

## 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.

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Composite	-1.66	-1.66	-3.43	24.18	-10.70	-6.56	0.55	15.83
Benchmark	-2.14	-2.14	-4.21	12.70	-11.69	-8.75	2.69	13.47

## 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	12.24	1.48	2.20	0.61	1.68
Benchmark	1.79	-3.03	-0.27	-0.62	1.63

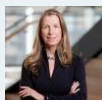
## FACTS

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

## RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	2.72
Beta	1.10
R Squared	0.94
Sharpe Ratio	0.01
Standard Deviation	13.00

## 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: Risks of Non-U.S. Investments, Focused Investment Risk, Currency Risks, Forwards Contracts Risks, and Fixed Income Risks. 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 Returns:** Returns for the composite are based on estimated market values for the period from and including October 2008 through February 2009. **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 on [GMO.com](http://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. The local market in which some accounts in the composite are priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the strategy and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return.

## EMERGING COUNTRY LOCAL DEBT

## CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Modified Duration	4.6	4.9
Portfolio Turnover	58%	60%
# of FX Positions	25	20
# of Credit Markets	18	20
# of Interest-Rate Markets	21	20
USD	-1%	0%

## INTEREST RATE MARKETS (CONTRIBUTION TO DURATION)

<i>Country</i>	<i>Portfolio</i>	<i>Benchmark</i>
South Africa	0.9	0.5
Indonesia	0.6	0.5
Malaysia	0.6	0.7
China	0.5	0.5
Brazil	0.4	0.2
Mexico	0.3	0.5
Colombia	0.2	0.2
Romania	0.2	0.2
Thailand	0.2	0.6
Peru	0.2	0.1

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Quasi-Sovereign	21.5	0.0
Sovereign	78.5	100.0

## TOP CURRENCIES (%)

<i>Currency</i>	<i>Portfolio</i>	<i>Benchmark</i>
MXN	13.0	10.0
BRL	11.2	10.0
MYR	10.1	10.0
IDR	9.8	10.0
ZAR	8.5	8.4
THB	8.2	9.6
CNY	7.6	10.0
PLN	7.2	7.8
COP	6.5	4.8
CZK	6.5	6.3

## EMERGING COUNTRY LOCAL DEBT

## 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.

## GLOSSARY

**Fixed Income Characteristics:** Turnover is as of the most recent quarter-end.

**Country 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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO\*

SINGAPORE

SYDNEY

TOKYO\*\*

\*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