number of trading or other appropriate contractual arrangements in place with counterparties). 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 Team 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 different 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.

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 and its personnel. 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 accounts only paying asset-based fees are described in Item 6, "*Performance-Based Fees and Side-by-Side Management*."

GMO or an affiliate of GMO may serve as the general partner of the GMO Private Funds. As a result of its receipt of a performance-based special allocation as general partner, GMO or an affiliate of GMO may be allocated a disproportionate amount of capital gains for U.S. federal tax purposes relative to the net assets it (or an affiliate) maintains in a 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 (*e.g.*, when a GMO Private Fund commences operations), investments made by GMO, its affiliates and their respective Members and employees may constitute a substantial percentage of a GMO Private Fund's net assets. GMO may have an incentive to allocate more assets to those 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. In cases where GMO receives a performance-based special allocation from a GMO Private Fund, GMO may have an incentive to maximize the Fund's after-tax returns by, for example, holding a security for more than a year, even though that might not maximize the Fund's pre-tax returns. GMO seeks to deal with some of 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*" and Item 16, "*Investment Discretion*."

GMO also serves 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 invests on behalf of a client. This gives rise to an additional conflict of interest 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. To the extent there is an account-level fee payable to GMO pursuant to the account's investment advisory agreement, 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 the account-level fee (generally as it relates to the GMO Mutual Funds) or will waive the fees otherwise payable with respect to the account's investment in the pooled vehicle (generally as it relates to GMO Private Funds). This credit or waiver will not necessarily eliminate the conflict of interest (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 of interest 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 cross trade. In addition, to the extent permitted by law (including client consents, which may in some instances be given by the board of directors for GMO Funds), GMO may engage in principal transactions with client accounts.

Conflicts of interest related to information known by or provided to GMO. In connection with its activities, GMO and its associated persons 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 in specific, limited circumstances described in GMO's Insider Trading Policy. These procedures may limit GMO, on behalf of its clients, from being able to purchase or sell any securities of the issuer to whom the material, non-public information pertains, rendering illiquid all such securities already in a client's account until such time as the ban on trading is lifted or foreclosing an otherwise attractive investment. 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) and other information available to unrelated third parties. Some 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 (at gmo.com), 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. Orders for the purchase or sale of securities may be placed on a principal or agency basis with brokers, in GMO's discretion. In selecting brokers/dealers to effect portfolio transactions, GMO seeks best execution and also takes into account the research services provided by the broker/dealer. 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's broker/dealer selection may, in addition to the factors listed below, also be based on research services provided by the broker/dealer and therefore GMO may select or recommend a broker/dealer based in part on GMO's interest in receiving the research. 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 GMO's out-of-pocket expenses for data or other research services. The research services received 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, a benefit is obtained because no payment for services is required in order to receive such services. Such services may be used in furnishing investment or other advice to all or some subset of GMO's and/or its affiliates' accounts, and services received from a broker/dealer that executed transactions for a particular account will not necessarily be used specifically in providing investment advice to that particular account. 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 (i.e., 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, including but not limited to execution technology; the broker/dealer's inventory of securities sought; reported broker flow; post-transaction reporting capabilities; the financial strength and stability of the broker/dealer; past bids and willingness to commit capital in the case of principal trades; and the relative weighting of opportunity costs (e.g., timeliness of execution) by different trading strategies. Due to the similarities among brokers in technological execution capabilities and commissions paid, GMO often allocates program or algorithmic developed market equity trades across multiple brokers. Additionally, regulations in certain markets, particularly emerging markets, require GMO to identify and trade with one or a limited number of brokers. Most of the foregoing are subjective considerations made in advance of the trade and are not always borne out by the actual execution.

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 over multiple transactions covering extended periods of time in varying degrees of emphasis. 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. 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.

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.

The Investment Company Act imposes limitations on transactions with affiliated persons and affiliated persons of affiliated persons (as defined in the Investment Company Act). GMO Mutual Funds or mutual funds sub-advised by GMO may be adversely affected by GMO's decision not to enter into principal or agency transactions on their behalf with a broker/dealer for purposes of complying with such limitations imposed by the Investment Company Act.

GMO does not engage in directed brokerage. To the extent that clients place restrictions on counterparties (*e.g.*, based on credit rating), lack appropriate contractual arrangements with counterparties, 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, best execution may be more difficult to achieve for those clients and those clients may receive different, and sometimes inferior, prices than other GMO clients.

Clients who have or seek non-U.S. equity or fixed income exposure in their accounts frequently 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. For spot currency trades, GMO generally nets buy and sell orders in the same currency and selects the counterparty providing the most competitive price for the resulting net trade. All of the buy and sell orders receive the price provided by the selected counterparty and each account trades independently with the counterparty. While the purpose of trading spot currency trades in this manner is to achieve a more favorable execution price for all clients, there can be no assurance that all clients will benefit or that they will benefit equally over time. For legal, regulatory and/or operational purposes, foreign exchange orders for some accounts may not be netted for price discovery (as described above). As a result, such accounts may receive inferior prices than accounts that are netted

for price discovery even though the trades may be executed at or close to the same time and/or by the same counterparty.

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 (*e.g.*, restricted currencies) or under circumstances when GMO believes operational or trading efficiencies may be gained (*e.g.*, income and dividend repatriation; trading in some emerging markets), GMO may arrange standing instructions with a client's custodian (who may in turn arrange instructions with a subcustodian) to execute the foreign exchange transaction, subject to the custodian's (or subcustodian'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 and over time. GMO, subject to client restrictions noted above, may also determine to select a third party bank or broker/dealer to execute trades in restricted currencies if GMO believes that the third party has the ability to provide best execution.

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

GMO's Policy on Soft Dollars and GMO's Policies and Procedures Regarding Directed Brokerage, Commission-Recapture, and Impermissible Brokerage Arrangements are available upon request.

- B. GMO has a Trading Desk whose personnel are located in Boston and Singapore. The Trading Desk provides trade execution services for all of the GMO investment teams, including any applicable associated persons ("Investment Teams").

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) (each investment thesis and corresponding execution benchmark, is a "trading strategy" and collectively, "trading strategies"). Certain trading strategies 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 strategies 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, trades generated by one trading strategy may be completed before those of another trading strategy, even where the strategies are initiated at the same time or the slower trading strategy is initiated first. As a result, the speed of order fulfillment, and corresponding 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, for trading strategies implementing short-term investment strategies, those investment 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 other trading strategies. Finally, varying investment theses that may invest in the same securities may involve trading strategies that trade at different times throughout the day or month. Because of the foregoing, certain strategies, which could 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 investments.

Where possible, prior to the open of the relevant market, GMO aggregates trades for accounts that are being traded to implement a similar trading strategy and for which trade instructions are provided with sufficient time to satisfy internal processes. GMO's Trading Desk generally allocates portfolio trades pro-rata among clients for which GMO is applying the same trading strategy on any given day, with the relevant clients receiving the same price for trades executed through the same broker on the same day. GMO may determine to exclude accounts with relatively small order sizes from a particular trade order if GMO believes that the trading costs (*e.g.*, ticket costs) would outweigh the benefits of trading.

As noted above, trading strategies may utilize different brokers and will often receive different prices and potentially pay different commissions rates. Likewise, two trading strategies may be simultaneously executing transactions involving the same instrument and those trades will not ordinarily 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. Further, legal, market and position limitations may limit GMO's ability to transact in an instrument or certain investment strategies may be given a priority over other investment strategies, which could restrict (or eliminate) an investment strategy's or account's ability to achieve its desired exposure to such instruments. Please also see the discussion below regarding initial public offerings and offerings of limited opportunities.

Trading orders that can only be partially filled are generally allocated on a pro-rata basis, allocated through use of a randomizer, or allocated on some other basis consistent with the goal of giving all clients equitable opportunities over time. Market limitations (especially in the case of emerging and/or frontier markets where the broker typically is required to have greater involvement in allocations) and other practicalities may require special treatment. If an order is filled at varying prices, client accounts participating in the same block trade 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 similar trades may simultaneously be executed in different trading strategies, with the same or a different broker to meet account-specific requirements, in which case the trades 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.

Various teams within the Trading Desk are responsible for differing types of trades (e.g., program vs. high touch trades) and these teams may be independently executing trades in the same security at the same time and at different prices. GMO's trade allocation procedures are designed to provide reasonable assurance that, over time, accounts pursuing the same trading strategy are not likely to be systematically advantaged or disadvantaged due to the order placement/execution process. These procedures may include blocking/aggregating orders or limiting the volume of subsequent orders. While there is a centralized Trading function, certain instruments (especially fixed income securities) are traded by the relevant Investment Team.

With initial public offerings (IPOs) and with certain other investment opportunities expected to be in very limited supply (collectively, "limited opportunities"), GMO's policies provide that the Investment Teams' orders be coordinated so that allocations will generally consider the needs of clients across all trading strategies. When it is not practicable to allocate an opportunity across all similarly-managed eligible accounts, GMO's Trading Desk will use various methods, such as randomizers and sequencing, to seek to provide all accounts using the same trading strategy with equitable opportunities for allocation over time. There may also be situations where a limited opportunity is theoretically eligible for investment by multiple accounts but GMO determines that the limited opportunity is an appropriate or advisable investment for only some of the accounts (including, perhaps, those on which GMO charges a performance fee). See Item 16, "*Investment Discretion*," for further discussion of GMO's investment practices. 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 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 limited opportunities.

In certain non-U.S. jurisdictions, local law limits the number of accounts sponsored by GMO that may purchase locally traded shares or shares traded through special facilities. 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 Teams. Members of the relevant Investment Teams report regularly to the Board of Trustees of GMO Trust. Members of the relevant Investment Teams 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 Global Equity Team 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 within a unit trust 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 generally provide client account reviews on a periodic basis. Reviews generally include a summary of relevant market conditions that have affected the accounts since the last reporting period and

that may affect the accounts in the future. General reviews of accounts usually involve consideration of investment objectives, types of portfolio securities owned, investment process and performance, and similar matters; however, the matters reviewed may be limited to the factors that triggered the reviews. All CRMs and appropriate members of the Investment Teams are expected to participate in client account reviews as needed.

- B. In addition to the regular review performed by members of the relevant Investment Teams, 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; changes in the investment process or investment team personnel; and changes in a client's needs communicated to GMO. Client requests may also trigger a review.
- 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, transaction details, estimated fees, attribution or contribution analysis, investment review, market review, profile summary, and holdings. Client reports may be augmented by additional written or oral communications.

The Boards of Trustees of the GMO Mutual Funds, the Boards of Directors of the GMO Private Funds incorporated in Bermuda, the Boards of Directors of the GMO Private Funds domiciled in Ireland and the Board of Directors of GMO Investment Management Company (Ireland) Limited, and GMO Australia Limited 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 anyone who is not a client for providing investment advice or other advisory services to GMO clients.

Funds Distributor LLC, an unaffiliated broker/dealer, has been retained (for regulatory reasons only) to effect client transactions in shares/interests of certain GMO Funds and to act as a placement agent for the majority of the GMO Private Funds. Similarly, MacDougall, MacDougall and MacTier ("3Macs"), an unaffiliated broker/dealer, has been retained (for regulatory reasons) to effect client transactions in shares/interest of certain GMO Funds for Canadian-domiciled clients. Neither Funds Distributor LLC nor 3 Macs solicits clients on behalf of GMO. GMO or certain GMO Funds may retain other third party placement agents to place interests or shares with investors, or to otherwise assist with the offer and sale of GMO Funds' interests or shares often in connection with opportunities in specific jurisdictions. The compensation paid to Funds Distributor LLC, 3Macs or other third party placement agents may be paid by GMO or out of the relevant GMO Funds' assets. Clients should inquire of their consultants or other advisers as to whether GMO is involved in any arrangement where the

consultant or adviser believes it has any financial or other incentive to give favorable evaluations of GMO.

GMO relies primarily on the business development and marketing activities of its personnel to solicit new business. However, GMO, or any of its affiliates, may retain third parties to solicit clients and/or place interests or shares with investors, or to otherwise assist with the offer and sale of GMO Funds' interests or shares. GMO, or any of its affiliates, may directly compensate such third parties for client referrals. In those cases, GMO, or any of its affiliates, will enter into a written agreement with such solicitor that outlines the compensation for such referrals, and describes the various procedures the solicitor is required to follow. As a result of the compensation offered to the solicitors, those solicitors will have a financial incentive to recommend GMO, a GMO affiliate, or a GMO Fund, to prospective investors.

GMO may purchase: (1) access to information such as subscriptions to periodicals or search services that contain requests for proposals, (2) participation in conferences, (3) research papers, (4) access to surveys from organizations affiliated with professional consultant or financial services firms that advise (or whose affiliates advise) potential GMO clients and (5) access for inclusion in searches for prospective clients in the form of administration fees. In addition, the foundation and the charitable 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 Directors, Members and employees may have familial and/or personal relationships with personnel of professional consultant or financial services firms that advise (or whose affiliates advise) potential GMO clients or that recommend GMO services.

GMO does not make payments to consultants or financial services firms conditioned on favorable evaluations of GMO or for client referrals. Nonetheless, as a result of the arrangements described in the prior paragraphs or otherwise, consultants or financial services firms and/or their personnel may 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, in its sole discretion, may also waive investment minimums and/or management fees for those personnel. In particular, GMO may waive a Fund's investment minimum for clients whose investment consultant has full discretion or exercises substantial influence over its clients' assets and where the relationship meets the investment minimum. Clients should inquire of their consultants or other advisers as to whether GMO: (1) waived investment minimums and/or management fees for their clients or personnel, (2) purchases or receives any information from such firm or any affiliate thereof, (3) has Directors, Members or employees that have familial and/or personal relationships with a consultant or adviser, and/or (4) is involved in any other arrangement where the consultant or adviser it has (or believes it has) any financial or other incentive to give favorable evaluations of GMO or to promote GMO's services or GMO Funds.

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 third-party custodians (including prime brokers) 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 pursuant to an investment management agreement. GMO has no control over clients' third-party custodians.

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. Other clients may provide standing instructions to GMO to redeem shares of GMO Funds held in their account to the extent necessary to pay GMO's base or advisory fee and any special allocation. Without coming to a legal conclusion as to whether GMO has custody in these instances (or, for example, whether the allocation of assets among funds is merely settling of trades), GMO operates as if it does have custody with respect to those accounts. 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 account and those 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 often set forth in the investment advisory agreement. Unless otherwise provided, and where appropriate, GMO may net 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 negotiate 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. As noted above, there may also be situations where a limited opportunity is theoretically eligible for investment by multiple accounts but GMO determines that the limited opportunity is an appropriate investment for only some of the accounts (including, perhaps, those on which GMO charges a performance fee). 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 Teams may share investment ideas with one or more other Investment Teams and/or may manage a portion of another Investment Team's client accounts.

Item 17. Voting Client Securities

For clients who have explicitly delegated responsibility for proxy voting to GMO in writing, 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 by contacting GMO with respect to such 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, (b) seek instructions from its clients (which may be the governing body of a GMO Fund), or (c) take such other action as GMO deems appropriate in consultation with GMO Trust's Chief Compliance Officer.

In addition, 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 a 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 that GMO is aware of a potential material conflict of interest, GMO will (i) vote such proxy according to its guidelines; (ii) abstain; or (iii) seek instructions from the client or request that the client vote such proxy.

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 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 and 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 GMO has not accepted authority to vote a client's 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, unless explicitly provided to the contrary in the relevant investment management agreement, GMO does not advise clients on the merits of joining class actions or other litigation relating to securities held in separate accounts and has no direct role with respect to clients' participation in class action settlements. Neither GMO nor the GMO Funds 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

Fund Name	GMO's Annual Managem ent Fee	GMO's Service Fee/ Supplemental Support	GMO's Total Fee	Fund's Total Net Annual Expenses ¹
GMO U.S. Equity Allocation Fund				
Class III	0.31%	0.15%	0.46%	0.46%
Class IV	0.31%	0.10%	0.41%	0.41%
Class V	0.31%	0.085%	0.40%	0.40%
Class VI	0.31%	0.055%	0.37%	0.37%
GMO Quality Fund				
Class III	0.33%	0.15%	0.48%	0.48%
Class IV	0.33%	0.105%	0.44%	0.44%
Class V	0.33%	0.085%	0.42%	0.42%
Class VI	0.33%	0.055%	0.39%	0.39%
GMO Core Plus Bond Fund				
Class III	0.25%	0.15%	0.40%	0.43%
Class IV	0.25%	0.10%	0.35%	0.38%
GMO Currency Hedged International Bond Fund				
Class III	0.25%	0.15%	0.40%	0.44%
GMO Emerging Country Debt Fund				
Class III	0.35%	0.15%	0.50%	0.54%
Class IV	0.35%	0.10%	0.45%	0.49%
GMO U.S. Treasury Fund ²	0.08%	0.00%	0.08%	0.08%
GMO Asset Allocation Bond Fund				
Class III	0.25%	0.15%	0.40%	0.42%
Class VI	0.25%	0.055%	0.31%	0.33%
GMO International Large/Mid Cap Equity Fund				
Class III	0.38%	0.15%	0.53%	0.53%
Class IV	0.38%	0.09%	0.47%	0.47%
Class VI	0.38%	0.055%	0.44%	0.44%
GMO International Equity 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 Foreign Fund				
Class II	0.60%	0.22%	0.82%	0.83%
Class III	0.60%	0.15%	0.75%	0.76%
Class IV	0.60%	0.09%	0.69%	0.70%
GMO Foreign Small Companies Fund				
Class III	0.70%	0.15%	0.85%	0.86%
Class IV	0.70%	0.10%	0.80%	0.81%
GMO International Small Companies Fund				
Class III	0.60%	0.15%	0.75%	0.76%
GMO Emerging Markets Fund ³				
Class II	0.75%	0.22%	0.97%	1.00%
Class III	0.75%	0.15%	0.90%	0.96%
Class IV	0.75%	0.105%	0.86%	0.91%
Class V	0.75%	0.085%	0.84%	0.87%
Class VI	0.75%	0.055%	0.81%	0.84%
GMO Emerging Countries Fund				

Class III	0.65%	0.15%	0.80%	1.33%
GMO Taiwan Fund				
Class III	0.81%	0.15%	0.96%	1.34%
GMO Tax-Managed International Equities Fund				
Class III	0.50%	0.15%	0.65%	0.66%
GMO International Equity Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.79%
GMO International Developed Equity Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.65%
GMO Global Equity Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.64%
GMO Global Developed Equity Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.55%
GMO Global Asset Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.54%
GMO Strategic Opportunities Allocation Fund				
Class III	0.00%	0.00%	0.00%	0.55%
GMO Alpha Only Fund				
Class III	0.50%	0.15%	0.65%	0.66%
Class IV	0.50%	0.10%	0.60%	0.60%
GMO Emerging Domestic Opportunities Fund				
Class II	0.75%	0.22%	0.97%	1.18%
Class III	0.75%	0.15%	0.90%	1.11%
Class IV	0.75%	0.105%	0.86%	1.07%
Class V	0.75%	0.085%	0.84%	1.05%
Class VI	0.75%	0.055%	0.81%	1.02%
GMO SGM Major Markets Fund ⁴				
Class III	0.85%	0.15%	1.00%	1.01%
Class IV	0.85%	0.10%	0.95%	0.96%
Class VI	0.85%	0.055%	0.91%	0.92%
GMO Benchmark-Free Fund				
Class III	0.00%	0.00%	0.00%	0.53%
GMO Opportunistic Income Fund				
Class III	0.40%	0.15%	0.55%	0.55%
Class VI	0.40%	0.055%	0.46%	0.46%
GMO Resources Fund				
Class III	0.50%	0.15%	0.65%	0.77%
Class IV	0.50%	0.10%	0.60%	0.72%
Class V	0.50%	0.085%	0.59%	0.71%
Class VI	0.50%	0.055%	0.56%	0.68%
GMO Implementation Fund ⁵	0.00%	0.00%	0.00%	0.07%
GMO Benchmark-Free Allocation Fund				
Class III	0.65%	0.15%	0.80%	0.94%
Classes IV	0.65%	0.10%	0.75%	0.89%
Class MF ⁶	0.65%	0.10%	0.75%	0.86%
GMO Risk Premium Fund				
Class III	0.45%	0.15%	0.60%	0.60%
Class IV	0.45%	0.10%	0.55%	0.55%
Class V	0.45%	0.085%	0.54%	0.54%
Class VI	0.45%	0.055%	0.51%	0.51%
GMO Special Opportunities Fund ⁷				
Class III	1.10%	0.15%	1.25%	1.43%
Class IV	1.10%	0.10%	1.20%	1.38%
Class V	1.10%	0.085%	1.19%	1.37%
Class VI	1.10%	0.055%	1.16%	1.34%
GMO Climate Change Fund				

Class III ⁸	0.60%	0.15%	0.75%	0.68% ⁹
Class IV ⁸	0.60%	0.10%	0.70%	0.63% ⁹
Class V ⁸	0.60%	0.085%	0.69%	0.62% ⁹
Class VI ⁸	0.60%	0.055%	0.66%	0.59% ⁹

- ¹ After expense reimbursement by GMO. For certain Funds, total net annual expenses include expenses paid to service providers other than GMO. Funds' Total Net Operating Expenses are as reflected in Funds' most recent prospectus. Includes the fees of underlying GMO Trust Funds in which they invest, if any.
- ² GMO has voluntarily agreed to waive the entire management fee. GMO may change or terminate this waiver at any time.
- ³ GMO has contractually agreed to waive the shareholder service fees charged to each class of shares of the Fund to the extent necessary to prevent the shareholder service fees paid by the class from exceeding the following amounts of the class's average daily net assets: 0.20% for Class II shares, 0.15% for Class III Shares, 0.10% for Class IV shares, 0.05% for Class V shares, and 0.02% for Class VI shares. This reimbursement and waiver will continue through at least June 30, 2017, and may not be terminated prior to this date without the action or consent of the Fund's board. GMO has also contractually agreed to waive the annual management fee of the Fund by 0.10% from 0.75% to 0.65%. This management fee waiver will continue through at least January 1, 2018 and may not be terminated prior to that date without the action or consent of the Fund's board.
- ⁴ Amount represents combined and direct operating expenses of the Fund and its subsidiary, Alternative Asset SPC Ltd. GMO does not receive a fee for advisory services it provided to GMO Alternative Asset SPC Ltd.
- ⁵ Amount represents combined and direct operating expenses of the Fund and its subsidiary, GMO Implementation SPC Ltd. GMO does not receive a fee for advisory services it provided to GMO Implementation SPC Ltd.
- ⁶ GMO has contractually agreed to reduce the rate of the supplemental support fees charged to the Fund's Class MF shares to a rate to be charged in any month (starting on the first business day of the month) based on the net assets attributable to Class MF shares as of the last business day of the preceding month based on the following schedule: 0.10% on the first \$6 billion of net assets, 0.05% on the next \$2 billion, 0.03% on the next \$2 billion, and 0.01% thereafter; provided, however, that the effective rate charged at any time will not be reduced to less than 0.06% of Class MF's average daily net assets.
- ⁷ Amount represents combined and direct operating expenses of the Fund and its subsidiary, GMO Special Opportunities Fund SPC Ltd. GMO does not receive a fee for advisory services it provided to GMO Special Opportunities Fund SPC Ltd.
- ⁸ GMO has contractually agreed to reimburse the Fund for the portion of its 'specified operating expenses' (as defined below) that exceeds 0.10% of the Fund's average daily net assets. 'Specified operating expenses' means only the following expenses: audit expenses, fund accounting expenses, pricing service expenses, expenses of non-investment related tax services, transfer agency expenses, expenses of non-investment related legal services provided to the Fund by or at the direction of GMO, federal securities law filing expenses, printing expenses, state and federal registration fees and custody expenses. GMO is permitted to recover from the Fund "Specified Operating Expenses" it has borne (whether through reduction of its fees or otherwise) in later periods to the extent that the Fund's "Specified Operating Expenses" fall below the annualized rate of 0.10% per year or such lower expense limit in effect at the time GMO seeks to recover the expenses. The Fund, however, is not obligated to pay any such amount more than three years after GMO deferred a fee or reimbursed an expense. Any such recovery will not cause the Fund to exceed the annual limitation rate set forth above or such lower cap as may be in effect at the time of recoupment. GMO also has contractually agreed to waive or reduce the Fund's management fees and shareholder service fees to the extent necessary to offset the management fees and shareholder service fees paid to GMO that are directly or indirectly borne by the Fund or a class of shares of the Fund as a result of the Fund's direct or indirect investments in other series of GMO

Trust (“GMO Funds”). Management fees and shareholder service fees will not be waived below zero. GMO has also contractually agreed to reduce its management fee by 0.15%. The reimbursement and waiver arrangements described above will remain in effect through June 30, 2018, and may not be terminated prior to such date without the action or consent of the Fund’s Board of Trustees. GMO does not expect the 0.15% reduction of its management fee to continue beyond June 30, 2018.

- ⁹ The amounts represent an annualized estimate of the Fund’s operating expenses for its initial fiscal year.

SCHEDULE II

GMO Series Trust¹ **Fees and Compensation**

Fund Name	GMO's Annual Management Fee	GMO's Administration Fee	GMO's Total Fee	Fund's Total Net Annual Expenses ⁵
GMO U.S. Equity Allocation Series Fund ^{2/3/6}				
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%
Class PS	0.31%	0.20% ⁷	0.51%	0.66%
GMO Quality Series Fund ^{2/3/6}				
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%
Class PS	0.33%	0.20% ⁷	0.53%	0.68%
GMO Core Plus Bond Series Fund ^{2/3/6}				
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%
Class PS	0.25%	0.20% ⁷	0.45%	0.63%
GMO Global Asset Allocation Series Fund ⁴				
Class R4	0.00%	0.05%	0.05%	0.84%
Class R5	0.00%	0.05%	0.05%	0.69%
Class R6	0.00%	0.05%	0.05%	0.59%
Class PS	0.00%	0.20% ⁷	0.20%	0.74%
GMO Global Equity Allocation Series Fund ⁴				
Class R4	0.00%	0.05%	0.05%	0.94%
Class R5	0.00%	0.05%	0.05%	0.79%
Class R6	0.00%	0.05%	0.05%	0.69%
Class PS	0.00%	0.20% ⁷	0.20%	0.84%
GMO International Equity Allocation Series Fund ⁴				
Class R4	0.00%	0.05%	0.05%	1.09%
Class R5	0.00%	0.05%	0.05%	0.94%
Class R6	0.00%	0.05%	0.05%	0.84%
Class PS	0.00%	0.20% ⁷	0.20%	0.99%
GMO Benchmark-Free Allocation Series Fund ^{2/3}				
Class R4	0.65%	0.05%	0.70%	1.24%
Class R5	0.65%	0.05%	0.70%	1.09%
Class R6	0.65%	0.05%	0.70%	0.99%
Class PS	0.65%	0.20% ⁷	0.85%	0.14%
GMO Emerging Country Debt Series Fund ^{2/3/6}				
Class R4	0.35%	0.05%	0.40%	0.84%
Class R5	0.35%	0.05%	0.40%	0.69%
Class R6	0.35%	0.05%	0.40%	0.59%
Class PS	0.35%	0.20% ⁷	0.55%	0.74%
GMO Foreign Series Fund ^{2/3/6}				
Class R4	0.60%	0.05%	0.65%	1.06%
Class R5	0.60%	0.05%	0.65%	0.91%

Class R6	0.60%	0.05%	0.65%	0.81%
Class PS	0.60%	0.20% ⁷	0.80%	0.96%
GMO Emerging Countries Series Fund ^{2/3}				
Class R4	0.65%	0.05%	0.70%	1.63%
Class R5	0.65%	0.05%	0.70%	1.48%
Class R6	0.65%	0.05%	0.70%	1.38%
Class PS	0.65%	0.20% ⁷	0.85%	1.53%
GMO International Developed Equity Allocation Series Fund ⁴				
Class R4	0.00%	0.05%	0.05%	0.95%
Class R5	0.00%	0.05%	0.05%	0.80%
Class R6	0.00%	0.05%	0.05%	0.70%
Class PS	0.00%	0.20% ⁷	0.20%	0.85%
GMO SGM Major Markets Series Fund ^{2/3/6}				
Class R4	0.85%	0.05%	0.90%	1.31%
Class R5	0.85%	0.05%	0.90%	1.16%
Class R6	0.85%	0.05%	0.90%	1.06%
Class PS	0.85%	0.20% ⁷	1.05%	1.21%

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

² The amount listed under “GMO’s Annual Management Fee” reflects the management fee paid by the GMO Trust Fund to GMO. 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 The rates listed under “Fund’s Total Net Annual Expenses” include the shareholder service fee paid to GMO by the GMO Trust Fund in which the GMO Series Trust Fund invests. The GMO Series Trust Funds do not charge shareholder service fees, but indirectly bears the shareholder service fees of the GMO Trust Fund in which they invest.

⁴ 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.

⁵ The rates listed under the Fund’s Total Net Annual Expenses include Distribution and Service (12b-1) fees for the classes as follows: Class R4 0.25%, Class R5 0.10%, Class R6 0.0%, Class PS 0.0%.

⁶ The Fund has not commenced operations as of March 15, 2017.

⁷ Includes compensation paid to Grantham, Mayo, Van Otterloo & Co. LLC for bearing expenses of sub-transfer agency, recordkeeping and administrative services.

SCHEDULE III

GMO Private Fund Fees

GMO Funds Plc	
GMO Global Equity Allocation Investment Fund	
Classes A USD, A EUR, A GBP, A AUD, A CHF	0.60% ¹
Classes B USD, B EUR, B GBP, B AUD, B CHF ²	0.25% ¹
GMO Emerging Markets Equity Fund	1.00% ¹
GMO Emerging Domestic Opportunities Equity Fund	1.00% ¹
GMO Quality Investment Fund	0.60% ¹
GMO Global Real Return (UCITS) Fund	
Classes A USD, A EUR, A GBP, A AUD, A CHF, A NOK, A JPY, A SEK	0.80% ¹
Classes B USD, B EUR, B GBP, B AUD, B CHF, B NOK, B JPY, B SEK ²	0.40% ¹
GMO Unit Trust	
GMO Global Real Return (UCITS) Feeder Fund	0.80% ³
GMO Investments ICAV	
GMO SGM Major Markets Investment Fund	
Classes A USD, A EUR, A GBP, A AUD, A CHF, A CAD, A JPY	1.00% ¹
Classes B USD, B EUR, B GBP, B AUD, B CHF, B CAD, B JPY ²	0.67% ¹
GMO ERISA Pool	4
GMO Event-Driven Master Portfolio	5
GMO Systematic Global Macro Fund (Onshore) ⁶	1.00% ^{7, 8}
GMO Systematic Global Macro Fund (Offshore)	1.00% ^{7, 8}
GMO Systematic Global Macro Master Portfolio	1.00% ^{7, 8}
GMO Completion Fund Master Portfolio	1.00% ⁷
GMO Mean Reversion Fund (Onshore)	1.00% ^{7, 8}
GMO Mean Reversion Fund (Offshore), L.P.	1.00% ^{7, 8}
GMO Multi-Strategy Fund (Onshore)	1.00% ⁷
GMO Multi-Strategy Fund (Offshore), L.P.	1.00% ⁷
GMO Multi-Strategy Fund (Onshore), LLC	1.00% ⁷
GMO Tax-Managed Global Balanced Portfolio	1.00% ⁹
GMO Alternative Asset SPC Ltd.	0.00%
GMO Special Opportunities SPC Ltd.	0.00%
GMO Tactical Opportunities Fund (Onshore)	1.00% ⁷
GMO Fixed Income Hedge Fund (Onshore)	1.00% ⁷
GMO Fixed Income Hedge Fund (Offshore), L.P.	1.00% ⁷
GMO Emerging Country Local Debt Fund (Onshore), L.P.	10
GMO Emerging Country Local Debt Fund (Offshore), L.P.	10
GMO Emerging Country Debt, L.P.	11
GMO Emerging Country Debt Portfolio (Offshore) Ltd.	11
GMO Credit Opportunities Fund, L.P.	1.00% ^{8, 12}
GMO Credit Opportunities Fund (Offshore), L.P.	1.00% ^{8, 12}
GMO Implementation Fund SPC Ltd	0.00%

¹ The fee stated is the highest fee that the Investment Manager will receive from the Fund. A lesser fee can be charged. Additional fee arrangements may exist between the Investment Manager and investors in the Fund.

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 The fee listed reflects the management fee paid by the GMO Global Real Return (UCITS) Fund (“GRRUF”) to GMO. GMO Global Real Return (UCITS) Feeder Fund (the “Fund”) does not charge a management fee, but indirectly bears the management fee paid by GRRUF, in which the Fund invests. The fee stated is the highest fee that the Investment Manager can currently receive from the Fund. A lesser fee can be charged. Additional fee arrangements may exist between the Investment Manager and investors in the Fund.
- ⁴ GMO or a related party receives 0.75% for investments up to \$250 million. If an investment is equal to or greater than \$250 million, then GMO or a related party receives: 0.69% for investments up to \$500 million; 0.60% for investments over \$500 million but less than \$750 million; 0.51% for investments over \$750 million but less than \$1 billion; and 0.45% for investments over \$1 billion.
- ⁵ 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 positive amount, 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.
- ⁶ As of March 15, 2017, the Fund had not commenced operations.
- ⁷ GMO or a related party receives a maximum special allocation of up to 20% of the positive amount, 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.
- ⁸ GMO or a related party receives 1.00% for investments up to \$100 million (inclusive); 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.
- ⁹ A Limited Partner’s Advisory Fee Percentage will vary depending on whether the Limited Partner makes an Advisory Fee Only Election or a Reduced Advisory Fee Election. If a Limited Partner selects the Advisory Fee Only Election, GMO or a related party receives 1.00%. In the event the Limited Partner selects the Reduced Advisory Fee Election, GMO or a related party receives an asset-based fee less than 1.00% as agreed between GMO and such limited partner and also receives a special allocation of up to 30% of the net profits (after expenses), if any, allocable to each capital account for that year and adjusted for taxes.
- ¹⁰ 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: (a) 0.75% if such investor’s investment is less than or equal to \$10 million, (b) 0.67% if the investor’s investment is greater than \$10 million and less than or equal to \$125 million, (c) 0.60% if the investor’s investment is greater than \$125 million and less than or equal to \$250 million, (d) 0.55% if the investor’s investment is greater than \$250 million and less than or equal to \$500 million, (e) 0.50% if the investor’s investment is greater than \$500 million and less than or equal to \$750 million, and (f) 0.45% if the investor’s investment is greater than \$750 million. If an investor elects to pay a reduced advisory fee, then (A) such advisory fee is based on an annual rate of: (v) 0.40% if the investor’s investment is less than or equal to \$125 million, (w) 0.30% if the investor’s investment is greater than \$125 million and less than or equal to \$250 million (x) 0.20% if the investor’s investment is greater than \$250 million and less than or equal to \$500 million, (y) 0.14% if the investor’s investment is greater than \$500 million and less than or equal to \$750 million, and (z) 0.08% if the investor’s investment is greater than \$750 million and (B) GMO will receive a maximum special allocation and designated investment allocation of up to 20% of the positive amount, if any, of the net asset value of each limited partner’s capital account over the fund’s benchmark for the applicable measurement period subject to exceeding such investor’s high water mark.
- ¹¹ 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. If an investor elects to pay solely an advisory fee, such fee is based on an annual rate of up to: (a) 0.75% if such investor’s investment is less than \$10 million, (b) 0.67% if the investor’s investment is at least \$10 million but less than \$125 million, (c) 0.60% if the investor’s investment is at

least \$125 million but less than \$250 million, and (d) 0.55% if the investor's investment is at least \$250 million. If an investor elects to pay a reduced advisory fee, then (A) such advisory fee is based on an annual rate of: (x) 0.40% if the investor's investment is less than \$125 million, (y) 0.30% if the investor's investment is at least \$125 million but less than \$250 million and (z) 0.20% if the investor's investment is at least \$250 million and (B) GMO will receive a maximum special allocation of up to 20% of the positive amount, if any, of the net asset value of each limited partner's capital account over the fund's benchmark for the applicable measurement period subject to exceeding such investor's high water mark.

- ¹² 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 investment professionals. For example, the Global Allocation Absolute Return Strategy described below is subject to those material risks identified under “Multi-Asset Class” in the chart at Item 8.

Multi-Asset Class

Global Allocation Absolute Return

The GMO Global Allocation Absolute Return Strategy seeks to achieve its investment objective, relatively strong real returns over a market cycle, by allocating to undervalued and often unpopular asset classes and sectors of the global market. The Strategy is typically implemented via an allocation to investment in two other GMO-managed strategies.

Benchmark-Free Allocation

The GMO Benchmark-Free Allocation Strategy seeks to generate positive total return, not “relative” return over a market cycle, by investing in asset classes believed to offer the most attractive return and risk opportunities. Multi-year forecasts of returns among asset classes, together with an assessment of the relative risks of such asset classes, are used to determine the strategy’s allocation to various asset classes

Real Return Global Balanced Asset Allocation

The GMO Real Return Global Balanced Asset Allocation Strategy seeks to outperform its benchmark, 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 Aggregate, and Citigroup 3-Month Treasury Bill indices), with low risk relative to the benchmark. The Strategy uses both top-down and bottom-up valuation methodologies to value asset classes, countries and individual securities in order to allocate assets to undervalued countries, currencies and securities around the world. The Strategy is typically implemented via an allocation to two other GMO-managed strategies.

Global Asset Allocation

The GMO Global Asset Allocation Strategy seeks total return in excess of that of the GMO Global Asset Allocation Index (65% MSCI All Country World Index and 35% Barclays U.S. Aggregate Index). The Strategy uses multi-year forecasts of returns among asset classes to build a portfolio that primarily provides exposure to global equity and fixed income markets through investment in other GMO-managed strategies.

Tax-Managed Global Balanced

The GMO Tax-Managed Global Balanced Strategy seeks higher return (after-tax) than that of the GMO Tax-Managed Global Balanced Index (60% MSCI All Country World Index and 40% Barclays Muni 7-year (6-8) Index). The Strategy uses multi-year forecasts of returns among asset classes to build a portfolio that primarily provides exposure to global equity and fixed income markets through investment in other GMO-managed strategies.

Equities

Global All Country Equity Allocation

The GMO Global All Country Equity Allocation Strategy seeks total return in excess of that of the MSCI All Country World Index by investing in other GMO-managed equity strategies of any style or market capitalization.

Global Developed Equity Allocation

The GMO Global Developed Equity Allocation Strategy seeks total return in excess of that of the MSCI World Index by investing primarily in other GMO-managed equity strategies of any style or market capitalization.

International All Country Equity Allocation

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

International Developed Equity Allocation

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

Tax-Managed International Equities

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

International Equity

The GMO 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 those of the MSCI EAFE Index.

International Large/Mid Cap Equity

The GMO International Large/Mid Cap 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 those of the MSCI EAFE Index.

International Active EAFE

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

U.S. Equity Allocation

The GMO U.S. Equity Allocation 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 those of the Russell 3000 Index.

Emerging Markets

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

Quality

The GMO Quality Strategy seeks to achieve its investment objective, total return, by investing primarily in equities of companies believed to be of high quality.

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.

Climate Change

The GMO Climate Change Strategy seeks to achieve its investment objective, high total return, by investing in equities of companies GMO believes are positioned to directly or indirectly benefit from efforts to curb or mitigate the long-term effects of global climate change, to address the environmental challenges presented by global climate change, or to improve the efficiency of resource consumption.

Fixed Income

Global Bond

The GMO Global Bond Strategy seeks to achieve its investment objective, total return in excess of that of the J.P. Morgan GBI Global, using two principal components: (i) the first component seeks replication of the benchmark; and (ii) the second component seeks to add value relative to the benchmark by making investments that do not track the benchmark. These investments principally include global interest rate and currency derivatives and indirect (through other GMO strategies) and direct credit investments in asset-backed, government and emerging country debt securities.

Currency Hedged International Bond

The GMO Currency Hedged International Bond Strategy seeks to achieve its investment objective, total return in excess of that of the J.P. Morgan GBI Global (ex-Japan)(ex-US) (Hedged), using two principal components: (i) the first component seeks replication of the benchmark; and (ii) the second component seeks to add value relative to the benchmark by making investments that do not track the benchmark. These investments principally include global interest rate and currency derivatives and indirect (through other GMO strategies) and direct credit investments in asset-backed, government and emerging country debt securities.

Core Plus Bond

The GMO Core Plus Bond Strategy seeks to achieve its investment objective, total return in excess of that of the Barclays U.S. Aggregate Index, using two principal components: (i) seeking replication of the benchmark; and (ii) add value relative to the benchmark by making investments that do not track the benchmark. These investments principally include global interest rate and currency derivatives and indirect (through other GMO strategies) and direct credit investments in asset-backed, government and emerging country debt securities.

Emerging Country Debt

The GMO Emerging Country Debt Strategy seeks to achieve its investment objective, total return in excess of its benchmark, by investing primarily in sovereign and quasi-sovereign external debt of emerging countries, which typically are denominated in U.S. dollars, Euros, Japanese yen, Swiss francs or British pounds sterling.

Emerging Country Local Debt

The GMO Emerging Country Local Debt Strategy seeks to achieve its investment objective, high total return in excess of that of the J.P. Morgan Government Bond Index-Emerging Markets Global Diversified, by investing in debt instruments linked to emerging country debt and primarily denominated in currencies of emerging countries.

Emerging Country Debt U.S. Rates Hedged

The GMO Emerging Country Debt U.S. Rates Hedged Strategy seeks total return in excess of that of its benchmark, the combination of the returns of the J.P. Morgan EMBI Global Spread Return Index, which tracks the return of the EMBI Global less its U.S. Treasury interest-rate component, and the Citigroup 3-Month T-Bill Index, which tracks the return to cash invested in U.S. Treasury bills. The Strategy seeks to add value primarily through instrument rather than country selection, investing primarily in external sovereign and quasi-sovereign debt instruments of emerging countries.

Opportunistic Income

The GMO Opportunistic Income Strategy seeks to achieve its investment objective, capital appreciation, by investing primarily in securitized credit securities.

Absolute Return

Event-Driven

The GMO Event-Driven Strategy seeks to achieve its investment objective, absolute return, by utilizing an event-driven strategy, investing primarily in equity securities of companies that the team expects to experience a material corporate event or catalyst in the relative short-term.

Tactical Opportunities

The GMO Tactical Opportunities Strategy seeks to achieve its investment objective of capital appreciation by implementing a long-short investment strategy.

Fixed Income Hedge

The GMO Fixed Income Hedge Strategy seeks to achieve its investment objective, to outperform the Citigroup 3-Month Treasury Bill Index, by seeking to capitalize on opportunities across global fixed income, currency, and credit markets.

Mean Reversion

The GMO Mean Reversion Strategy seeks to achieve its investment objective, high total return, by taking advantage of the tendency of assets around the world to revert to fair pricing over time. The Strategy will take both long and short positions in a wide variety of asset classes the Investment Team believes exhibit substantial deviations from their fair value.

Systematic Global Macro

The GMO Systematic Global Macro Strategy seeks to achieve its investment objective, long-term total return, by taking both long and short positions in a range of global equity, bond, commodity and currency markets using exchange-traded futures and forward non-U.S. exchange contracts, among other investments.

Systematic Global Macro Major Markets

The GMO Systematic Global Macro Major Markets Strategy seeks to achieve its investment objective, long-term total return, by taking both long and short positions in a range of global equity, bond, commodity and currency markets using exchange-traded futures and forward non-U.S. exchange contracts, among other investments.

Multi-Strategy

The GMO Multi-Strategy portfolio seeks to achieve its investment objective, positive total return, through a combination of investments in other pooled investment vehicles advised by GMO or its affiliates and, from time to time, taking long and short positions in a wide range of asset classes.

Credit Opportunities

The GMO Credit Opportunities Strategy seeks to achieve superior risk-adjusted returns by investing in long and short positions with respect to bonds, leveraged loans, trade claims, credit default swaps and equities. The majority of the strategy's investments are expected to be in issuers perceived by the market as experiencing some element of financial difficulty or special situation at the time of purchase

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.