

# QUARTERLY INVESTMENT REVIEW

## Emerging Markets ex-China Fund

### RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class VI)	-0.20	10.04	24.69	-	-	-	-13.87
Gross of Fees (Class VI)	-0.03	10.60	25.52	-	-	-	-13.28
MSCI Emerging Markets ex-China	-3.33	6.20	14.67	-	-	-	-7.68
Value Added (vs. MSCI Emerging Markets ex-China)	3.13	3.85	10.02	-	-	-	-6.19

### Major Performance Drivers

The MSCI Emerging Markets ex-China index posted negative returns in the third quarter, reflecting uncertainty about global growth and inflation prospects. Higher oil prices on the back of production cuts by Saudi Arabia and Russia increased concerns on the inflation front but proved to be a tailwind for outperformance from the Energy sector. Turkey was the top performing country as it continued to raise interest rates, raising confidence in its turn toward more orthodox economic policies; the overall impact remains small as Turkey represents 1% of the index.

The portfolio posted strong outperformance in the third quarter, driven by stock selection. Stock selection in Taiwan was the top contributor, including selection in Information Technology and Industrials. Other highlights included selection in Brazil Energy and Korea Materials.

Detractors for the quarter included an overweight toward South Africa Materials. An underweight toward India also detracted as the country outperformed the index, but the negative impact was moderated by positive stock selection within the country.

Inception Date: 18-Oct-21

**Risks:** Risks associated with investing in the Fund may include those as follows. (1) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. (2) Non-U.S. Investment Risk: The market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets), are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets. These and other risks (e.g., nationalization, expropriation or other confiscation of assets of non-U.S. issuers) tend to be greater for investments in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries. (3) Currency Risk: Fluctuations in exchange rates can adversely affect the market value of the Fund's non-U.S. currency holdings and investments denominated in non-U.S. currencies. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Annualized Returns may include the impact of purchase premiums and redemption fees. 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 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. If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash. Net Expense Ratio: 0.67%; Gross Expense Ratio: 0.79% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2024. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2023.

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## PRODUCT OVERVIEW

The GMO Emerging Markets ex-China Fund seeks total return in excess of that of its benchmark, the MSCI Emerging Markets ex-China Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments based on factors including, but not limited to, valuation, quality, patterns of price movement and volatility, macroeconomic factors, and ESG (environmental, social and governance) criteria. GMO expects the Fund will have a value bias relative to its benchmark.

## IMPORTANT INFORMATION

**Benchmark(s):** The MSCI Emerging Markets ex China Index is an independently maintained and widely published index which captures large and mid cap representation within Emerging Markets (EM) countries, excluding China. 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.

**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](http://www.gmo.com). Read the prospectus carefully before investing.**

**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.

AMSTERDAM

BOSTON

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SAN FRANCISCO

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TOKYO\*