

STRATEGY OVERVIEW

Launched in 1994, the GMO Emerging Country Debt Strategy seeks total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Index Global (“EMBIG”) primarily through instrument rather than country selection, an approach that we believe is differentiated in the space. The Strategy invests primarily in debt of emerging market sovereign and quasi-sovereign issuers that usually is denominated in U.S. dollars, Euros, Japanese yen, Swiss francs, or British pounds.

STRATEGY FACTS

Inception: 4/30/94

Benchmark: J.P. Morgan Emerging Markets Bond Index Global

Assets: \$5.7 Billion

Portfolio Management:
Tina Vandersteel

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.

About GMO:
Founded in 1977, GMO is an independently-owned, global institutional investment manager dedicated to providing our clients with superior investment advice and performance.

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METHODOLOGY

GMO’s Emerging Country Debt team emphasizes instrument selection (“bottom up”) in its investment process, using analytical techniques that seek to uncover the most undervalued instrument(s) for a given sovereign or quasi-sovereign credit. The team also considers its outlook for a country (“top-down”) in making investment decisions and typically uses portfolio cash flows to rebalance the portfolio in the desired direction.

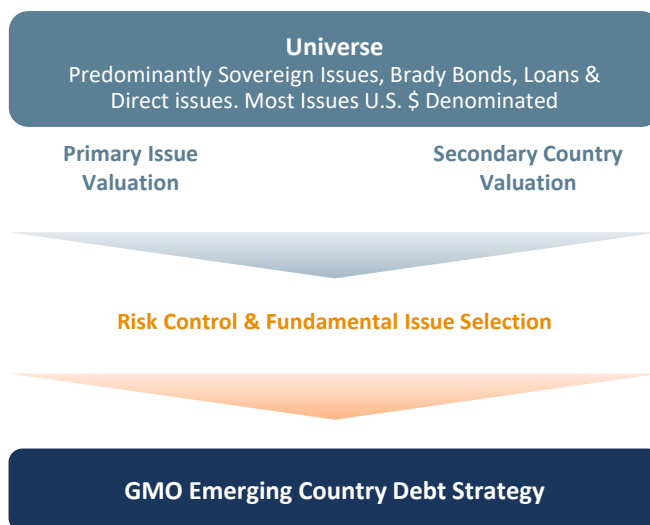
PORTFOLIO CONSTRUCTION

The Strategy generally has at least 75% of its assets denominated in, or hedged into, U.S. dollars.

When constructing the portfolio, GMO considers risk at both the portfolio and individual security level and takes into account, among other factors, interest rate duration, credit spread duration and default duration as well as the idiosyncratic risk of each instrument. The team typically employs a “buy-and-hold” approach as transaction costs in this asset class are material.

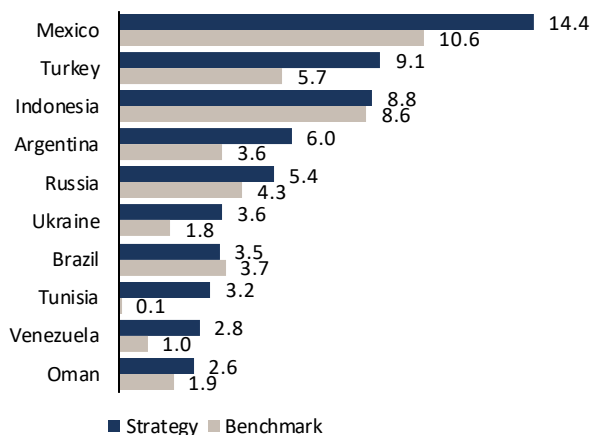
In pursuing its investment objective, the Strategy typically uses exchange-traded and over-the-counter derivatives, including options, swap contracts (including credit default swaps), currency forwards (including currency forwards on currencies of developed markets), and reverse repurchase agreements. The Strategy is not limited in its use of derivatives or in the absolute value of its derivative positions.

INVESTMENT PROCESS



STRATEGY PROFILE

Top Country Weights (%)



5-Year Risk Profile¹

	Strategy	Benchmark
Alpha	-0.82	0.00
Beta	1.19	1.00
R ²	0.93	1.00
Sharpe Ratio	0.49	0.63
Std. Deviation	7.07	5.75

Characteristics

	Strategy
Sovereign	78 %
Quasi Sovereign	22 %
Interest Rate Duration	7.2
Spread Duration	7.8
# of Countries	74
USD	100
Portfolio Turnover	24.0

¹ Alpha is a measure of risk-adjusted return; Beta is a measure of a portfolio's sensitivity to the market; R² is a measure of how well a portfolio tracks the market; Sharpe Ratio is the return over the risk free rate per unit of risk; Std. Deviation is a measure of the volatility of a portfolio. Risk profile data is net.

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.

PERFORMANCE NET OF FEES

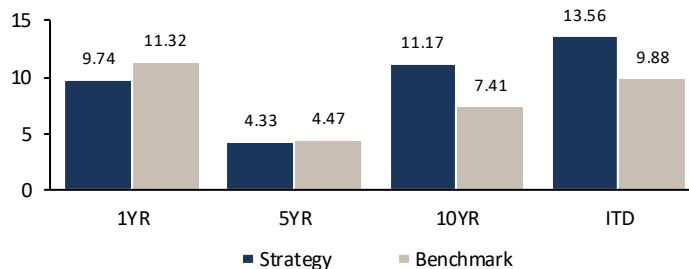
Total Return (%)

	Strategy	Benchmark
2Q 2019	3.09	3.76
YTD 2019	9.98	10.60

Annual Total Return (%)

Year	Strategy	Benchmark
2018	-6.15	-4.61
2017	12.18	9.32
2016	13.54	10.19
2015	-0.36	1.23
2014	5.67	5.53
2013	-1.04	-6.58
2012	26.27	18.54
2011	7.19	8.46
2010	24.24	12.04
2009	47.92	28.18

Annualized Return (%)



Performance data quoted represents past performance and is not predictive of future performance. Returns are shown after the deduction of management fees, transaction costs and other expenses, but before custody charges, withholding taxes, and other indirect expenses. The returns assume the reinvestment of dividends and other income. 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.

The J.P. Morgan EMBI Global (Emerging Markets Bond) Index + is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan Emerging Markets Bond Index (EMBI) through 8/31/1995, (ii) the J.P. Morgan EMBI+ through 12/31/1999, and (iii) the J.P. Morgan EMBIG thereafter.