

LIABILITY-DRIVEN SYSTEMATIC FIXED INCOME

OVERVIEW

The GMO Liability-Driven Systematic Fixed Income Strategy is built on the foundation of GMO's Systematic Investment Grade Credit Strategy and applied to the long-dated corporate credit benchmark. This can be customized to a client's specific liability benchmark and is currently managed against the Bloomberg U.S. Long Credit Index. The Systematic Investment Grade Credit Strategy is an active corporate credit strategy that seeks to generate alpha by allocating to sources of risk premium through factor-based models for credit selection. The Strategy allocates to measures of value, quality, and momentum captured through proprietary fair value models, measures of changes in default risk, and momentum signals derived from credit and equity assets. ESG factors are considered a component of the quality pillar at GMO and the portfolio is managed to target an overall ESG profile that is higher than that of the LDI mandate's specific benchmark.

FACTS

Strategy Inception	30-Jun-20
Composite Inception	30-Jun-20
Total Assets	\$70mm USD
Benchmark	Bloomberg U.S. Corporate Long

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Composite	11.11	6.32	5.19	-26.45	-0.79	6.92
Benchmark	10.85	6.20	3.32	-25.62	-1.13	7.15

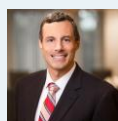
RISK PROFILE (SINCE INCEPTION 30-JUN-20)

Alpha (Jensen's)	0.29
Beta	1.01
R Squared	1.00
Sharpe Ratio	-0.49
Standard Deviation	15.25

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	3.40	-8.34	–	–	-5.62
Benchmark	2.14	-8.66	–	–	-5.84

PORTFOLIO MANAGEMENT



Jason Hotra
Joined GMO in 2015
BS, MIT



Riti Samanta
Joined GMO in 2018
MS & PhD, Brandeis
University

Risks: Risks associated with investing in the Strategy may include Management and Operational Risk, Market Risk - Fixed Income Investments, Credit Risk, Illiquidity Risk, Duration Risk, Spread Risk, Risk associated with derivative usage for hedging purposes. 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. **Performance Returns:** 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 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.**

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CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Spread Duration	12.7	12.7

CREDIT RATINGS (%)

	%
AAA	1.3
AA	8.6
A	27.6
BBB	62.5

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IMPORTANT INFORMATION

Benchmark(s):

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

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.

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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