SYSTEMATIC INVESTMENT GRADE CREDIT

OVERVIEW

The GMO Systematic Investment Grade Credit Strategy is an active corporate credit strategy that seeks to generate alpha by allocating to sources of risk premium through factor-based models for credit selection. The Strategy allocates to measures of value, quality, and momentum captured through proprietary fair value models, measures of changes in default risk, and momentum signals derived from credit and equity assets. ESG factors are considered a component of the quality pillar at GMO and the portfolio is managed to target an overall ESG profile that is higher than that of the Bloomberg U.S Corporate Index. Risk is managed through quantitative portfolio construction methods that control for overall benchmark spread, duration, and risk characteristics.

FACTS

Strategy Inception	30-Sep-20
Composite Inception	30-Sep-20
Total Assets	$29mm USD
Benchmark	Bloomberg U.S. Corporate Index

CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

	MTD	QTD	YTD	2025	2024	2023	2022	2021
Composite	2.31	2.31	-0.54	7.48	3.27	10.26	-16.17	0.04
Benchmark	2.16	2.16	-1.02	7.77	2.13	8.52	-15.76	-1.04

RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	0.64
Beta	1.05
R Squared	0.99
Sharpe Ratio	-0.43
Standard Deviation	8.26

ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

	1 Year	3 Years	5 Years	10 Years	ITD
Composite	-0.24	7.06	0.37	-	0.96
Benchmark	-0.57	6.40	-0.09	-	0.25

PORTFOLIO MANAGEMENT



James Donaldson, CFA
Joined GMO in 2010
MBA, Boston College



Rachna Ramachandran
Joined GMO in 2019
MS, City, University of London

Risks: Risks associated with investing in the Strategy may include: (1) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility; (2) Market Risk - Fixed Income Investments: the market price of a fixed income investment can decline due to a number of market-related factors, including rising interest rates and widening credit spreads or decreased liquidity stemming from the market's uncertainty about the value of a fixed income investment (or class of fixed income investments); and (3) 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. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Performance Returns: 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 indicative of future results.** 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. **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.**

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CHARACTERISTICS

	Portfolio	Benchmark
Spread Duration	6.6	6.4
Effective Duration	6.4	6.4
Option-Adjusted Spread	99.4bps	90.2bps
Yield to Worst	5.9%	5.8%

CREDIT RATINGS (%)

	%
AAA	0.4
AA	2.1
A	25.9
BBB	71.6

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IMPORTANT INFORMATION

Benchmark(s): The Bloomberg US Corporate Index measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility, and financial issuers. The index includes securities with remaining maturity of at least one year.

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.

GLOSSARY

Characteristics: Yield (i.e., Yield-to-Worst) is internally calculated as the weighted average yield on the cash bonds over the total market value of the portfolio. **Credit Ratings:** The credit ratings above may encompass emerging debt, developed rates, and asset-backed exposures. Ratings for the developed rates exposures are derived by taking the lowest issue level rating between Standard and Poor's & Moody's scores and rolling these up into the portfolio's overall quality brackets. Ratings for emerging debt are determined using the middle of the Moody's, S&P, and Fitch ratings when all three are available, the lower of the two ratings when two ratings are available, and the sole rating when only one rating is available. Ratings for the asset-backed exposures are derived by using the lowest rating among rating agencies at the issue level. Final credit ratings are expressed based upon Standard and Poor's ratings scale. Standard & Poor's rates securities from AAA (highest quality) to C (lowest quality), and D to indicate securities in default; some securities are not rated and are included in the NR category. BB and below are considered below investment grade securities. Please refer to our website for additional information: https://www.gmo.com/americas/benchmark-disclaimers/
Risk Statistics: Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio.
Please refer to https://www.gmo.com/americas/glossary-of-terms/ for additional portfolio characteristic definitions.

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.

AMSTERDAM | BOSTON | LONDON | SAN FRANCISCO* | SINGAPORE | SYDNEY | TOKYO**

*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area
**Representative Office

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ADDITIONAL GLOSSARY OF TERMS

Coupon
The annual income received from a fixed-income security, expressed as a percentage of the par value of the security and par weighted on portfolio level.

Credit (%)
The proportion of a mutual fund's total net assets that is invested in credit instruments—such as corporate bonds, securitized debt, or other credit-related securities—expressed as a percentage. This metric indicates the fund's exposure to credit markets and associated credit risk.

Effective Duration
A measure of a portfolio's price sensitivity to interest rate changes, including expected changes in cash flows caused by embedded options. The higher the effective duration, the higher the sensitivity to interest rate changes.

Maturity
A weighted average of all the maturities of the bonds in a portfolio, computed by weighting each bond's effective maturity by the market value of the security.

Modified Duration
A measure of a portfolio's price sensitivity to changes in interest rates. It estimates the percentage change in price for a 1% (100 basis point) change in yield, assuming all other factors remain constant.

Option-Adjusted Spread
Option-adjusted spread (OAS) is the spread over a benchmark yield curve that remains after accounting for the value of embedded options.

Spread
The difference between the yield on a bond or credit instrument and the yield on a benchmark security of similar maturity, typically a government bond. It reflects the additional compensation investors receive for taking on credit risk and is usually expressed in basis points.

Spread Duration
A measure of the portfolio's sensitivity to changes in credit spreads.

Weighted Average Life
A measure of average number of years until the principal of the securities is expected to be fully repaid.

Yield to Maturity
Represents the weighted average annualized return an investor would earn if the ETF's underlying bonds were held to maturity, assuming all interest payments are made as scheduled, bonds are held to maturity, coupons are reinvested at the same rate.

Yield to Worst
The lowest potential yield an investor can earn on a bond without the issuer defaulting, taking into account any call, put, or other early redemption features.