

# MULTI-ASSET CREDIT

## OVERVIEW

The GMO Multi-Asset Credit Strategy seeks to maximize alpha potential by harvesting the most attractively priced credit risk premia through a dynamic allocation process across the credit spectrum. Our team utilizes a robust research framework that combines top-down and bottom-up analysis along with fundamental and quantitative techniques across various fixed income markets, including Emerging Country Debt, Structured Products, High Yield, Investment Grade, Loans, and Mortgages. Our investment process places a strong emphasis on relative value analysis, allowing us to employ a benchmark agnostic investment style that sets us apart. We have the agility to capitalize on fleeting relative value opportunities across fixed income markets, ensuring we stay ahead of market dynamics. Our Strategy maintains a balanced approach between risk and return by focusing on capital preservation during market downturns, and avoiding premium priced securities in overvalued markets.

## FACTS

Strategy Inception	21-May-25
Composite Inception	31-May-25
Total Assets	\$11mm USD
Benchmark	GMO Multi-Asset Credit Blended Benchmark

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>
Composite	1.41	1.81	3.43
Benchmark	1.37	1.73	3.72

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

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>	<i>ITD</i>
Composite	-	-	-	-	3.43
Benchmark	-	-	-	-	3.72

## PORTFOLIO MANAGEMENT



**Joe Auth, CFA**  
Joined GMO in 2014  
MBA, University of Connecticut



**Kevin Breaux, CFA**  
Joined GMO in 2008  
BS, Duke University

**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.

**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](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 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 does not yet have a GIPS-compliant report for this composite since it has not managed accounts in this strategy for a full year.**

MULTI-ASSET CREDIT

CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Spread Duration	2.8	5.4
Spread	123.9bps	153.4bps
Effective Duration	3.6	5.3
Average Credit Rating	BBB+	BBB
Yield to Worst	5.9%	5.7%
Coupon	5.1%	0.0%
Weighted Average Life	6.1	7.8
Credit (%)	84.8%	100.0%

CREDIT RATINGS (%)

	<i>%</i>
AAA	17.7
AA	33.8
A	4.3
BBB	11.6
BB	11.2
B	7.4
CCC	6.4
CC	1.4
C	0.9
D	2.1
NR	3.2

SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Agency MBS	9.8	0.0
Cash/Equiv.	5.6	0.0
Emerging Debt	10.5	25.0
High Yield Corporates	10.0	25.0
Investment Grade Corporates	9.8	25.0
Securitized	44.2	25.0
Tactical Long/Short	0.4	0.0

# MULTI-ASSET CREDIT

## IMPORTANT INFORMATION

**Benchmark(s):** The Multi-Asset Credit Blended Benchmark is an internally maintained benchmark computed by GMO, comprised of (i) 25% Bloomberg U.S. Securitized Index, (ii) 25% Bloomberg U.S. Corporate High Yield Index, (iii) 25% Bloomberg U.S. Corporate Index, and (iv) 25% J.P. Morgan EMBI Global Diversified.

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

**Fixed Income 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. Average Credit Rating is a market value weighted measure of bond holdings. **Credit Ratings:** The credit ratings above may encompass emerging debt, developed rates, and asset-backed exposure. Ratings for core portfolio holdings are derived by using the middle rating from Standard & Poor's, Moody's, and Fitch. Ratings for core holdings were adjusted during the January 2021 reporting period to conform with index provider methodology. Ratings for the emerging debt portion of the portfolio are derived by applying the Standard and Poor's or Moody's issue-level ratings (sequentially), and the S&P LT Foreign currency (FC) country issuer rating for the FC debt securities and/or S&P LT Local currency (LC) country issuer rating for LC securities where a security is not rated by either of the abovementioned credit rating agencies. 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 (NR). BB and below are considered below investment grade securities. Please refer to our website for additional information: <https://www.gmo.com/americas/benchmark-disclaimers/>

## 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

[www.GMO.com](http://www.GMO.com)