EMERGING MARKETS DEBT TOTAL RETURN FUND

Quarterly Investment Review

PRODUCT OVERVIEW

The GMO Emerging Markets Debt Total Return Fund integrates all of GMO's hard and local debt capabilities and seeks annualized returns of 3% (net of fees) above the Secured Overnight Financing Rate (SOFR) over a complete market cycle. Like other GMO emerging debt strategies, it employs a broad opportunity set, investing across all forms of emerging market debt, including securities, derivatives, and private instruments, in both hard and local currencies. The investable universe spans a wide range of issuer types (sovereigns, corporates, project finance) and credit qualities defined by credit rating agencies, ranging from high-quality credit (e.g., AA) to default (e.g., D). A SOFR+3% objective signals a lower portfolio duration and a focus on higher spread issues than in our debt-benchmarked relative strategies (blended, hard, or local currency). GMO does not seek to maintain a specified interest rate duration for the Fund.

MAJOR PERFORMANCE DRIVERS

Market Review

Emerging markets debt declined during the period. Hard currency debt, as measured by the J.P. Morgan EMBI Global Diversified Index, returned -3.4%, as the 10-year U.S. Treasury yield rose 74 basis points, while local currency debt, as measured by the J.P. Morgan GBI EM Global Diversified Index, returned -1.2%. Local bonds returned -0.3% in local currency terms and -0.7% when hedged into U.S. dollars. Spot currency movements also detracted, contributing -0.8%, as core emerging market currencies weakened against the U.S. dollar.

In contrast, the J.P. Morgan Emerging Local Markets Index Plus (ELMI+) returned 1.5%. The index tracks local currency-denominated money market instruments across 22 emerging markets, including several frontier markets.

Within hard currency debt, the EMBIG-D's interest-rate return was -3.3%. The index's duration-weighted spread ended the period at 187 basis points, with 12 bps of reported tightening partly reflecting a September methodology change that excluded defaulted securities from headline yield and spread calculations. Quasi-sovereigns outperformed, generating a 3.2% credit return, compared with 2.0% for sovereigns.

Performance Review

The portfolio returned -0.9% from its July 15 inception through September 30. Credit and local rates relative-value positions detracted, while core currencies and frontier local markets contributed positively. Although the portfolio's sensitivity to U.S. Treasury rates was relatively low, at 2.2 years at the end of the period compared with 6.1 years for the EMBIG-D, the significant repricing in U.S. rates weighed on returns.

Hard Currency Credit

- Credit weakness was concentrated in sovereign positions in Argentina, Ecuador, and Ukraine, which collectively detracted approximately 80 basis points. Quasi-sovereign exposure in Mexico and a corporate position in Turkey also weighed on results, partly offset by gains from quasi-sovereign positions in Peru and Mongolia.

Core EM local rates and currencies overlays

- Core local rates relative-value positions detracted, primarily due to long positions in Mexico, Chile, the Czech Republic, and Peru. Gains from short positions in Thailand, India, Israel, and Hungary, together with a long position in Brazil, provided a partial offset.
- Core EM currency relative-value positions contributed positively, led by the long position in the Korean won, which added 33 basis points. Short positions in Thailand, India, Israel, and Hungary contributed positively, as did a long position in Brazil. However, these gains were insufficient to offset losses elsewhere in the overlay.

Frontier Local Markets

- Frontier local positions were the strongest contributor over the period, adding 48 basis points to portfolio returns. Positions in Nigeria, Egypt, and Paraguay generated gains. Exposure to Turkey, through a supranational bond, and a long position in the Turkish lira also contributed. The position in Uganda detracted modestly.

Entering the fourth quarter, the USD contribution to the portfolio's interest rate duration is 2.2 years, with an additional 0.2 years from EM local rates. The end-of-period spread duration stood at 2.4 years, with 25% exposure to hard currency and about 15% to local currency frontier markets. The portfolio's largest sovereign credit positions are in Ecuador, Ukraine, and Angola, with its largest quasi-sovereign positions in Mexico and Peru. We continue to view the frontier local markets as particularly attractive, with the largest exposures in Nigeria, Turkey, and Uganda.

Within the core EM currency relative value overlay, the portfolio is long the Korean won, Colombian peso, Mexican peso, and Brazilian real, while maintaining short positions in the Thai baht, Israeli shekel, Chilean peso, and Romanian leu.

Additionally, the portfolio's largest positive interest-rate exposures are in Mexico, Chile, Brazil, and the Czech Republic, while its largest negative exposures are in China, Thailand, India, Israel, and Hungary within its core local rates relative value overlay.

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ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
Emerging Markets Debt Total Return Fund (net)	-0.90	-0.90	-	-	-	-	-0.90
Emerging Markets Debt Total Return Fund (gross)	-0.76	-0.76	-	-	-	-	-0.76
SOFR Index Plus 3%	1.39	1.39	-	-	-	-	1.39
Value Add	-2.29	-2.29	-	-	-	-	-2.29

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. Gross of fees, expenses and transaction costs, if any. If these fees, expenses and costs were included, performance would be lower. **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. To obtain performance information to the most recent month-end, visit www.gmo.com.**

Inception Date: 15-Jul-26

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.

Risks: Risks associated with investing in the Fund 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) Market Disruption and Geopolitical Risk: Geopolitical and other events (e.g., wars, pandemics, sanctions, terrorism, diplomatic tensions, dramatic changes in regulatory and/or foreign policy, cyberattacks, and rapid technological developments such as artificial intelligence) often disrupt securities markets and adversely affect the general economy or particular economies and markets. Those events, as well as other changes in non-U.S. and U.S. economic and political conditions, could exacerbate other risks or otherwise reduce the value of the Fund's investments. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** Annualized Returns may include the impact of purchase premiums and redemption fees. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated. **Net Expense Ratio: 0.65%, Gross Expense Ratio: 1.13%; Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least 30 June 2027. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Fund's Total Annual Operating Expenses set forth in the Funds most recent prospectus dated 30 June, 2026.**

IMPORTANT INFORMATION

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.

Benchmark(s): The SOFR Index Plus 3% is comprised of the Secured Overnight Financing Rate (SOFR) plus 3% per annum.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

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.

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*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area
**Representative Office