

SGM Major Markets Trust

Quarter Ending December 31, 2019

OVERVIEW:

The Trust's investment objective is long-term total return. The Trust seeks annualized returns of 5% (gross of fees) above the Bloomberg Ausbond Bank Bill Index with annualized volatility (standard deviation) of approximately 6-10% per annum, each over a complete market cycle.

Performance (%)

Net of Fees, AUD	-0.39
Gross of Fees, AUD	-0.14
Bloomberg AusBond Bank Bill ¹	+0.24
Value Added	-0.37

Major Performance Drivers

After a tough start to the quarter, the portfolio posted encouraging returns in both subsequent months. Decent value was added from a net long exposure to equities and positive market selection within fixed income. The continued expectation of easing geopolitical tensions and further support from central banks acted to buoy both risky and safe haven assets higher, with equities and bonds rallying into year end. The portfolio's net long to equities added to performance, whilst a short U.S. position detracted. Interestingly, value continued to outperform their growth counterparts in certain equity markets. Selection within fixed income added value as the positive contribution from short positions more than offset the value long positions detracted. Currencies were mixed given a generally weaker U.S. dollar over the period; short positions in the euro and Swiss franc detracted while long positions in the Canadian dollar contributed.

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 SGM Major Markets Trust ARSN 600 141 535 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656.

¹ The Bloomberg AusBond Bank Bill Index is an independently maintained and widely published index comprised of short-term Australian bills.