

MULTI-ASSET CREDIT STRATEGY

Quarterly Investment Review

PERFORMANCE DISCUSSION

The GMO Multi-Asset Credit ("MAC") portfolio performed admirably in Q3 amid an historically challenging environment for all fixed income asset classes. With Kevin Warsh newly at the helm of the Federal Reserve, and a resurgence in oil-driven inflation and cyclical economic activity, benchmark yields and rate volatility both surged in the latter half of the quarter.

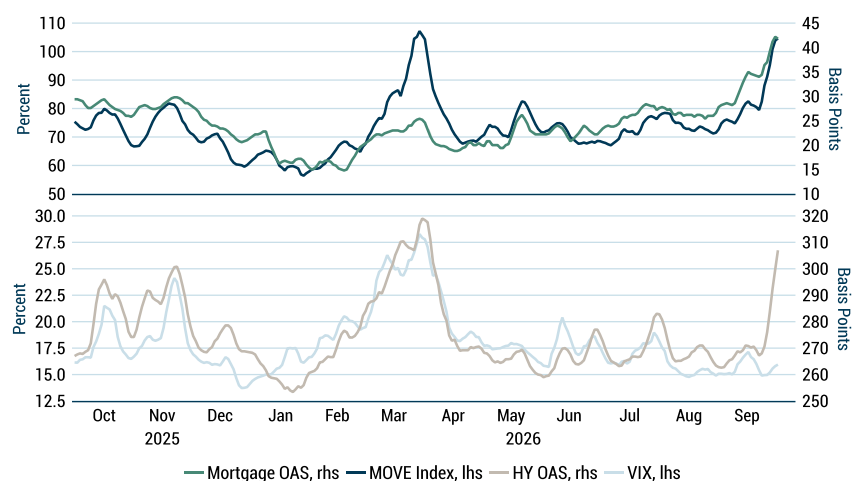
As expected, most major allocations were headwinds to performance during the quarter. Investment Grade, High Yield, Emerging Markets, and Structured Products each contributed 20 to 40 basis points of the drag.

Crucially, however, each of the major components of our asset allocation delivered positive relative performance against their benchmarks in the quarter. This tailwind to performance – the strength of underlying alpha engines – is unique to this portfolio and positions us well for challenging markets.

Duration positioning negatively impacted performance by just over 100 basis points. Considering the longer duration and negatively convex nature of many popular strategies, we are enthused by this relative performance and opportunity for the portfolio.

During the quarter, cash was drawn down slightly to reinstate exposure to the mortgage basis, which represents a position in agency MBS with an interest rate hedge. A spike in implied and realized volatility provided this opportunity, and we have continued to add into weakness. In the context of relatively tight spreads and an aversion to market beta, we see this as one of the few attractive opportunities, along with relative value and long/short positions. We continue to evaluate credit exposure as it begins to cheapen.

Exhibit 1: MORTGAGES AND CREDIT RESPONDING TO RATES AND VOLATILITY



As of 10/1/26 | Source: GMO, Chicago Board Options Exchange (CBOE), ICE BofAML

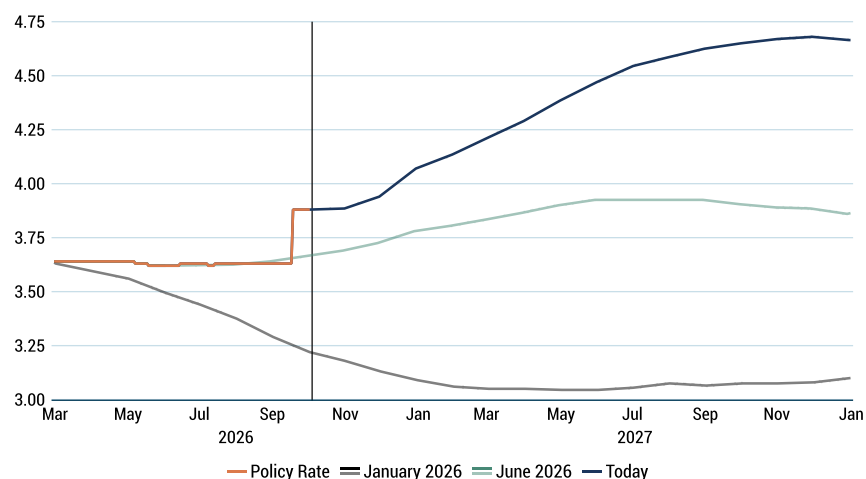
MULTI-ASSET CREDIT STRATEGY

Quarterly Investment Review

MARKET CONTEXT

The violent swing upward in the yield curve was driven by two inexorably linked factors – a significant shift in expectations from the Fed on tightening policy, as well as the relentless march higher in oil prices, which has led to angst at the pump and to both the U.S. and the EU releasing reserves.

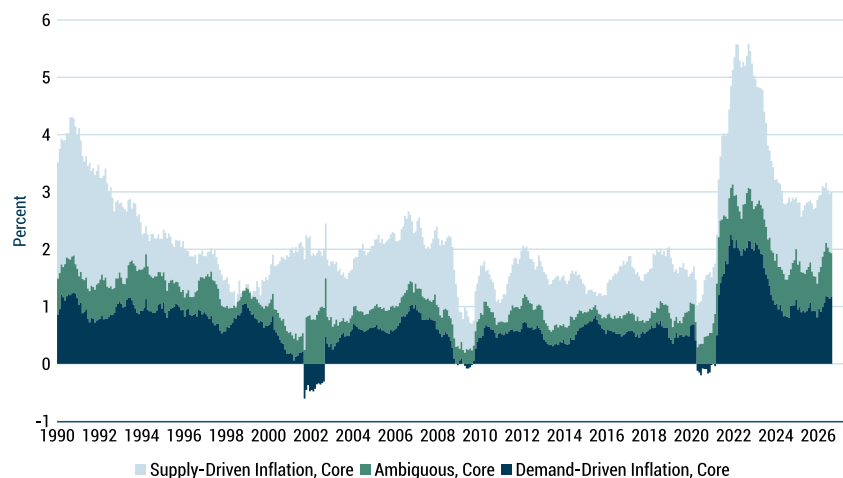
Exhibit 2: FED FUNDS FUTURES CURVE



Adding additional pressure is the task of disentangling pro-cyclical growth associated with the AI infrastructure buildout, and associated demand-related inflation from the supply-driven oil shock, which the Fed has looked through in recent years.

However, recent survey data (e.g., ISM, S&P PMI) show there are demand drivers clearly at work, too. Those more dovish on policy tend to weigh the supply side more heavily. We, however, remain open-minded here.

Exhibit 3: SUPPLY VS DEMAND DRIVEN INFLATION



As these adjustments rippled through markets, several signs of risk-off began to emerge, such as the widening in spreads of French debt relative to Germany's, speculative high yield AI-related issuers slumped, and headline spreads across investment grade and high yield began to widen.

While we have been positioned for this shift with relatively lower risk, and with ample liquidity between cash and high-quality securities, we suspect this episode has more to come, as investors adjust to both a new communication framework from the Fed, as well as yields that may remain higher than some presumed for longer.

MULTI-ASSET CREDIT STRATEGY

Quarterly Investment Review

OUTLOOK & POSITIONING

We believe that market yields on offer are beginning to look quite compelling relative to alternatives, though we acknowledge that credit spreads have only widened slightly as the Fed continues to adopt a tighter stance and looks to slow economic activity. In addition, recent cross-border flows continue to raise concerns of foreign participation in the U.S. Treasury market; shifting the onus of funding the U.S. fiscal deficit from reserve managers, who are much less price sensitive, to households and domestic investors who are.

The implications around a shift in buyer base can be profound, and it is in this context that we tread carefully on duration and aim to make gradual shifts with an eye toward generating return not only through interest rate positioning but also through the durable sources of alpha that our sub-portfolios have proven to generate through time, along with modest shifts in those allocations as well as relative value strategies to complement underlying beta.

It is this combination of bottom-up and top-down influences, along with a wide range of credit and spread duration that we believe positions the GMO Multi Asset Credit for both a wide range of market environments and fuels our optimism for positive relative performance.

Exhibit 4: SECTOR WEIGHTS

Sector	Portfolio	Multi-Asset Credit Blended Benchmark
Agency MBS	7.4	0.0
Emerging Debt	7.4	25.0
High Yield Corporates	12.6	25.0
Investment Grade Corporates	7.5	25.0
Securitized	45.3	25.0
Short Term Investments	8.4	0.0
Tactical Long/Short	3.2	0.0

MULTI-ASSET CREDIT STRATEGY

Quarterly Investment Review

SUB-STRATEGIES PERFORMANCE

PRELIMINARY* ANNUALIZED RETURNS (% , NET OF FEES) (QUARTER-END)

	Quarter- End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception	Inception
Emerging Country Debt Strategy	-3.51	5.30	11.47	17.23	6.86	5.50	11.86	04/30/1994
J.P. Morgan EMBI Global Diversified +	-3.86	-0.67	2.59	9.70	1.92	2.74	8.16	
Value Add	+0.35	+5.97	+8.87	+7.53	+4.94	+2.77	+3.70	
Opportunistic Income Strategy	-0.48	0.84	2.14	5.41	3.58	3.86	4.44	10/31/2011
Bloomberg U.S. Securitized+	-4.06	-3.12	-1.49	4.59	-0.28	1.22	1.01	
Value Add	+3.58	+3.96	+3.63	+0.82	+3.87	+2.65	+3.43	
High Yield Strategy	-1.65	0.24	1.76	8.31	4.36	-	5.26	01/31/2017
Markit iBoxx USD Liquid High Yield	-1.88	-0.07	1.40	7.96	3.57	-	4.55	
Value Add	+0.24	+0.32	+0.36	+0.34	+0.79	-	+0.71	
Systematic Investment Grade Credit Strategy	-3.91	-2.78	-2.20	5.48	-0.06	-	0.59	09/30/2020
Bloomberg U.S. Corporate Index	-3.94	-3.11	-2.30	4.98	-0.46	-	-0.10	
Value Add	+0.02	+0.33	+0.11	+0.50	+0.41	-	+0.69	

As of 9/30/26 | Source: GMO

Risk profile data is net of fees. Tracking Error and Information Ratio figures are inception to date. Periods less than one year are not annualized. **Returns shown for periods greater than one year are on an annualized basis. Performance data quoted represents past performance and is not indicative of future results.** 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 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.**

Opportunistic Income Strategy: The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee.

The J.P. Morgan EMBI (Emerging Markets Bond) Index Global Diversified + is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan EMBI+ Index through 12/31/1999, (ii) the J.P. Morgan EMBI Index Global through 2/28/2020, and the J.P. Morgan EMBI Index Global Diversified (iii) thereafter. The Bloomberg U.S. Securitized + Index is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan U.S. 3 Month Cash through 12/30/2016 and (ii) the Bloomberg U.S. Securitized thereafter. The Markit iBoxx USD Liquid High Yield Index is an independently maintained index consisting of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe. The Bloomberg US Corporate Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers. The index includes securities with remaining maturity of at least one year.

MULTI-ASSET CREDIT STRATEGY

Quarterly Investment Review

ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	<i>Quarter-End</i>	<i>YTD</i>	<i>1-Year</i>	<i>3-Year</i>	<i>5-Year</i>	<i>10-Year</i>	<i>Since Inception</i>
Multi-Asset Credit Strategy (net)	-2.62	-0.74	1.10	-	-	-	4.04
Multi-Asset Credit Strategy (gross)	-2.49	-0.34	1.65	-	-	-	4.59
Multi-Asset Credit Blended Benchmark	-3.42	-1.70	0.05	-	-	-	3.83
Value Add vs. Multi-Asset Credit Blended Benchmark	+0.80	+0.95	+1.05	-	-	-	+0.21
SOFR Index Plus 3%	1.66	5.00	6.83	-	-	-	7.00
Value Add vs. SOFR Index Plus 3%	-4.29	-5.75	-5.74	-	-	-	-2.96

RISKS

Risks associated with investing in the Strategy may include: (1) Credit Risk: the risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligation to pay principal and interest or otherwise to honor its obligations in a timely manner; (2) Market Risk-Asset-Backed Securities Risk: the market price of asset-backed securities, like that of other fixed income investments with complex structures, can decline for a variety of reasons, including investor uncertainty about their credit quality and the reliability of their payment streams. Payment streams associated with asset-backed securities held by the Fund depend on many factors (e.g., the cash flow generated by the assets backing the securities, deal structure, and creditworthiness of any credit-support provider), and a problem in any of these factors can lead to a reduction in the payment stream GMO expected the Fund to receive when the Fund purchased the asset-backed security; (3) Illiquidity Risk: low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the Fund from selling particular securities or closing derivative positions at desirable prices; and (4) Pooled Investment Vehicles Risk: Investments by a Fund in pooled investment vehicles may involve additional and/or a layering of fees, expenses, changes and other costs (including without limitation, purchase premiums and redemption fees, if any). This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 31-May-25

Performance Returns: Performance for the year of inception is less than a full calendar year. 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 data quoted represents past performance and is not indicative of future results.** 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. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **GMO does not yet have a GIPS-compliant report for this composite since it has not managed accounts in this strategy for a full year.**

IMPORTANT INFORMATION

Benchmark(s): The Multi-Asset Credit Blended Benchmark is an internally maintained benchmark computed by GMO, comprised of (i) 25% Bloomberg U.S. Securitized Index, (ii) 25% Bloomberg U.S. Corporate High Yield Index, (iii) 25% Bloomberg U.S. Corporate Index, and (iv) 25% J.P. Morgan EMBI Global Diversified. The SOFR Index Plus 3% is comprised of the Secured Overnight Financing Rate (SOFR) plus 3% per annum.

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.

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

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