

MULTI-ASSET TRUST

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO Multi-Asset Trust seeks to achieve a total return greater than that of its benchmark of 25% MSCI All Country World ex Australia Index Unhedged, 25% MSCI All Country World ex Australia Index Hedged, and 50% Bloomberg Global Aggregate Index Hedged, over a complete market cycle by allocating dynamically across asset classes.

PERFORMANCE (%)

Net of Fees, AUD	+3.91
Gross of Fees, AUD	+4.09
GMO Multi-Asset Trust Index	+5.25
Value Added	-1.16

Major Performance Drivers

The GMO Multi-Asset Trust was launched on 14 October 2022, and performance from then until year end was 3.9% net of fees versus the policy benchmark return of 3.0%. The policy benchmark is 50% Bloomberg Global Agg (AUD Hedged)/25% MSCI ACWI ex Australia (AUD Hedged)/25% MSCI ACWI ex Australia (Unhedged) and the portfolio intends to employ currency hedges in proportion that will, very broadly, approximate to this.

Long-only equities represented 47.2% of the portfolio on average through the quarter, with 14.2% in Emerging Markets with a distinct Value bias, 6.2% in Japan Value, 6.2% in Developed ex-U.S. Small Value, 8.2% in Developed ex-U.S., 6.0% in U.S. Opportunistic Value, 4.0% in Quality, and 2.8% in Quality Cyclical. Regional allocation contributed strongly to performance as being underweight to the U.S. proved additive as the U.S. dollar continued to soften. Stock selection was also helpful, with solid performance right across the board.

Alternatives represented 24.8% on average through the quarter and returned 0.7%. The alternatives are invested 19.8% in Equity Dislocation and 5.0% in Systematic Global Macro, with these strategies returning -0.9% and 6.9%, respectively. The Equity Dislocation Strategy, which is 100% long Value and 100% short Growth, trailed MSCI ACWI Value minus MSCI ACWI Growth for the period, while the Systematic Global Macro Strategy performance was spurred on primarily by positioning in equities, aided by a good showing in currencies. The decision to invest in alternatives in lieu of greater exposure to fixed income detracted from performance as they lagged the Bloomberg Global Agg for the period.

Fixed income represented 24.7% of the portfolio on average through the quarter, including 5.5% Asset-Backed Securities, 4.6% in High Yield, 2.8% in Emerging Country Debt, and 11.8% in Australian Nominals exposure. In aggregate, the fixed income exposure returned 2.7%, 80 bps ahead of the Bloomberg Global Agg (AUD Hedged) return of 1.9%, as the credit exposures performed well. In particular, the Emerging Country Debt exposure was up an excellent 11.9% in absolute terms, which was also a little over 2% ahead of its reference benchmark.

Cash and equivalents averaged a 3.3% exposure for the period, having little impact on 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. A Target Market Determination ("TMD") has also been prepared for the Trust.

The information memorandum, PDS and TMD 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.

