QUARTERLY INVESTMENT REVIEW

Emerging Country Debt Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Country Debt Strategy (net)	5.86	21.77	21.77	17.09	5.74	6.77	11.97
Emerging Country Debt Strategy (gross)	6.06	22.68	22.68	17.97	6.53	7.58	12.73
J.P. Morgan EMBI Global Diversified +	3.29	14.30	14.30	10.59	1.78	4.26	8.38
Value Add	+2.57	+7.47	+7.47	+6.50	+3.96	+2.52	+3.59

MAJOR PERFORMANCE DRIVERS

The J.P. Morgan EMBI Global Diversified (EMBIG-D) benchmark returned 3.3% for the quarter. The index's spread over Treasuries tightened by 30 bps, ending the period at 253 bps, resulting in a spread return of 2.4%. Meanwhile, the 10-year Treasury yield rose by 2 bps to 4.17%, contributing to an interest rate return of 0.8%.

The portfolio generated positive alpha from country selection during the period, while security selection detracted marginally. The primary drivers of positive country selection alpha were overweight positions in Venezuela (+35.2% total return) and Argentina (+37.3%), which significantly outperformed the index. Additional gains came from an overweight in Ecuador (+17.6%). Underweight positions in Malaysia (+0.7%) and Indonesia (+1.3%) also contributed positively. Negative impacts were minimal, highlighted by negative contributions from overweight positions in Mexico (+0.8%), Colombia (+0.6%), and Senegal (-18.0%).

Within in-index security selection, Venezuela contributed positively to alpha, while Argentina was a significant detractor. Mexico and South Africa also added positively to the in-index security selection alpha, offsetting some losses from Peru and Türkiye. Off-benchmark countries had a notable positive impact, with Grenada leading the way, while Israel was a notable detractor in this category. In the quasi-sovereign category, Venezuela again stood out as the top contributor, whereas Peru had a significant negative impact.

As of the end of the period, the portfolio's top three overweights were Venezuela, Türkiye, and Mexico, while the top three underweights were Indonesia, China, and Malaysia. Notable changes in the portfolio include increased overweight positions in Venezuela, Türkiye, and Romania. Additionally, Angola and Suriname transitioned from overweight to underweight, while the portfolio’s underweight position in Kazakhstan increased.

RISKS

Risks associated with investing in the Strategy may include: (1) Credit Risk: 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 obligation to pay principal and interest or otherwise to honor its obligations in a timely manner; (2) Market Risk - Fixed Income Investments: the market price of a fixed income investment can decline due to a number of market-related factors, including rising interest rates and widening credit spreads or decreased liquidity stemming from the market's uncertainty about the value of a fixed income investment (or class of fixed income investments); and (3) Illiquidity Risk: low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the Fund from selling particular securities or closing derivative positions at desirable prices. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 30-Apr-94

Performance Returns: Performance for the year of inception is less than a full calendar year. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com. **Performance data quoted represents past performance and is not predictive of future performance.** Net returns are presented after the deduction of a model advisory fee and incentive fee if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Fees paid by accounts within the composite may be higher or lower than the model fees used. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available at www.gmo.com by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy’s Composite Report.** Returns for one of the accounts in the composite are based on estimated market values for the period from and including October 2008 through February 2009.

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PRODUCT OVERVIEW

The GMO Emerging Country Debt Strategy's objective is total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBIG-D). The Strategy invests primarily in external debt of sovereigns and quasi-sovereigns.

GMO's Emerging Country Debt team focuses on bottom-up issue selection, seeking to find issues with similar default characteristics but better long-term total return potential than the issues in EMBIG-D. We believe that our approach provides value-oriented clients with long-term investment objectives a significantly higher likelihood of outperforming the EMBIG-D than the approaches employed by other emerging debt managers who focus on economic forecasting, market timing, and other macro/top-down approaches.

IMPORTANT INFORMATION

Benchmark(s): The J.P. Morgan EMBI (Emerging Markets Bond) Index Global Diversified + is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan EMBI+ Index through 12/31/1999, (ii) the J.P. Morgan EMBI Index Global through 2/28/2020, and the J.P. Morgan EMBI Index Global Diversified (iii) thereafter.

The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.

For private bank intermediaries in Singapore and Hong Kong, these materials are intended for institutional and Accredited/Professional Investors Use Only.