

# QUARTERLY INVESTMENT REVIEW

## Emerging Markets Trust

### RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees	5.74	15.35	15.35	-3.57	0.75	3.06	5.24
MSCI Emerging Markets	2.02	9.15	9.15	-1.10	4.34	5.48	6.52
MSCI Emerging Markets +	2.02	9.15	9.15	-1.10	4.34	5.96	7.37
Value Added (vs. MSCI Emerging Markets)	3.72	6.20	6.20	-2.47	-3.59	-2.42	-1.28
Value Added (vs. MSCI Emerging Markets +)	3.72	6.20	6.20	-2.47	-3.59	-2.90	-2.14

### Major Performance Drivers

Global markets finished the year on a strong note in the fourth quarter, contributing to double-digit gains for the full year. Positive performance was broad-based, including nearly all emerging markets. The notable exception to this positivity was China, where a mix of financial and policy challenges continues to weigh on sentiment. While geopolitical tensions ratcheted up with Hamas' attack on Israel, and accompanying concerns related to broader conflict in the Middle East and the potential disruption of trade, equity markets remained unfazed and oil prices fell, helping to underpin positive sentiment around falling global inflation.

The portfolio posted strong outperformance again in the fourth quarter, driven by a mix of top-down views and stock selection. Top-down contributors included overweight positioning in Taiwan, South Africa, Poland, Hungary, and Mexico. The portfolio's underweight toward China also added value with notable contributions from underweight positioning in Chinese Consumer Discretionary and Communication Services.

Detractors for the quarter were modest in comparison. Challenges in positioning included underweights toward India and Korea, especially Korea Information Technology and Health Care.

Inception Date: 12-Feb-02

**Risks:** Risks associated with an investment in the Trust may include Market Risk - Equity Securities, Small Company Risk, Currency Risk, Derivatives and Short Sales Risk, and Foreign Investment Risk. For a more complete discussion of these risks and others, please consult the Trusts Product Disclosure Statement. 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](http://www.gmo.com).

Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of management fees and incentive fees 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.

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.

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## PRODUCT OVERVIEW

The GMO Emerging Markets Trust seeks total return in excess of that of its benchmark, the MSCI Emerging Markets Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments based on factors including, but not limited to, valuation, quality, patterns of price movement and volatility, macroeconomic factors, and ESG (environmental, social and governance) criteria. GMO expects the Trust will have a value bias relative to its benchmark.

## IMPORTANT INFORMATION

**Benchmark(s):** 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. The MSCI Emerging Markets + Index is an internally maintained benchmark computed by GMO, comprised of (i) the S&P/IFCI Composite through 12/31/2018 and (ii) the MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. 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.

**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](http://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.

## 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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