

QUARTERLY INVESTMENT REVIEW

Emerging Country Debt UCITS Fund

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees Fund (USD Class F)	-2.20	3.20	14.26	-2.78	-	-	1.83
Gross of Fees Fund (USD Class F)	-2.14	3.38	14.56	-2.49	-	-	2.13
J.P. Morgan EMBI Global Diversified	-2.23	1.76	10.01	-4.57	-	-	0.28
Value Added (vs. J.P. Morgan EMBI Global Diversified)	0.03	1.43	4.25	1.78	-	-	1.55

Major Performance Drivers

The J.P. Morgan EMBI Global Diversified (EMBIG-D) index returned -2.2% in the third quarter of 2023, bringing the year-to-date total return to +1.8%. Driving index losses, the 10-year Treasury yield rose by 73 bps to 4.57%, resulting in a -3.5% interest rate return. Partly offsetting index losses, the benchmark's spread over Treasuries tightened by 2 bps during the quarter, finishing at 431 bps and resulting in a +1.4% spread return.

The portfolio had positive alpha from country selection in the third quarter, while security selection was marginally positive. Within country selection, overweight positions in Tunisia (+4.9% total return), Ecuador (+8.6%), and Suriname (+13.5%) drove gains during the quarter. Lebanon (+24.9%, the index's best performer for the quarter) also added alpha. While unable to fully offset gains, an overweight position in Argentina (-14.3%, the index's worst performer for the quarter) contributed negatively.

In terms of security selection, the choice of holdings in Chile and Mexico were notable contributors during the quarter. Partly offsetting gains, the choice of holdings in Tunisia and Turkey were notable detractors. The portfolio also had negative alpha from holdings of instruments in off-benchmark countries, which we consider security selection. The most notable detractors in this category were Russia and Belarus, though gains from the Bahamas partly offset losses. Within quasi-sovereign security selection, Chile was a notable contributor.

Swing pricing due to flows on the last day of the quarter impacted performance, detracting 75 bps of alpha. This impact was reversed the following day and will be reflected in Q4's performance.

Entering the final quarter of 2023, the portfolio's largest overweights are Jordan, Bahrain, and South Africa, while the largest underweights are China, Qatar, and the United Arab Emirates. The portfolio had a few major changes in country exposures during the quarter. Notably, in duration-adjusted terms, the portfolio's overweight positions in Romania and Gabon grew, while an overweight position in Saudi Arabia shrank.

Inception Date: 1-Apr-20

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID/PRIIPS KID and do not base any final investment decision on this communication alone. **Risks:** Risks associated with investing in the Fund may include: Credit Risk, Market Risk - Fixed Income, Illiquidity Risk, Derivatives and Short Sales Risk, and Counterparty Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. 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 indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Emerging Country Debt UCITS Fund's objective is total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Global Diversified Index (EMBIG-D). The Fund 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.

PRODUCT OVERVIEW

The GMO Emerging Country Debt UCITS Fund's objective is total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Global Diversified Index (EMBIG-D). The Fund 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) Global Diversified Index is an independently maintained and widely published uniquely weighted U.S. dollar-denominated emerging markets sovereign index comprised of Brady bonds, Eurobonds, traded loans, and market debt instruments issued by sovereign and quasi-sovereign entities.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

GMO UK Limited Authorised and Regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is registered with the AFM.

The above Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID/PRIIPS KID and do not base any final investment decision on this communication alone.

Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/fixed-income/emerging-country-debt-strategy/emerging-country-debt-ucits-fund/>

Please note that GMO Investments ICAV and GMO Funds PLC may decide to terminate the arrangements made for the marketing of the sub-funds in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: <https://www.gmo.com/europe/product-index-page/fixed-income/emerging-country-debt-strategy/emerging-country-debt-ucits-fund/>

This advertisement has not been reviewed by the Monetary Authority of Singapore.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO

SINGAPORE

SYDNEY

TOKYO*

*Representative Office

www.GMO.com