

GMO EUROPE LLC

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This brochure provides information about the qualifications and business practices of GMO Europe LLC (“GMOE”). If you have any questions about the contents of this brochure, please contact GMOE 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 GMOE is also available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2. Summary of Material Changes

GMOE commenced operations at the end of calendar year 2013.

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Item 4. Advisory Business

- A. GMO Europe LLC (“GMOE”) commenced operations at the end of calendar year 2013 and furnishes discretionary investment advisory services. As of the March 15, 2014, all of GMOE’s clients are Qualifying Investor Funds organized in Ireland (the “GMO Funds”). GMOE is a Delaware limited liability company and direct wholly-owned subsidiary of Grantham, Mayo, Van Otterloo & Co. LLC (“GMO”), which is located at 40 Rowes Wharf, Boston, Massachusetts 02110. GMO is a Massachusetts limited liability company that is controlled by active employee-members (“Members”).

GMOE’s offices are located at 40 Rowes Wharf, Boston, Massachusetts 02110. The offices of GMOE’s affiliates are located in Amsterdam, Boston, London, Montevideo, Rotorua, San Francisco, Singapore, Sydney and Zurich. Please see Item 10, “*Other Financial Industry Activities and Affiliations*” for a more detailed discussion about GMOE’s affiliates.

- B. GMOE offers investment strategies in several major asset classes, including global equities, fixed income and absolute return strategies. GMOE’s investment strategies are implemented primarily via the GMO Funds. Please see Item 8, “*Methods of Analysis, Investment Strategies and Risk of Loss*” for more information regarding GMOE’s investment strategies.
- C. GMOE has agreed to manage the GMO Funds’ assets pursuant to investment guidelines agreed upon with the Boards of Directors of the GMO Funds (the “GMO Funds Boards”). Please see Item 16, “*Investment Discretion*,” which discusses these and other restrictions relating to GMOE’s discretionary authority.
- D. GMOE does not participate in wrap-fee programs.
- E. As of January 31, 2014, GMOE managed US\$2,449,935,270 on a discretionary basis for its clients (excluding assets managed by GMOE’s affiliates). Please note that this figure reflects GMOE’s net assets under management, as contrasted with the “regulatory assets under management” required to be reported in Part 1A of Form ADV.

Item 5. Fees and Compensation

- A. The rate of GMOE’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. GMOE’s fees are primarily asset-based and calculated at an annual rate as a percentage of the value of the net assets in the account.

In some cases, GMOE may be paid a combination of an asset-based fee and a performance fee. The performance fee will typically take the form of a side letter arrangement outside of the relevant GMO Fund. 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.

The GMO Funds pay management fees to GMOE and bear total net annual expenses as described in the attached *Schedule I* and as described in their respective prospectuses, as supplemented and/or amended from time to time.

With respect to the fees paid by the GMO Funds, GMOE has discretion to waive, reduce or rebate a portion of the asset-based fees and/or performance fees for any period for some or all investors. GMOE also has discretion to admit investors or accept additional subscriptions from existing investors subject to such other fee arrangements as it deems appropriate and generally without notice to or consent from other investors. Note that this summary of fees is as of March 15, 2014 and may not reflect subsequent changes.

- B. Fees are accrued daily and generally paid monthly in arrears. The amount of the asset-based fee is prorated if GMOE provides advisory services for periods of less than a full payment cycle (*e.g.*, at the beginning or end of GMOE's engagement to provide advisory services). For accounts with performance fees, performance fee payment obligations are generally triggered by redeeming from a GMO Fund and at the end of an account's performance-measurement period (typically, annually). GMOE requires that management fees be paid within the calendar year in which they were billed, and with respect to fees billed on December 31 of each year, by December 31 of the following year.
- C. In addition to advisory fees, clients invested in the GMO Funds will bear the fees and expenses paid by the GMO Funds (to the extent not otherwise waived or reimbursed by GMOE), 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, 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).

GMOE has contractually agreed to bear some of the operational expenses for some of the GMO Funds it advises (*e.g.*, accounting and transfer agency expenses). The extent to which GMOE bears those expenses varies by GMO Fund. Therefore, when negotiating those expenses with third-party service providers (which may be negotiated for all pools advised by GMOE and its affiliates at the same time), GMOE has an economic incentive to favor a fee structure that shifts expenses from funds for which GMOE or one of its affiliates has a greater reimbursement obligation to those funds for which GMOE or its affiliate has a lesser (or no) reimbursement obligation. Further, to the extent that GMOE has discretion to allocate a client's assets among GMO Funds, it has an incentive to allocate to GMO Funds where it has a limited reimbursement obligation.

- D. Clients do not pay GMOE's fees in advance.
- E. Neither GMOE 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, GMOE may be paid an asset-based fee or a combination of an asset-based fee and a performance fee. Please see Item 5, “*Fees and Compensation*” and *Schedule I* for more information about GMOE’s fees. To the extent GMOE 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 GMOE has entered into a performance fee arrangement, it may have an economic incentive to make riskier investments and/or pursue riskier strategies than it might otherwise. In addition, because GMOE’s and its affiliates’ investment personnel may manage both accounts with asset-based fees and accounts with a performance fee component, they face potential conflicts of interest in that they may have an incentive to favor accounts for which GMOE or its affiliates receives a performance fee. GMOE and its affiliates 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 GMOE or its affiliates or vice versa. See Item 11, “*Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities*.”

GMOE and its affiliates may also have an incentive to favor accounts in which they and/or their members, employees, personnel and affiliates may own a substantial interest. GMOE and its affiliates maintain firm-wide trade allocation standards, and GMO’s trading desks have 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 help manage further the potential conflicts of interest associated with side-by-side management of accounts or funds with performance fees and those that have solely asset-based fees, no GMOE personnel has been granted any specific participation in the performance of any GMO Fund account managed by GMOE or its affiliates nor is any personnel compensated in any way that is explicitly linked to the performance of any portfolio.

Item 7. Types of Clients

As described in Item 5, “*Fees and Compensation*” GMOE provides investment advice to the GMO Funds. The GMO Funds are organized as investment companies with variable capital pursuant to the Companies Acts of 1963 to 2013 of Ireland and are authorized and regulated by the Central Bank of Ireland.

Investors invested in the GMO Funds may include, but are not limited to, endowments and foundations; employee benefit, pension and contribution plans; governmental and supranational entities; taxable corporations, investment companies, pooled vehicles, trusts, other institutions and individuals. The minimum account size for investors in the GMO Funds varies depending on the GMO Fund, but is generally at least \$5 million. Minimum account size requirements are waived for GMO’s Members and GMOE’s and its affiliates’ employees and for other investors at GMOE’s discretion. GMOE 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 average account size of the consultant's clients meets the investment minimum.

As of March 15, 2014, the only clients of GMOE are Qualifying Investor Funds. Accordingly, all investors satisfy the requirements of being "qualifying investors" as defined by the Central Bank of Ireland's Non-UCITS Notices and AIF Rulebook.

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

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

GMOE offers investment strategies in several major asset classes, including global equities, fixed income and absolute return strategies. A general description of each of GMOE's investment strategies as of the date of this brochure is set forth below beneath the name of the GMO Fund using that strategy. The descriptions are qualified in their entirety by the information contained in the prospectuses of the GMO Funds.

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

Global Equities

GMO World Equity Allocation Investment Fund plc

The investment objective is to seek to achieve high total return. The Fund seeks to achieve its objective by investing in equity investments in the world's developed and emerging markets, either directly by investing in equity securities or indirectly by investing in derivative instruments and other investments relating to equity securities.

Fixed Income

GMO Global Bond Investment Fund

The investment objective is to seek to achieve capital appreciation through investment of at least 50 per cent of the Net Asset Value of the Fund in government securities, in investment grade bonds (including convertible bonds) denominated in various currencies, in derivative securities relating thereto and in GMO Alpha LIBOR (Offshore), L.P. The Fund will invest in fixed-income securities of both U.S. and non-U.S. issuers.

GMO Emerging Country Debt Investment Fund plc

The investment objective is high total return. The Fund intends to achieve its objective by investing at least 50 per cent of the Net Asset Value of the Fund in government securities of emerging countries in Asia, Latin America, the Middle East, Africa and Eastern Europe, derivative securities relating thereto and in GMO Alpha LIBOR (Offshore), L.P. The Fund

will also invest directly in fixed income and other securities and may also hold securities indirectly by investing in other funds.

GMO Emerging Country Local Debt Investment Fund

The investment objective is to seek to achieve high total return by investing at least 50% of the Net Asset Value of the Fund in local currency government securities issued by emerging countries in Asia, Latin America, the Middle East, Eastern Europe and Africa, derivative securities relating thereto and in GMO Alpha LIBOR (Offshore), L.P. Strategy elements will include, but are not limited to, currency and interest-rate market selection and instrument selection.

Absolute Return

GMO Systematic Global Macro Fund

The investment objective is to seek to achieve long-term total return. The Fund pursues its objective by investing in a range of global equity, bond, currency and commodity markets using exchange-traded futures and forward foreign exchange contracts as well as making other investments. The Fund seeks to take advantage of the proprietary models for global tactical asset allocation and equity, bond, currency and commodity market selection.

- B. The following chart identifies the material risks associated with the strategies described above. 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 derivatives themselves. This summary of the material risks of the strategies, as implemented in the management of the GMO Funds, is qualified in its entirety by the information contained in the GMO Funds' prospectuses.

	Global Equities	Fixed Income	Absolute Return
Borrowing and Leverage Risk	•	•	•
Commodities Risk			•
Convertible Securities Risk		•	
Counterparty Risk	•	•	•
Credit Market Illiquidity Risk		•	•
Credit Risk		•	•
Currency Risk	•	•	•
Custodial Risk			•
Derivatives Risk	•	•	•
Risks of Investment in Distressed or Defaulted Instruments			•
Emerging Countries Markets Risk	•	•*	•

	Global Equities	Fixed Income	Absolute Return
Focused Investment Risk	•	•	
Foreign Investment Risk	•	•	•
Risks Associated with Futures Brokers			•
Large Investor Risk	•	•	•
Legal and Regulatory Risks	•	•	•
Liquidity Risk		•	•
Management and Operational Risk	•	•	•
Market Disruption and Geopolitical Risk	•	•	•
Market Risk-Equity Securities Risk	•		•
Market Risk- Fixed Income Securities Risk		•	•
Portfolio Turnover Risk		•	•
Real Estate Risk			•
Risks of Pooled Investment Vehicles	•	•	•
Short Sales Risk			•
Underlying Strategies Risk		•	•

* Applies only to GMO Emerging Country Debt Investment Fund and
GMO Emerging Country Local Debt Investment Fund.

- *Borrowing and Leverage Risk* – If permitted by the strategy’s investment policies, the strategy may: purchase securities on margin, borrow money, use derivatives (including reverse repurchase agreements), and/or lend its securities, each of which may cause its portfolio to be leveraged. Leverage increases the strategy’s portfolio losses when the market value of its investments declines. If the securities deposited to secure its margin accounts decline in market value or the clients’ obligations increase, the strategy could be subject to a “margin call,” under which the strategy would be required to either deposit additional funds with the counterparty, clearing broker or clearinghouse, as applicable or suffer mandatory liquidation of securities deposited.
- *Commodities Risk* – Commodity prices can be extremely volatile and are affected by many factors, including changes in overall market movements, real or perceived inflationary trends, commodity index volatility, changes in interest rates or currency exchange rates, population growth and changing demographics, nationalization, expropriation, or other confiscation, international regulatory, political, and economic developments, and developments affecting a particular industry or commodity.
- *Convertible Securities Risk* – Convertible securities are subject to market risk (with respect to the fixed income security as well as the underlying equity security) and credit risk. A convertible security may also be subject to redemption at the option of the issuer at a price established in its governing instrument, and any such redemption could have an adverse effect on the ability of the strategy to achieve its investment objective.

- *Counterparty Risk* – The strategy runs the risk that the counterparty to 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, return the client account’s margin or otherwise honor its obligation. GMOE weighs various factors in determining the risks associated with entering into a transaction with a counterparty. Such factors may include credit quality, collateral arrangements and guarantees. Factors considered may vary by Investment Team. Unless otherwise required by contractual arrangements with individual clients, there is neither an explicit limit on the amount of exposure that the strategy may have with any one counterparty nor a requirement that counterparties maintain a specific rating by a nationally recognized rating organization in order to be considered for potential transactions. To the extent that GMOE’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).
- *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 satisfy requirements under its borrowing arrangements or to meet margin calls, which could, in turn, create further downward price pressure.
- *Credit Risk* -- The strategy runs the risk that the issuer or guarantor of a fixed income 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 downgrading of its credit rating. Below investment grade securities have speculative characteristics, and changes in economic conditions or other circumstances are more likely to impair the capacity of issuers to make principal and interest payments than is the case with issuers of investment grade securities.
- *Currency Risk* – Fluctuations in exchange rates may adversely affect the value of the strategy’s investments. Currency risk includes the risk that the non-U.S. currencies in which the strategy’s investments are traded in, in which the strategy receives income, and in which the strategy has taken a position, will decline in value relative to the U.S. dollar.
- *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.

- *Derivatives Risk* – The use of derivatives involves the risk that their value may not move as expected relative to the value of the assets, rates or indices they are designed to track. Derivatives also present other risks, including market risk, liquidity risk, currency risk, and credit and counterparty risk. Because the contract for each over-the-counter (“OTC”) derivative is individually negotiated, the counterparty may interpret contractual terms (*e.g.*, the definition of default) differently than GMOE does and, if it does, the strategy may decide not to pursue its claims against the counterparty to avoid incurring the cost and unpredictability of legal proceedings. The strategy, therefore, may be unable to obtain payments GMOE believes are owed to it under OTC derivatives contracts or those payments may be delayed or made only after the strategy has incurred the costs of litigation.

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

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

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 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. Client accounts will hold cleared derivatives transactions through accounts at clearing members, who are futures commission merchants that are members of the clearing houses. Client accounts will make and receive payments owed under cleared derivatives transactions (including margin payments) through their accounts at clearing members. A client account’s clearing members guarantee the client account’s performance of its obligations to the clearing house. Clearing members can generally require termination of existing cleared derivatives transactions at any time and increases in the amount of margin required to be provided by the client account to the clearing member. Any such termination or increases could interfere with the ability of the client account to pursue investments. Also, a client account is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or which GMOE expects to be cleared), and no clearing member is willing or able to clear the transaction on the client account’s behalf. In that case, the transaction might have to be terminated, and the client account could lose some or all of the benefit of any increase in the value of the transaction after the time of the trade.

- *Risks of Investment in Distressed or Defaulted Instruments* — The strategy may invest in securities, claims and obligations of issuers which are experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). The strategy may hold distressed securities and instruments of all kinds, subject to tax considerations, including equity and debt instruments and, in particular, loans, loan participations, claims held by trade or other creditors, bonds, notes, non-performing and sub-performing mortgage loans, beneficial interests in liquidating trusts or other similar types of trusts, fee interests and financial interests in real estate, partnership interests and similar financial instruments, executory contracts and participations therein, many of which are not publicly traded and which may involve a substantial degree of risk. Investments in distressed or defaulted instruments generally are considered speculative and may involve substantial risks not normally associated with investments in healthier companies, including adverse business, financial or economic conditions that can lead to defaulted payments and insolvency proceedings. If GMOE's evaluation of the eventual recovery value of a defaulted instrument should prove incorrect, losses of a substantial portion or all of an investment could result.
- *Emerging Countries Markets Risk* – The securities markets of emerging countries are generally smaller, less developed, less liquid, and more volatile than the more developed securities markets. Disclosure and regulatory standards in many respects are less stringent than in the more developed markets. There also may be a lower level of monitoring and regulation of securities markets in emerging countries and the activities of investors in such markets and enforcement of existing regulations has been extremely limited. Many emerging countries have experienced substantial, and in some periods extremely high, rates of inflation over prolonged periods of time. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets of certain emerging countries. Economies in emerging countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be affected adversely by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of these countries also have been and may continue to be adversely affected by economic conditions in the countries in which they trade. The economies of emerging countries may also be predominantly based on only a few industries or dependent on revenues from particular commodities. In addition, custodial services and other costs relating to investment in foreign markets may be more expensive in emerging countries than in many developed markets, which could reduce a strategy's income from such securities. Finally, because publicly traded debt instruments of emerging countries represent a relatively recent innovation in the world debt markets, there is limited historical data or related market experience concerning the attributes of such instruments under all economic, market and political conditions.

In many cases, governments of emerging countries continue to exercise significant control over their economies and government actions relative to the economy, as well

as economic developments generally, may affect the capacity of issuers of emerging country debt instruments to make payments on their debt obligations, regardless of their financial condition. In addition, there is a heightened possibility of expropriation or confiscatory taxation, imposition of withholding taxes on interest payments, or other similar developments that could affect investments in those countries. There can be no assurance that adverse political changes will not cause the strategy to suffer a loss of any or all of its investments or, in the case of fixed-income securities, interest thereon.

- *Focused Investment Risk* – Focusing investments in a limited number of countries, regions, sectors, companies, indices or in industries with high positive correlations to one another creates additional risk. This risk is particularly pronounced for a strategy that is exposed to, a relatively small number of stock indices or the securities of a limited number of issuers because the strategy is particularly exposed to adverse developments affecting those indices or issuers. A decline in the market value of a particular index or security held by the strategy, or to which it is exposed, is likely to affect the strategy's performance more than if the strategy invested in a larger number of indices or the securities of a larger number of issuers.
- *Foreign Investment Risk* – The market prices of many foreign securities may fluctuate more than those of U.S. securities. Foreign markets often are less stable, smaller, less liquid and less regulated than U.S. markets, and the cost of trading in those markets often is higher than in U.S. markets. In addition, the strategy may be subject to foreign taxes on capital gains or other income payable on foreign securities, on transactions in those securities or otherwise on the repatriation of proceeds generated from those securities. Also, there are risks associated with any license that the strategy needs to maintain to invest in some foreign markets. In some foreign markets, prevailing custody and trade settlement practices (*e.g.*, the requirement to pay for securities prior to receipt) may expose the strategy to credit and other risks with respect to participating brokers, custodians, clearing banks or other clearing agents, escrow agents and issuers. Further, adverse changes in investment regulations, capital requirements, or exchange controls could adversely affect the value of the strategy's investments. These and other risks (*e.g.*, nationalization, expropriation, or other confiscation of assets of foreign issuers) are greater for the strategy's investments in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries. To the extent the strategy invests to a significant extent in a particular country, the strategy's performance may be affected by political, social and economic conditions in that country and/or geographical region or operational risks particular to that country or region.
- *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. The strategy may carry substantially all of its positions at a single broker, thereby increasing this credit risk.

- *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 that supervise the financial markets that could adversely affect the strategy.
- *Liquidity Risk* – Low trading volume, lack of a market maker, large position 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. Holding less liquid securities increases the likelihood that the strategy will honor a redemption request in-kind.
- *Management and Operational Risk* – Each strategy relies on GMOE's ability to achieve its investment objective. Each strategy runs the risk that GMOE's investment techniques will fail to produce the desired results and a strategy may incur significant losses. GMOE makes no assurance that it will achieve a strategy's desired results. GMOE also may fail to use derivatives effectively, choosing to hedge or not to hedge positions at disadvantageous times. GMOE's portfolio managers may use quantitative analyses and/or models. Any imperfections, limitations or errors in those analyses and/or models could affect the ability of the portfolio managers to implement strategies. By necessity, these tools make simplifying assumptions that limit their effectiveness. Models that appear to explain prior market data can fail to predict future market events. Further, the data used in models may be inaccurate and/or it may not include the most recent information about a company or a security. The strategy also runs the risk that GMOE's determination to apply an investment technique or GMOE's assessment of an investment or its risks may be wrong. There also can be no assurance that all of GMOE's key personnel will continue to be associated with GMOE 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 from operational risk as a result of GMOE's and other service providers' provision of investment management, administrative, accounting, tax, legal, pricing and other services to the strategy.

- *Market Disruption and Geopolitical Risk* – Geopolitical and other events may disrupt securities markets and adversely affect global economies and markets and thereby decrease the value of and/or render illiquid the strategy's investments. Securities markets may be susceptible to market manipulation or other fraudulent trade practices, which could disrupt the orderly functioning of these markets or adversely affect the value of instruments traded in such markets, including investments of the strategy.
- *Market Risk- Equity Securities* – 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 GMOE believes to be their fundamental value. The strategy runs the risk that the prices of these investments will not appreciate to or decline from what GMOE believes to be their fundamental value or that GMOE has overestimated their fundamental 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 and sovereign and quasi-sovereign debt instruments, can decline due to market uncertainty about their credit quality and the reliability of their payment streams. In addition, a principal risk run by a strategy that holds a significant investment in fixed income securities is that an increase in prevailing interest rates will cause the market price of its investments to decline. The risks associated with such changes in interest rates is generally greater for a strategy that invests in fixed income securities with longer durations and in some cases duration can increase. Moreover, as inflation increases, the real value of the strategy's assets could decline. If deflation occurs, it may increase the risk of issuer default and adversely affect the value of the strategy's assets.

Asset-backed securities involve the risk of loss of principal if obligors of the underlying obligations default and the defaulted amounts exceed any credit support

provided for the securities. The obligations underlying asset-backed securities are subject to unscheduled prepayments and the strategy may be unable to invest prepayments at as high a yield as the yield of the asset-backed security. Asset-backed securities, particularly mortgage-backed securities, are subject to the risk that their underlying assets were not properly securitized, which could reduce and/or eliminate their market value. Asset-backed securities involve risk of loss of principal if obligors of the underlying obligations default and the value of the defaulted obligations exceeds whatever credit support the securities may have. Asset-backed securities backed by sub-prime mortgage loans, in particular, may cause a strategy to suffer significantly greater declines in value due to defaults, as sub-prime mortgage loans are typically made to less creditworthy borrowers and thus have a higher risk of default than conventional mortgage loans.

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

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

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 GMOE'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.

- *Portfolio Turnover Risk* – The strategy has not placed any limit on the rate of portfolio turnover. A high rate of portfolio turnover involves correspondingly greater expenses (such as brokerage commissions and transaction costs) than a lower rate and may result in increased tax costs to investors depending on the tax laws applicable to such investors.
- *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, changes in zoning laws, delays in completion of construction, changes in real estate values, changes in property taxes, levels of occupancy, adequacy of rent to cover operating costs, and local and regional market conditions. The market value of real estate-related investments also may be affected by changes in interest rates 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 GMOE'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 and/or to maintain exempt status under the Investment Company Act.

- *Risks of Pooled Investment Vehicles* – The strategy may invest in one or more regulated or unregulated collective investment schemes including schemes managed by GMOE or its affiliates. Unregulated collective investment schemes may not provide a level of investor protection equivalent to that provided by regulated collective investment schemes. As a shareholder of another collective investment scheme the strategy would bear, along with other shareholders, its pro rata portion of the expenses of the other collective investment scheme, including management and/or other fees. These fees would be in addition to the management fees and other expenses which the strategy bears directly in connection with its own operations. In addition, investment decisions of such vehicles are made by their investment advisers independently of each other. As a result, at any particular time one investment vehicle may be purchasing securities of an issuer whose securities are being sold by another investment vehicle and the strategy could indirectly incur certain transaction costs without accomplishing any net investment result. The strategy is also exposed to the risk that the underlying funds do not perform as expected.
- *Short Sales Risk* – The strategy may seek to hedge investments or realize additional gains through short sales of securities. The strategy may make short sales “against the box,” meaning the strategy may make short sales while owning or having the right to acquire, at no added cost, securities identical to those sold short. The strategy incurs transaction costs, including interest, when opening, maintaining, and closing short sales against the box. Short sales against the box protect the strategy against the risk of loss in the value of a portfolio security by offsetting a decline in value of the security by a corresponding gain in the short position. The converse, however, is that any increase in the value of the security will be offset by a corresponding loss in the short position. If the strategy engages in short sales of securities it does not own, it may have to pay a premium to borrow the securities and must pay to the lender any dividends or interest it receives on the securities while they are borrowed. Short sales of securities the strategy does not own involve a form of investment leverage, and the amount of the strategy's potential loss is theoretically unlimited.
- *Underlying Strategies Risk* – The strategy is indirectly exposed to all of the risks of an investment in the underlying strategies, including the risk that the underlying strategies in which it invests will not perform as expected or that the strategy will invest in underlying strategies with higher fees or expenses.

Item 9. Disciplinary Information

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

Item 10. Other Financial Industry Activities and Affiliations

- A. GMOE is not registered nor does it have an application pending to register as a broker/dealer. Certain of GMOE's employees 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 U.S. registered mutual funds ("GMO Trust Funds") and to act as placement agent for certain unregistered U.S. and non-U.S. pooled products advised by GMO (together with the GMO Funds, the "GMO Private Funds").
- B. GMOE is registered with the Commodities Futures Trading Commission ("CFTC") as a commodity pool operator and is a member of the National Futures Association ("NFA"). Certain of GMOE's management persons are registered with the NFA as principals and/or associated persons.
- C. *Related pooled investment vehicles and general partners.* GMO Trust was organized by GMO in September 1985. GMO Trust is a registered management investment company (SEC File No. 2-98772, 811-4347) and GMO provides management and other services to the series of GMO Trust pursuant to management agreements between the relevant series of the Trust and GMO.

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

GMO UK Limited ("GMO UK") manages the constituent funds of GMO Funds plc and GMO Unit Trust. GMO Funds plc is an investment company with variable capital incorporated with limited liability in Ireland with registered number 351477. It is an umbrella fund with segregated liability between sub-funds and is authorized by the Central Bank of Ireland as an undertaking for collective investment in transferable securities (UCITS). Pursuant to an investment advisory agreement between GMO UK and GMO, GMO provides investment advisory services in respect of GMO Funds plc. GMO Unit Trust is a unit trust established as a UCITS umbrella fund with segregated liability between sub-funds and is authorized as a UCITS by the Central Bank of Ireland.

GMO or GMO Investment Partners, LLC, a wholly-owned subsidiary of GMO and an affiliate of GMOE, serves as the general partner to several GMO Private Funds.

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, including the GMO Funds Boards, that pay fees to GMO, including performance fees. In some cases, these Members and employees may 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 the GMO Private Funds and will generally have a conflict of interest in exercising its voting rights.

Related advisers. GMO is a U.S. registered investment adviser (File No. 801-15028) located at 40 Rowes Wharf, Boston, MA 02110. GMO was founded in 1977 and furnishes discretionary investment advisory services predominantly to institutional clients. As described above, GMO is a Massachusetts limited liability company that is controlled by its 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. Certain of GMO's Members and employees are also employees of GMOE. GMO's offices include its headquarters in Boston, Massachusetts, and an office in Berkeley, California.

GMO UK is a wholly-owned subsidiary of GMO LLC located at No. 1 London Bridge, London, England SE1 9BG. The firm commenced operations in December 2003 and manages or services accounts similar to those managed by GMO in the U.S. Simon Harris and Anthony Hene are Members of GMO and are also employees of GMO UK. Naser Bashir, Tom Smith, James Montier and Justin Ashmall are employees of GMO UK and are associated persons of GMO with respect to services they provide to GMO and/or GMO's clients as agreed with GMO.

GMO Investment Management Company (Ireland) Limited ("GMO Ireland") is a wholly-owned subsidiary of GMO UK. GMO Ireland's registered office is at Styne House, Upper Hatch Street, Dublin 2, Ireland. GMO Ireland commenced operations in July 2007 and was established to manage and provide oversight over the activities of GMO Unit Trust, a unit trust organized and regulated in Ireland. GMO 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 (owned through GMO Australasia LLC), located at Level 12, 1 Alfred Street, Sydney NSW 2000 Australia. GMO Australia Ltd. commenced operations in November 1995 and manages or services accounts similar to those managed by GMO in the U.S.

GMO Australia Partnership is a wholly-owned subsidiary of GMO (owned through GMO Australasia LLC). GMO Australia Partnership is located at Level 12, 1 Alfred Street, Sydney NSW 2000 Australia. GMO Australia Partnership commenced operations in November 1995 and provides management, marketing, client and other services to GMO Australia Ltd. Jason Halliwell is the head of the Systematic Global Macro Team, a Member of GMO and an employee of GMO Australia Partnership and GMOE. Sean Gleason, Craig Louis and Vikram Mundkur are employees of GMO Australia Partnership and are associated persons of GMO with respect to services they provide to GMO and one or more of GMO's clients as agreed with GMO.

GMO Singapore Pte. Limited ("GMO Singapore"), a U.S. registered investment adviser (SEC File No. 801-78717), is a wholly-owned subsidiary of GMO (owned through GMO Australasia, LLC), located at 6 Battery Road, #26-05, Singapore 049909. GMO Singapore commenced operations in February 2003 and manages or services accounts similar to those managed by GMO in the U.S. Amit Bhartia is a Member of GMO and also an employee of GMO Singapore. Miten Amin, Ernest Chew, Mark Wu, Gunwoo Lim, Peter Martin and

Andrew Thompson are employees of GMO Singapore and are associated persons of GMO with respect to services they provide to GMO and one or more of GMO's clients as agreed with GMO. GMO Singapore provides sub-advisory services to one of GMOE's clients, GMO Systematic Global Macro Fund, and is compensated by GMOE 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 30 Rowes Wharf, Boston, MA 02110. GMO Renewable Resources, LLC provides investment 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 Zens Centre, Level 9, 1135 Arawa Street, Rotorua, New Zealand. RR NZ manages or services non-discretionary accounts similar to those managed by GMO Renewable Resources, LLC in the U.S.

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

Related commodity pool operators. GMO is registered with the CFTC as a commodity pool operator and commodity trading advisor. GMO Investment Partners, LLC is also registered with the CFTC as a commodity pool operator.

Affiliates of GMOE also sponsor limited partnerships or other pooled products. Please see the discussion below in Item 11, "*Code of Ethics, Participation in Client Transactions and Personal Trading: Conflicts Related to Advisory Activities*," describing conflicts related to GMOE's advisory activities.

Other arrangements. A foundation and a charitable trust established by a GMO Member lease office space at GMO's offices. The charitable trust and the foundation are subject to GMO's Code of Ethics and Insider Trading Policy and Procedures, including restrictions on securities trading by the charitable trust, the foundation and its employees. The Member has also agreed that the foundation's employees will be subject to GMO's Code of Ethics and Insider Trading Policy and Procedures, GMO's Code of Conduct, GMO's Gift Policy, any restrictions or policies implemented by GMO from time to time with respect to employee investments, and all other GMO workplace conduct policies. The Member, the foundation and the 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.

Personnel of GMOE and its affiliates (including 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 GMOE or its affiliates' clients. Such service may present conflicts of interest to the extent the Member or employee becomes aware of material non-public information and he/she may be unable to initiate some transactions for other clients while in possession of that information. GMOE and its affiliates will, to the extent possible, take steps to mitigate such conflicts of interest if and when they arise.

GMO has a consultancy relationship 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, primarily input to portfolios managed by GMO's Emerging Markets Equity Team. Goldfish is not an affiliate of nor otherwise related to GMOS or its affiliates.

- D. GMOE 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

GMOE has adopted a Code of Ethics that is applicable to all of its employees and on-site consultants (collectively, "access persons"). The Code of Ethics is designed to comply with Rule 17j-1 of the Investment Company Act of 1940 and Rule 204A-1 of the Advisers Act. The Code of Ethics establishes personal trading procedures, including certain pre-clearance and reporting obligations. While 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, the Code of Ethics is designed to prevent its access persons from engaging in personal securities transactions that may compete or interfere materially with trading of client accounts. In order to give effect to the prohibitions in the Code of Ethics, the Code also sets forth procedural requirements, including pre-clearance by the Compliance Department of many types of trades. Some securities (*e.g.*, certain mutual fund shares, U.S. government securities and money market instruments) and some transactions (*e.g.*, dividend reinvestment, de minimis trades, transactions in accounts managed by third parties) are exempt from the substantive and/or procedural requirements of the Code of Ethics. Exceptions from the Code of Ethics may be granted in appropriate circumstances. GMO and its other affiliates have adopted the same Code of Ethics.

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

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

GMOE also has adopted an Insider Trading Policy and Procedures ("Insider Trading Policy") applicable to all of its personnel, on-site consultants, officers, members and directors that

forbids such persons from trading, either personally or on behalf of others (including on behalf of clients), on the basis of material non-public information (commonly referred to as “insider trading”), except in specific, limited circumstances described in the Policy. The Insider Trading Policy does not provide absolute assurance as to the correct handling of material non-public information, but does contain procedures reasonably designed to aid GMOE personnel in avoiding insider trading, and to aid GMOE 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. These procedures also include provisions designed to manage the issues associated with GMOE personnel’s limited use of “expert networks.” GMO and its other affiliates have adopted the same Insider Trading Policy.

GMOE’s procedures specifically permit GMOE’s Chief Compliance Officer (“CCO”), in his or her discretion, to establish temporary ethical screens to control the flow within GMOE and its affiliates of material non-public information received by persons subject to the Insider Trading Policy. The use of a temporary ethical screen may enable GMOE to avoid placing securities of an issuer on a restricted list, whereby any or all GMOE accounts would be prohibited from transacting in securities of such issuer. From time to time, however, based on the relevant facts and circumstances, GMOE’s CCO or other designee may deem it necessary or appropriate to restrict trading by GMOE accounts in the securities of particular issuers and will place such securities on a restricted list. Placement of a security on the restricted list will restrict its purchase or sale by GMOE client accounts rendering illiquid any such security already in a client’s account until such time as the security is removed from that list. GMO and its other affiliates have adopted the same procedures.

GMOE attempts to disclose material conflicts of interest in this document. However, because conflicts are endemic for registered investment advisers, in responding to the particular items of Form ADV Part 2, GMOE 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 GMOE’s activities as well as a description of how GMOE 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 GMOE’s business. Please see Item 12, “*Brokerage Practices*,” for a description of GMOE’s procedures with respect to the allocation of investment opportunities among its clients, including the allocation of limited opportunities, and a discussion of the factors the trading desks consider 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 GMOE, including performance fees. Item 14, “*Client Referrals and Other Compensation*” describes conflicts that may arise with consultants that recommend GMOE to their clients and Item 17, “*Voting Client Securities*” describes conflicts relating to proxy voting.

Conflicts related to advisory activities. GMOE and its affiliates act as investment adviser to pooled vehicles and separately managed accounts that have similar investment objectives and pursue similar strategies. GMOE’s personnel are also personnel of GMO and GMOE places trade orders on behalf of its clients through GMO trading desks. Certain investments

identified by GMOE and its affiliates may be appropriate for multiple clients. Investment decisions for these clients are made by GMOE and its affiliates, in their best judgment, but in their sole discretion, taking into account factors they believe 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). GMOE and its affiliates generally are not under any obligation to share any investment, idea or strategy with all of their clients. Decisions to buy and sell investments for each client advised by GMOE and its affiliates are made 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 GMOE and its affiliates 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 GMOE or an affiliate or vice versa. These positions and actions may adversely affect or benefit certain clients at different times. In addition, purchases or sales of the same investment may be made for two or more clients on the same date. There can be no assurance that a client will not receive less (or more) of a certain investment than it would otherwise receive if GMOE or its affiliates did not have a conflict of interest among clients. In effecting transactions, it may not be possible, or consistent with the investment objectives of GMOE's or its affiliates' various clients, to purchase or sell securities at the same time or at the same prices.

GMOE and its affiliates and their respective members and employees also may invest in pooled vehicles advised by GMOE or its affiliates, or for which GMOE or its affiliates serve as the general partner. At times, especially when a pooled vehicle commences operations, investments by GMOE or its affiliates and their respective members and employees may constitute a substantial percentage of the pool's total assets. GMOE or its affiliates may have an incentive to favor accounts in which they and/or their members and employees may own a substantial interest or with respect to accounts from which GMOE or its affiliates may recognize taxable capital gains as the result of earning a performance-based special allocation.

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

When GMOE or its affiliates act as the investment adviser to accounts, including GMO Funds, that pay performance fees, it gives rise to conflicts of interest for GMOE and its affiliates. The procedures GMOE and its affiliates follow 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.”* GMOE and its affiliates also act as the investment adviser to pooled vehicles that GMOE or its affiliates recommend to clients or, pursuant to the discretionary authority granted to GMOE or its affiliates by a client, in which GMOE or its affiliates cause a client to invest. This gives rise to an additional conflict of interest because GMOE 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 GMOE’s or an affiliate’s fee. To the extent there is an account-level fee payable by the account to GMOE or an affiliate pursuant to its investment advisory agreement, GMOE or the affiliate will generally credit the amount of any advisory and shareholder service fees paid to GMOE or an affiliate by the pooled vehicle in respect of such account’s investment in the pooled vehicle against the account-level fee or will waive the fees otherwise payable with respect to the account’s investment in the pooled vehicle. This credit or waiver will not necessarily eliminate the conflict (because GMOE or the affiliate will earn more for asset allocation when client assets are allocated among products with a lower average fee) and GMOE or the affiliate may continue to have a financial incentive to cause clients to invest in affiliated pooled vehicles.

To the extent permitted by applicable law, GMOE’s and its affiliates’ compliance policies and procedures, and a client’s investment guidelines, GMOE and its affiliates may engage in “cross trades” where, as investment manager to a client account, GMOE or its affiliates cause 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 GMOE and/or its affiliates represent the interests of both the selling account and the buying account in the same transaction and may have a financial incentive to favor one client account over the other due to different fee arrangements or otherwise. This conflict may be greater in cases where GMOE, its affiliates or their members and/or employees own a substantial portion of an affiliated pooled vehicle that engages in a cross trade. In addition, to the extent permitted by law (including client consents), GMOE may engage in principal transactions with client accounts.

Conflicts of interest related to information known by or provided to GMOE or its affiliates. In connection with its activities, GMOE or an affiliate may seek and/or receive information that is not generally available to the public. GMOE and its affiliates are not obligated to make such information available to their clients or to use such information to effect transactions for their clients. Under applicable law, GMOE and its affiliates may be prohibited from improperly disclosing or using such information, including for the benefit of a client. GMOE and its affiliates’ 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 Insider Trading Policy. These procedures may limit GMOE or its affiliates, on behalf of their clients, from being able to purchase or sell securities of the issuer to whom the material, non-public information pertains, rendering illiquid any such

security already in a client's account until such time as the ban on trading is lifted. Please see the discussion above regarding the Insider Trading Policy and ethical screens procedure.

GMOE 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 GMOE. GMOE 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 GMOE's Portfolio Holdings Disclosure Policy, which governs the disclosure of the GMO Funds' portfolio holdings and generally requires that the recipient of portfolio holdings enter into a confidentiality agreement with respect to that information.

Item 12. Brokerage Practices

- A. GMOE has entered into an agreement with GMO pursuant to which the applicable trading desk executes all trade orders placed by GMOE on behalf of its clients and performs related and ancillary back office functions. In addition, as noted in Item 10, GMO Singapore provides sub-advisory services to GMO Systematic Global Macro Fund and those sub-advisory services include executing that Fund's portfolio transactions. GMOE monitors these trade order execution functions as part of the portfolio and risk management functions performed by GMOE as investment advisor.

Trades placed on behalf of GMOE's clients are subject to GMOE's policies regarding trade allocation and aggregation, including the allocation of limited opportunities, as described further below; GMO, GMO Singapore and the trading desks are subject to the same policies. Orders for the purchase or sale of securities may be placed on a principal or agency basis with brokers, in the trading desk's discretion.

In selecting brokers and dealers to effect portfolio transactions, GMOE directs the trading desk to seek best execution and acknowledges that GMO and GMO Singapore take into account the research services provided by a broker/dealer when making that selection. 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. The trading desk 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 the trading desk 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 the trading desk can reasonably conclude that the broker is capable of achieving best execution.

The determination of what may constitute best execution involves a number of considerations in varying degrees of emphasis, including, without limitation, the overall net economic result to accounts; the efficiency with which the transaction is effected; access to order flow; the

ability of the executing broker/dealer to effect the transaction where a large block is involved; reliability (e.g., lack of failed trades); availability of the broker/dealer to stand ready to execute possibly difficult transactions in the future; technological capabilities of the broker/dealer, 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 (i.e., 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 the trading desk 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.

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

Generally, the trading desk determines the overall reasonableness of brokerage commissions paid upon consideration of the relative merits of a number of factors, which may include: (i) the net economic effect to the particular account; (ii) historical and current commission rates; (iii) the kind and quality of the execution services rendered; (iv) the size and nature of the transactions effected; and (v) research services received. These factors are considered mostly over multiple transactions covering extended periods of time in varying degrees of emphasis. In some instances, the trading desk 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.

GMOE and its affiliates rely on the statutory safe harbor in Section 28(e) of the Securities Exchange Act of 1934 because the firm will frequently use broker/dealers that provide research in all markets and that research is a factor in evaluating broker/dealers. However, neither GMOE nor its affiliates 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 GMOE's or its affiliates' out-of-pocket expenses for data or other research services. The research services received by GMOE and its affiliates 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

(including, where permissible, company management), industries, governmental policies, specific information about local markets and applicable regulations, economic trends, and other matters. To the extent that services of value are received by GMOE or its affiliates, they receive a benefit because they do not have to produce or pay for the services themselves. Such services furnished to GMOE or its affiliates may be used in furnishing investment or other advice to all or some subset of GMOE's or its affiliates' accounts, and services received from a broker/dealer that executed transactions for a particular account will not necessarily be used by GMOE or its affiliates specifically in providing investment advice to that particular account.

Because the firm may purchase information from broker/dealers with whom it executes trades on behalf of its client accounts, the broker/dealer may believe it has a financial incentive to charge a favorable fee to the firm for such information in return for client brokerage. In addition, GMOE or its affiliates 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 GMOE or its affiliates, or may provide other consideration to such institutions or recognized agents. As a result, GMOE may have a conflict of interest in placing its brokerage transactions with those broker/dealers.

GMOE 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 and best execution may be more difficult to achieve for those clients.

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

- B. As described above, GMO and GMO Singapore's applicable trading desks execute all trade orders placed on behalf of GMOE clients and they also perform related and ancillary back office functions. Trades placed on behalf of GMOE clients are executed by the trading desks dedicated to the relevant strategies (*e.g.*, the Global Equity trading desk trades for the global equity strategy, the Global Fixed Income trading desk trades for the fixed income strategies and so forth) and are subject to GMOE's policies regarding trade allocation and aggregation, including the allocation of limited opportunities; GMO, GMO Singapore and the trading desks are subject to the same policies.

GMO and its affiliates currently maintain multiple trading desks, each of which is primarily dedicated to one of the "Investment Teams" of the firm:

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

However, each of the firm's Investment Teams may also use existing trading desks not primarily associated with that Investment Team to trade certain types of securities or to assist in the implementation of discrete portfolio management styles. Examples include, but are not limited to, the following: the Asset Allocation Team may trade equities through the Global Equity Team, Emerging Markets Equity Team's trading desks and the Global Equity Team may trade derivative instruments through the Asset Allocation trading desk, and the Asset Allocation, Emerging Markets Equity and Global Equity Teams often trade U.S. treasury securities through the Global Fixed Income Team's trading desk. The firm may introduce new trading desks or consolidate trading desks from time to time.

Trades are generated by different investment theses. Each investment thesis may be 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, 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, trading strategies implementing short-term investment theses, those theses that utilize fundamental inputs on an opportunistic basis, and trades to manage short-term portfolio exposure may trade in advance of or may be completed more quickly than 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 may include accounts with performance fees, may trade in advance of other strategies or may be completed more quickly, and, as a result, may achieve different execution on the same or similar securities. GMOE's trade allocation procedures may include blocking/aggregating orders, limiting the volume of subsequent orders, or subsequent back-testing. GMOE's trade allocation procedures are designed so 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.

Except as described above with respect to an Investment Team trading through another Investment Team's trading desk, for most securities transactions, the firm does not coordinate among its separate trading desks. Where possible, prior to the open of the relevant market, trades are aggregated for accounts that are being traded by a single trading desk to implement a similar trading strategy and for which trade instructions are provided with sufficient time to satisfy internal processes. A trading desk generally allocates portfolio trades pro-rata among clients for which the Investment Teams are 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. A trading desk may determine to

exclude accounts with relatively small order sizes from a particular trade order if it is determined that trading costs would outweigh the benefits of trading.

As noted above, different trading strategies may utilize different brokers, even when executed through a single trading desk, and will often receive different prices and potentially pay different commissions rates. Likewise, one trading desk may be executing one trading strategy while another trading desk may be simultaneously executing a different trading strategy involving the same security and those trades will not be aggregated. In addition, market, regulatory and/or country limitations (especially in the case of emerging markets) may or may not result in identical prices or commissions. Please also see the discussion below regarding initial public offerings and offerings of limited opportunities.

Trading orders from a trading desk that can only be partially filled are generally 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. Specific procedures vary among the trading desks. Market limitations (especially in the case of emerging markets where the broker typically is required to have greater involvement in allocations) and other practicalities may require special treatment. If an order placed by a trading desk is filled at varying prices, client accounts subject to the same trading strategy are generally provided with an average price for trades placed through the same broker, or other steps are taken so that all similarly situated accounts receive fair consideration over time. In some cases, a trading desk may execute one trading strategy at the same time it is executing a trade for the same security with the same or a different broker to meet account-specific requirements, in which case the two 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. As noted above, separate trading desks may achieve different results for the same security.

With initial public offerings (IPOs) and with certain other investment opportunities expected to be in very limited supply (collectively, “limited opportunities”), GMOE’s policies require that the trading desks coordinate with one another such that allocations will generally consider the needs of clients across all of the trading desks. When it is not practicable to allocate an opportunity across all similarly-managed eligible accounts, trading desks use various methods, such as randomizers and sequencing, to give all accounts using the same trading strategy equitable opportunities for allocation over time. There may also be situations where a limited opportunity is theoretically eligible for investment by multiple accounts but GMOE and its affiliates determine that the limited opportunity is an appropriate investment for only some of the accounts (including, perhaps, those on which GMOE or its affiliates charge a performance fee). Many of GMOE’s and its affiliates’ 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 GMOE and its affiliates that may purchase locally traded shares. Generally, GMO Trust Funds will be given priority and other clients may be precluded from participation in offerings of local shares.

Item 13. Review of Accounts

- A. GMO Funds are subject to regular review by the relevant portfolio managers.
- B. In addition to the regular review, factors that may trigger a review include, but are not limited to, changes in market or economic conditions; changes in information regarding particular issuers; and purchases and sales of securities.
- C. Written reports are provided to investors in the GMO Funds on a quarterly basis. A client report will contain some or all of the following components: account performance, change in market value, cost-basis, estimated fees, attribution analysis, mandate review, investment review, profile summary, holdings, and process review. Additionally, to the extent required by law, GMOE will make available a written report to investors in the GMO Funds on an annual basis no later than 6 months following the end of the financial year in compliance with the relevant laws, rules and regulations implementing the European Union Alternative Investment Fund Managers Directive.

The Boards of the GMO Funds periodically receives 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. The Boards of the GMO Funds also have the opportunity to review performance of the GMO Funds at the time of their meetings.

Item 14. Client Referrals and Other Compensation

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

GMOE and its affiliates 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 and (4) access to surveys from organizations affiliated with professional consultant or financial services firms that advise (or whose affiliates advise) potential GMOE clients. 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 GMOE or its affiliates to potential clients. GMOE personnel may have familial and/or personal relationships with personnel of professional consultant or financial services firms that advise (or whose affiliates advise) potential GMOE clients or that recommend GMOE services.

GMOE does not make payments to consultants or financial services firms conditioned on favorable evaluations of GMOE or for client referrals. Nonetheless, for the reasons described in the prior paragraph or otherwise, consultants or financial services firms and/or their personnel may believe that they have a financial incentive to give favorable evaluations of GMOE and may therefore operate as if they are faced with a conflict of interest. GMOE, in its sole discretion, may also waive investment minimums. GMOE may waive a GMO Fund's investment minimum for clients whose investment consultant has full discretion or exercises substantial influence over its clients' assets and where the average account size of the consultant's clients meets the investment minimum. Clients should inquire of their consultants or other advisers as to whether GMOE: (1) waived investment minimums 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 the consultant or adviser, and/or (4) is involved in any other arrangement where the consultant or adviser believes it has any financial incentive to give favorable evaluations of GMOE.

Item 15. Custody

In general, GMOE takes steps to avoid having custody of client funds and securities. The GMO Funds engage non-affiliated custodians to hold the GMO Funds' funds and securities. GMOE's authority with respect to such funds and securities is limited to issuing instructions to the GMO Funds' custodians to effect or to settle trades pursuant to an investment management agreement. Investors in the GMO Funds receive statements directly from the relevant GMO Fund's custodian, transfer agent or administrator, and are urged to compare those statements with those received from GMOE.

Item 16. Investment Discretion

GMOE accepts authority to manage client assets on a discretionary basis. In general, clients enter into a written investment advisory agreement with GMOE, which sets forth the parties' responsibilities and the scope of GMOE's authority over the client's account. The standard of care applicable to GMOE and the agreed upon methodology for calculating damages, if any, are set forth in the investment advisory agreements. Unless otherwise provided, and where appropriate, GMOE 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*," GMOE'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 GMOE's investment advisory clients are made by GMOE 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 GMOE'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 GMOE clients even though it could have been bought or sold for other clients at the same time. A particular security may be bought/sold for one or more clients when one or more other clients are selling/buying the security or taking a short position in the security, including clients invested in the same investment strategy.

Item 17. Voting Client Securities

GMOE has accepted authority to vote proxies for the GMO Funds and GMOE has adopted proxy voting policies and procedures. GMOE has engaged a third-party service provider to be its proxy voting agent. GMOE'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. A copy of GMOE's Proxy Voting Policy is available on request. Clients invested in the GMO Funds may contact their designated client relationship manager to receive information regarding how such fund voted proxy securities.

In addition, GMOE considers the following events a potential material conflict of interest with respect to a proxy: (1) GMOE or GMO has a business relationship or potential relationship with the issuer; (2) GMOE or GMO has a business relationship with a proponent of the proxy proposal; or (3) GMOE personnel (including GMO employees or Members) 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 GMOE is aware of a potential material conflict of interest, GMOE will (i) vote such proxy according to its guidelines; (ii) abstain; or (iii) seek instructions from the client or request that the client votes such proxy.

Item 18. Financial Information

- A. GMOE does not require or solicit prepayment of fees.
- B. GMOE confirms that there is no financial condition that would be reasonably likely to impair its ability to meet contractual commitments to clients.
- C. GMOE has not been the subject of a bankruptcy petition at any time since its establishment in 2013.

SCHEDULE I

GMO Fund Fees

GMO Qualifying Investor Funds plc	
GMO Emerging Country Local Debt Investment Fund	1.00%*
GMO Systematic Global Macro Fund (USD, GBP, AUD, EUR, CAD, JPY)	1.00%*
GMO Global Investment Funds plc	
GMO Global Bond Investment Fund plc	0.50%
GMO World Equity Allocation Investment Fund plc	0.55%*
GMO Emerging Country Debt Investment Fund plc	1.00%*

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

GMOE reserves the right to waive all or a portion of the management fees for any fund. In addition, GMOE may enter into arrangements pursuant to which it rebates all or a portion of its fee to individual investors, effecting the same economic result as a fee reduction. GMOE may also enter into separate agreements with investors whereby GMOE may receive: (i) a performance fee from such investors based on the performance of a Fund, including performance fee arrangements based on the Fund's outperformance of its benchmark, inflation or other indices or hurdles other than the Fund's benchmark, if any; and/or (ii) other fees.