

# Emerging Domestic Opportunities Equity Fund

Quarter Ending December 31, 2019

## OVERVIEW:

The GMO Emerging Domestic Opportunities Equity Fund's investment objective is total return. The Fund uses fundamental analysis in a structured approach to select countries, sectors, and stocks that we believe are the most likely to benefit from the rising demand for goods and services in emerging markets.

## Performance (%)

Net of Fees, USD	+9.19
Gross of Fees, Unswung, USD	+9.48
MSCI Emerging Markets <sup>1</sup>	+11.84

## Major Performance Drivers

Emerging markets posted an impressive quarter buoyed by accommodative monetary policies and the declaration of a "phase one" trade deal between the U.S. and China. Country returns over the quarter varied, ranging from a 26.5% leap in Pakistan to an 8.8% fall in Chile. Domestic demand driven sector returns were more clustered, varying from an increase of 18.9% in Information Technology to a rise of 2.5% in Consumer Staples.

Sentiment in China improved with news of a trade truce with the U.S. Also helping were reports of gathering strength in the manufacturing sector. Our investments in China Consumer Discretionary and Communication Services helped performance.

Equities in India were pressured by higher oil prices and by signs of an economic slowdown. Our positions in India Industrials negatively impacted performance.

Stocks in Korea, an economy highly geared to global trade, celebrated news of a trade truce between the U.S. and China. Our exposure to Korean Information Technology contributed to performance.

The Taiwanese stock market was cheered by better than expected earnings growth and by some businesses moving factories from China to Taiwan. Our positions in Taiwan Information Technology added to performance.

Investor sentiment in Turkey was negatively impacted by Turkey's incursion into Syria in October. Further pressure came from investor perception that fiscal and monetary conditions were unduly loose for the economy. Our holdings in Turkish Financials hurt performance.

Our investments in multinationals (which are not part of the benchmark) detracted from performance in a risk seeking quarter that saw investors avoid the stronger balance sheets of multinationals.

**Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. To obtain performance information to the most recent month end, visit [www.gmo.com](http://www.gmo.com).**

**An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the fund's prospectus. To obtain a prospectus please visit [www.gmo.com](http://www.gmo.com). Read the prospectus carefully before investing.**

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<sup>1</sup> The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.