

# QUARTERLY INVESTMENT REVIEW

## Emerging Markets Trust

### RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees	1.71	6.09	0.61	-4.22	-1.31	3.23	4.95
MSCI Emerging Markets	1.52	6.86	5.11	3.48	3.06	6.28	6.57
MSCI Emerging Markets +	1.52	6.86	5.11	3.48	3.07	6.85	7.45
Value Added (vs. MSCI Emerging Markets)	0.19	-0.77	-4.50	-7.70	-4.37	-3.05	-1.62
Value Added (vs. MSCI Emerging Markets +)	0.19	-0.77	-4.50	-7.70	-4.38	-3.62	-2.49

### Major Performance Drivers

While Emerging Markets posted modestly positive returns in the second quarter, returns outside of China were much stronger. China and Turkey were the worst performing countries in the MSCI Emerging Markets index. China was hit by continued deterioration of its economic outlook after the initial boost post-reopening from Covid. While Turkey's performance was similarly bad, the impact on the MSCI Emerging Markets index was much smaller, since after years of economic crisis it represents less than 1% of the index.

China was the top contributor in the second quarter from a mix of underweight positioning in Consumer Discretionary, Communication Services, and Health Care. Overweight positioning toward Taiwan Information Technology and Brazil Energy were also among the top contributors.

Underweight positioning in India was a top detractor, reversing contributions in the first quarter. Strong performance of the Indian stock market was underpinned by optimism about its growth prospects, both on an absolute basis and relative to China. Enthusiasm for longer-term growth prospects was driven in part by news in April that India is now the country with the largest population, larger than China and with much stronger prospects for population growth.

Stock selection in South Africa Materials continued to be a challenge in the second quarter, including overweights toward Anglo American Platinum, Impala Platinum, and Kumba Iron Ore.

Portfolio weights, as a percent of equity, for the positions mentioned were: Anglo American Platinum (1.6%), Impala Platinum (1.0%), Kumba Iron Ore (1.2%)

Inception Date: 12-Feb-02

**Risks:** Risks associated with an investment in the Trust may include Market Risk - Equity Securities, Small Company Risk, Currency Risk, Derivatives and Short Sales Risk, and Foreign Investment Risk. For a more complete discussion of these risks and others, please consult the Trusts Product Disclosure Statement. 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](http://www.gmo.com).

Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of management fees and incentive fees 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.

The GMO Emerging Markets Trust ARSN 089 054 446 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656.

# QUARTERLY INVESTMENT REVIEW

## PRODUCT OVERVIEW

The GMO Emerging Markets Trust seeks to generate total return in excess of that of its benchmark, the MSCI Emerging Markets Index. The Trust is distinguished by an emphasis on both top-down country-sector allocation and value. The Emerging Markets Equity team believes that getting macroeconomic perspectives right in emerging equity markets is most important and that value wins over the long term. The team applies both quantitative and fundamental insights to evaluate countries, sectors, and stocks, using an investment process focused on value and also informed by quality and sentiment inputs.

## IMPORTANT INFORMATION

**Benchmark(s):** The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. The MSCI Emerging Markets + Index is an internally maintained benchmark computed by GMO, comprised of (i) the S&P/IFCI Composite through 12/31/2018 and (ii) the MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

**The Trust accepts investments from wholesale investors only. Retail investors are not able to directly invest in the Trust but may gain exposure to the Trusts by investing with certain investor directed portfolio services, master trusts, wrap accounts or custodians (“services”). GMO Australia Limited, GMO LLC, and their affiliates, do not guarantee the performance of the Trust or the repayment of an investor’s capital. This information is of a general nature only and is not advice. It does not take into account the objectives, financial situation or needs of any specific investor. The offer to invest in the Trust for wholesale investors is contained in the current information memorandum. A Product Disclosure Statement (“PDS”) is also available solely for use by retail investors gaining exposure to the Trust through a service. A Target Market Determination (TMD) has also been prepared for the Trust. The information memorandum PDS and TMD can be obtained by visiting our website [www.gmo.com](http://www.gmo.com). Investors should read the information memorandum or PDS, consider their own circumstances, and obtain their own advice before making an investment decision.**

## 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](http://www.gmo.com)