QUARTERLY INVESTMENT REVIEW

Emerging Country Debt Strategy

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	*YTD*	*1 Year*	*3 Years*	*5 Years*	*10 Years*	*ITD*
Net of Fees (Composite)	3.31	5.22	11.04	-1.21	1.05	3.35	11.44
Gross of Fees (Composite)	3.51	5.61	11.88	-0.46	1.81	4.12	12.19
J.P. Morgan EMBI Global Diversified +	2.19	4.09	7.39	-3.11	0.45	2.41	8.16
Value Added (vs. J.P. Morgan EMBI Global Diversified +)	1.13	1.13	3.65	1.90	0.60	0.93	3.28

Major Performance Drivers

The J.P. Morgan EMBI Global Diversified + (EMBIG-D) benchmark index returned +2.2% in the second quarter of 2023, bringing the year-to-date total return to +4.1%. Driving index returns, the benchmark's spread over Treasuries tightened by 52 bps during the quarter, finishing at 432 bps and resulting in a +4.0% spread return. Partly offsetting index gains, the 10-year Treasury yield rose by 37 bps to 3.84%, resulting in a -1.7% interest rate return.

The portfolio had positive alpha from country selection in the second quarter, while security selection was negative. Within country selection, overweight positions in Tunisia (+19.4% total return) and Argentina (+16.8%) drove gains during the quarter. While unable to fully offset gains, an overweight position in Egypt (-2.5%, the EMBIG-D's worst performer for the quarter) and an underweight in Pakistan (+42.0%, the EMBIG-D's best performer for the quarter) contributed negatively.

In terms of security selection, the choice of holdings in Tunisia, followed by Mexico, were notable detractors during the quarter. Partly offsetting security selection losses, the choice of holdings in Brazil, Argentina, and Colombia were notable contributors. The portfolio had negative alpha from holdings of instruments in off-benchmark countries, which we consider security selection. The most notable negative contributor in this category was Venezuela, though positive contributions from the Bahamas and Belarus partly offset losses. Within quasi-sovereign security selection, the portfolio had notable contributions from Saudi Arabia and India, though Mexico and Chile detracted.

Entering the third quarter of 2023, the portfolio's largest overweights are Argentina, Bahrain, and the Dominican Republic, while the largest underweights are China, Qatar, and Brazil. The portfolio had a few major changes in country exposures during the quarter. Notably, in duration-adjusted terms, the portfolio's overweight position relative to the benchmark in Poland flipped to an underweight. Additionally, the portfolio's overweight positions in Tunisia and Turkey shrank, while overweight positions in South Africa, Argentina, and Bahrain grew.

Inception Date: 19-Apr-94

Risks: Risks associated with investing in the Strategy may include Credit Risk, Market Risk-Fixed Income Investments, Illiquidity Risk, Derivatives and Short Sales Risk, and Counterparty Risk.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 Returns: 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%. 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**A Global Investment Performance Standards (GIPS®) Composite Report is included in the Important Information section at the back of this presentation. 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.**

QUARTERLY INVESTMENT REVIEW

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 long-term, value-oriented clients with the best chance for total return in this asset class and differentiates us from 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.