

Emerging Markets Trust

Quarter Ending December 31, 2019

OVERVIEW:

The GMO Emerging Markets Trust (the “Trust”) invests in the GMO Emerging Markets Fund (the Fund), a U.S. mutual fund which is advised by GMO. The Fund seeks total return in excess of that of its benchmark, the S&P/IFC Investable Composite Index.

Performance (%)

Net of Fees, Fair Value, AUD	+6.59
Gross of Fees, Local Close, AUD	+6.79
MSCI Emerging Markets ¹	+7.30
Value Added	-0.52

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. 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 overweight in China Real Estate and Materials contributed to performance.

Equities in India were pressured by higher oil prices and by signs of an economic slowdown. Our underweight in India IT and Consumer Staples added to performance.

Stocks in Korea, an economy highly geared to global trade, celebrated news of a trade truce between the U.S. and China. Our underweight in Korean IT hurt performance.

Russian equities rose on signs of improving corporate governance. Also boosting performance was a jump in the price of oil, the country’s major export. Our overweight in Russian Energy and Materials contributed 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 overweight in Turkish Financials detracted from performance.

Past performance information in the above is historical and is not a reliable indicator of future performance. Returns are shown after the deduction of management fees and other expenses. This information is current as at the date specified and is subject to change.

The Trust accepts investments from wholesale investors only. Retail investors are not able to directly invest in the Trust but may gain exposure to the Trusts by investing with certain investor directed portfolio services, master trusts, wrap accounts or custodians (“services”). GMO Australia Limited, GMO LLC, and their affiliates, do not guarantee the performance of the Trust or the repayment of an investor’s capital. This information is of a general nature only and is not advice. It does not take into account the objectives, financial situation or needs of any specific investor. The offer to invest in the Trust for wholesale investors is contained in the current information memorandum. A Product Disclosure Statement (“PDS”) is also available solely for use by retail investors gaining exposure to the Trust through a service.

The information memorandum and PDS can be obtained by visiting our website www.gmo.com. Investors should read the information memorandum or PDS, consider their own circumstances, and obtain their own advice before making an investment decision.

The GMO Emerging Markets Trust ARSN 089 054 446 (“the Trust”) is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656. As of January 1, 2019, the Emerging Markets Trust changed its benchmark so that the Trust now seeks total return in excess of that of the MSCI Emerging Markets Index. The Trust formerly sought to outperform the S&P/IFCI Composite Index.

¹ 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.