

QUARTERLY INVESTMENT REVIEW

Opportunistic Income Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Opportunistic Income Strategy (net)	1.29	6.42	6.42	6.47	3.95	4.20	4.62
Opportunistic Income Strategy (gross)	1.43	7.01	7.01	7.06	4.52	4.76	5.12
Bloomberg U.S. Securitized+	1.68	8.49	8.49	4.97	0.22	1.61	1.28
Value Add	-0.39	-2.07	-2.07	+1.50	+3.73	+2.59	+3.33

MAJOR PERFORMANCE DRIVERS

Securitized products posted broadly positive total and excess returns in the fourth quarter of 2025, with aggregate excess returns versus swaps modestly positive. Credit Risk Transfer (CRT) on residential mortgages gained between 0.5% and 1.2% in excess return, with senior M1 tranches at the lower end, and subordinate B1 tranches at the upper end of the range. Non-Agency Residential Mortgage-Backed Securities (RMBS) produced solid gains, adding 1.3%-2.4% of excess return, and 2.6%-2.9% in total, led by legacy prime fixed, Alt-A, and option-ARM bonds. Single-Family Rental (SFR) securitizations earned roughly 1.0% excess return and 1.7% total. Commercial Mortgage-Backed Securities (CMBS) delivered a 0.6% excess return, with BBB tranches outpacing AAAs, 1.0% versus 0.5%. Fixed-Rate Asset-Backed Securities (ABS) sectors advanced 0.3% in excess, while floating-rate ABS, including Student Loans, added 0.5%. Collateralized Loan Obligations (CLOs) gained 0.6% in excess, led by BBB and BB tranches at 0.9% and 0.7%, respectively. In terms of interest rates, the Fed cut the target rate by 25 bps in December. The 2-year Treasury rate fell by 14 bps, while the 10-year Treasury rate sold off by 2 bps, steepening the 2s-10s curve by 15 bps.

The GMO Opportunistic Income portfolio delivered positive absolute performance for the quarter, driven by positive contributions from Residential Mortgage-Backed Securities (RMBS), which added 31 bps, Commercial Mortgage-Backed Securities (CMBS) with 29 bps, Student Loans at 24 bps, and Small Balance Commercials contributed 14 bps. Collateralized Loan Obligations (CLOs) and consumer Asset-Backed Securities (ABS) together added 17 bps, while duration positions and relative value trades generated 3 bps and 7 bps, respectively. Positions in U.S. Treasuries provided an additional 27 bps, partly offset by a 7 bps drag from credit hedges.

RISKS

Risks associated with investing in the Strategy may include: (1) Credit Risk: the risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligation to pay principal and interest or otherwise to honor its obligations in a timely manner; (2) Market Risk-Asset-Backed Securities Risk: the market price of asset-backed securities, like that of other fixed income investments with complex structures, can decline for a variety of reasons, including investor uncertainty about their credit quality and the reliability of their payment streams. Payment streams associated with asset-backed securities held by the Fund depend on many factors (e.g., the cash flow generated by the assets backing the securities, deal structure, and creditworthiness of any credit-support provider), and a problem in any of these factors can lead to a reduction in the payment stream GMO expected the Fund to receive when the Fund purchased the asset-backed security; and (3) Illiquidity Risk: low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the Fund from selling particular securities or closing derivative positions at desirable prices. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 31-Oct-11

Performance Returns: Performance for the year of inception is less than a full calendar year. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com. **Performance data quoted represents past performance and is not predictive of future performance.** Net returns are presented after the deduction of a model advisory fee and incentive fee if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Fees paid by accounts within the composite may be higher or lower than the model fees used. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available at www.gmo.com by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report.** The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee.

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MAJOR PERFORMANCE DRIVERS CONT.

The portfolio's interest rate duration stood at 2.2 years at quarter end, with spread duration largely unchanged at 0.9 years and spread carry at 93 bps. These metrics remained stable over the quarter, reflecting constructive risk positioning. The portfolio maintains a preference for high-quality structures, with a tilt toward senior tranches and shorter spread duration.

During the quarter, the portfolio increased risk in short AAA Collateralized Loan Obligations (CLOs), Commercial Mortgage-Backed Securities (CMBS), and Student Loans—particularly new legacy profiles—while also adding selectively in non-agency prime RMBS. Opportunistic trades also included incremental exposure to the mortgage basis via current coupon TBAs.

Entering 2026, the portfolio's credit quality continues to be tilted higher, with 73% of assets rated single-A or higher, including 46% in AAA-rated securitized credit and approximately 20% allocated to U.S. Treasury securities. Sector allocations are led by CMBS at 23%, followed by RMBS at 18%, Student Loans at 18%, CLOs at 7%, Small Balance Commercial at 5%, other ABS at 6%, and Autos at 2%.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Opportunistic Income Strategy seeks capital appreciation and current income by investing in what we believe are the most attractively priced sectors and securities in the structured finance marketplace. The Structured Products team utilizes both top-down and bottom-up security selection methods to identify what we believe are the best opportunities from a pure risk/return perspective.

The structured finance asset class offers a range of opportunities due to both its inherently fragmented nature and the inefficiencies caused by market segmentation and structural anomalies. We believe that the marketplace's complexity, volatile historical performance, and very high number of discrete investment opportunities create considerable potential for alpha generation. Our relatively unconstrained approach to risk diversification, sub-sector allocation, and security selection is designed to identify and benefit from those opportunities.

IMPORTANT INFORMATION

Comparator Index(es): The Bloomberg U.S. Securitized + Index is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan U.S. 3 Month Cash through 12/30/2016 and (ii) the Bloomberg U.S. Securitized thereafter.

The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.

For private bank intermediaries in Singapore and Hong Kong, these materials are intended for institutional and Accredited/Professional Investors Use Only.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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