

GLOBAL REAL RETURN (UCITS) FUND

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO Global Real Return (UCITS) Fund seeks to achieve a return in excess of the OECD G7 Consumer Price Index through investment globally in equities, debt, money market instruments, currencies, instruments relating to commodities indices, REITs and related derivatives.

PERFORMANCE (%)

Net of Fees, USD	+7.57
Gross of Fees, Unswung, USD	+7.81
OECD CPI G7 ¹	+0.76
Value Added	+7.05

Major Performance Drivers

- Top-down asset allocation was strongly positive, driven largely by allocating to equities in a recovering market.
- Security selection was nicely positive across the board, though driven primarily by equities.

Long-only equities represented 40.2% of the portfolio on average through the quarter, with 10.1% in Emerging Markets and 6.1% in Emerging Markets ex-China, both with a distinct Value bias, 6.4% in Japan Value, and 5.1% in developed ex-U.S. Small Value. There was a 6.3% average exposure to Developed ex-US, a 3.1% exposure to Resource equity, and an average 2.5% exposure to Quality Cyclical as we continued to close out the offsetting short positions. In December we initiated a position in U.S. Opportunistic Value, which averaged 0.8% exposure. There is a small residual of equity exposure that is beta-hedged by short broad market futures.

The equity portfolio returned 13.9% for the quarter, well ahead of the MSCI ACWI return of 9.8%. Top-down regional exposures proved very helpful as the dollar finally started to soften after a very strong run. Security selection was also good for the quarter as Value outperformed. Our Emerging Markets portfolio returned 12.8%, ahead of the MSCI Emerging Market index return of 9.7%, while the Emerging Markets ex-China portfolio posted a gain of 10.7%, ahead of the MSCI Emerging ex-China benchmark's 8.0% return. The Japan portfolio posted a 13.3% return compared to the TOPIX return of 13.2%, and the Developed ex-U.S. Small Cap portfolio delivered a 19.3% return, 230 bps ahead of its benchmark. The Developed ex-U.S. exposure posted an impressive 19.5% and Quality Cyclical returned 12.7%, both a couple of percent ahead of their benchmarks, while Resources delivered 14.8%, lagging its benchmark.

Alternatives and equity long/short positions averaged 42.9% through the quarter. The alternatives included 10.0% in Systematic Global Macro, 6.1% in Event-Driven, 4.2% in Fixed Income Absolute Return, and 20.1% in Equity Dislocation. The equity long/shorts averaged 2.5% in Quality Cyclical, offset by short positions in S&P 500 futures.

Alternative strategies returned 2.5% for the quarter and the equity long/shorts returned 6.2%. All of the underlying strategies recorded positive returns with the laggard, Fixed Income Absolute Return, posting 0.3% as losses in emerging currency mostly offset gains in developed currencies and rates. Event-Driven was up 0.9%, the main headline being a Canadian court ruling in favor of Shaw's acquisition by Rogers Communications. Equity Dislocation was up a solid 1.9%, although this trailed MSCI ACWI Value minus MSCI ACWI Growth. Systematic Global Macro returned an

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. Attribution figures reflect that of the base currency of the portfolio which may differ from that of the hedged currency share class.

GMO UK Limited authorised and regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is a branch office of GMO UK Limited and is registered with the AFM. Risks associated with investing in the Fund may include: Management and Operational Risk, Market Risk - Equities, Non-U.S. Investment Risk, Market Risk - Fixed Income Investments, and Derivatives and Short Sales Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus.

GLOBAL REAL RETURN (UCITS) FUND

Investment Review: Quarter Ending December 31, 2022

impressive 5.8%, spurred on by positioning in equities and aided by a good performance in currencies. Equity long/shorts returned 6.2%, as Quality Cyclical comfortably outpaced the S&P 500.

Fixed income represented 16.4% of the portfolio on average through the quarter, including 4.2% in Asset-Backed Securities, 8.3% in High Yield and a select number of distressed credits, and 3.8% in Emerging Country Debt.

Our fixed income strategies returned 5.3% for the quarter, far ahead of the Bloomberg U.S. Aggregate return of 1.9%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, rebounded strongly with an 8.1% return, and our portfolio outperformed the benchmark with an excellent 11.1% return. The High Yield/Distressed positions returned 4.9%, a little ahead of the BofA Merrill Lynch U.S. High Yield benchmark's return of 4.0%, and asset-backed securities posted 1.3%, behind the Bloomberg U.S. Securitized index return of 2.1%.

Important Information

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID and do not base any final investment decision on this communication alone. Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund---grruf/>. Please note that GMO Investments ICAV and GMO Funds PLC may decide to terminate the arrangements made for the marketing of the sub-funds in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive). A full list of fees and charges applied to investment can be found in the Fund Supplement or KIID, available at <https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund---grruf/>.

¹ The OECD (Organization for Economic Cooperation and Development) CPI (Consumer Price Index) G7 is published monthly by the OECD for the G7 countries of Canada, France, Germany, Italy, Japan, the U.K. and the U.S. The index is compiled by aggregating the national consumer price indices in each period, using estimates of household private final consumption expenditure ("HFCE") as weights. The HFCE for each country is converted into a common currency (U.S. Dollars) using purchasing power parities ("PPPs") which are rates of currency conversion that eliminate the differences in price levels between countries. The PPP used in the zone estimates relate specifically to HFCE and are not the same as the PPP for gross domestic product, which are more commonly available. The benchmark return is published on a one month lag. Until this data is available all benchmark return calculations assume a 0% estimate for the missing month.

The above Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.