

# EMERGING COUNTRY LOCAL DEBT

## OVERVIEW

The GMO Emerging Country Local Debt Strategy's objective is total return in excess of its benchmark, the J.P. Morgan Government Bond Index - Emerging Markets Global Diversified (GBI-EMGD). The Strategy invests in local currency emerging debt.

GMO's Emerging Country Debt team focuses on bottom-up issue selection within sovereign and quasi-sovereign issuers with an emphasis on finding fundamental value, also employing advanced quantitative techniques to assess value across global emerging and frontier interest rate and currency markets. We believe that our approach provides our clients with the best chance for long-term success in this asset class and differentiates us from other emerging debt managers who focus on top-down timing elements.

## FACTS

Strategy Inception	31-Jan-08
Composite Inception	29-Feb-08
Total Assets	\$83mm USD
Benchmark	J.P. Morgan GBI-EM Global Diversified+

## CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Composite	3.63	8.58	13.86	-2.10	24.18	-10.70	-6.56	0.55
Benchmark	2.79	7.62	12.26	-2.38	12.70	-11.69	-8.75	2.69

## RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	3.52
Beta	1.05
R Squared	0.94
Sharpe Ratio	0.23
Standard Deviation	10.71

## ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>	<i>ITD</i>
Composite	14.89	13.26	5.35	3.61	2.41
Benchmark	13.81	8.47	1.88	2.11	2.31

## PORTFOLIO MANAGEMENT



**Tina Vandersteel, CFA**  
Joined GMO in 2004  
BA, Washington & Lee  
University



**Victoria Courmes**  
Joined GMO in 2016  
MA, John Hopkins  
University

**Risks:** Risks associated with investing in the Strategy may include: (1) 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; (2) Focused Investment Risk: the Fund invests its assets in the securities of a limited number of issuers, and a decline in the market price of a particular security held by the Fund may affect the Fund's performance more than if the Fund invested in the securities of a larger number of issuers; and (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. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

**Performance Returns:** 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 a model advisory fee and incentive fee 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. Fees paid by accounts within the composite may be higher or lower than the model fees used. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®).** A Global Investment Performance Standards (GIPS®) Composite Report is available at [www.gmo.com](http://www.gmo.com) by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report. Returns for the composite are based on estimated market values for the period from and including October 2008 through February 2009.

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## CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Modified Duration	5.7	5.3
Portfolio Turnover	78%	63%
# of FX Positions	27	19
# of Credit Markets	23	19
# of Interest-Rate Markets	24	19
USD	-8%	0%

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Quasi-Sovereign	13.1	0.0
Sovereign	86.9	100.0

## INTEREST RATE MARKETS (CONTRIBUTION TO DURATION)

<i>Country</i>	<i>Portfolio</i>	<i>Benchmark</i>
Malaysia	0.8	0.7
South Africa	0.7	0.4
Indonesia	0.7	0.5
Mexico	0.7	0.5
China	0.5	0.6
India	0.5	0.6
Czech Republic	0.4	0.3
Colombia	0.3	0.2
Brazil	0.3	0.2
Poland	0.3	0.3

## TOP CURRENCIES (%)

<i>Currency</i>	<i>Portfolio</i>	<i>Benchmark</i>
MXN	11.0	10.0
IDR	10.0	10.0
MYR	10.0	10.0
BRL	9.3	6.5
INR	8.7	10.0
THB	8.5	8.7
ZAR	8.1	7.3
CNY	7.9	10.0
COP	6.4	3.6
PLN	6.3	7.6

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## IMPORTANT INFORMATION

**Benchmark(s):** The J.P. Morgan GBI-EM Global Diversified + Index is comprised of the J.P. Morgan GBI-EM Diversified Index through 8/31/2012 and the J.P. Morgan GBI-EM Global Diversified Index thereafter.

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.

For private bank intermediaries in Singapore and Hong Kong, these materials are intended for institutional and Accredited/Professional Investors Use Only.

## GLOSSARY

**Fixed Income Characteristics:** Turnover is as of the most recent quarter-end. **Interest Rate Markets (Contribution to Duration):** Country contribution to duration is measure of each country's contribution to the overall portfolio duration. **Credit Ratings:** The credit ratings above may encompass emerging debt, developed rates, and asset-backed exposure. Ratings for core portfolio holdings are derived by using the middle rating from Standard & Poor's, Moody's, and Fitch. Ratings for core holdings were adjusted during the January 2021 reporting period to conform with index provider methodology. Ratings for the emerging debt portion of the portfolio are derived by applying the Standard and Poor's or Moody's issue-level ratings (sequentially), and the S&P LT Foreign currency (FC) country issuer rating for the FC debt securities and/or S&P LT Local currency (LC) country issuer rating for LC securities where a security is not rated by either of the abovementioned credit rating agencies. Final credit ratings are expressed based upon Standard and Poor's ratings scale. Standard & Poor's rates securities from AAA (highest quality) to C (lowest quality), and D to indicate securities in default; some securities are not rated (NR). BB and below are considered below investment grade securities. Please refer to our website for additional information: <https://www.gmo.com/americas/benchmark-disclaimers/>

**Risk Statistics:** Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared 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.

## CURRENCY KEY

<b>ARS:</b> Argentina	<b>CNY:</b> China	<b>GHS:</b> Ghana	<b>ILS:</b> Israel	<b>MXN:</b> Mexico	<b>PHP:</b> Philippines	<b>RUB:</b> Russia	<b>TWD:</b> Taiwan
<b>BRL:</b> Brazil	<b>CZK:</b> Czech Republic	<b>HKD:</b> Hong Kong	<b>INR:</b> India	<b>MYR:</b> Malaysia	<b>PLN:</b> Poland	<b>SGD:</b> Singapore	<b>UAH:</b> Ukraine
<b>CLP:</b> Chile	<b>DOP:</b> Dominican Republic	<b>HUF:</b> Hungary	<b>KRW:</b> South Korea	<b>NGN:</b> Nigeria	<b>RON:</b> Romania	<b>THB:</b> Thailand	<b>UYU:</b> Uruguay
<b>COP:</b> Colombia	<b>EGP:</b> Egypt	<b>IDR:</b> Indonesia	<b>KZT:</b> Kazakhstan	<b>PEN:</b> Peru	<b>RSD:</b> Serbia	<b>TRY:</b> Turkey	<b>ZAR:</b> South Africa

## 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

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