

EMERGING MARKETS TRUST

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO Emerging Markets Trust seeks total return in excess of that of its benchmark, the MSCI EM Index. GMO uses quantitative and fundamental analysis to evaluate and select countries, sectors, and equities 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.

PERFORMANCE (%)

Net of Fees, Fair Value, AUD	+2.91
Gross of Fees, Local Close, AUD	+2.93
MSCI Emerging Markets ¹	+4.01
Value Added	-1.08

Major Performance Drivers

Emerging market equities posted a big quarter on the back of a jump in positive sentiment in China. Country returns varied, ranging from a 15.3% fall in Qatar to a 62.9% leap in Turkey. Sector returns were more clustered, varying from an increase of 4.2% in Energy to a rise of 13.8% in Communication Services.

Brazilian equities began the quarter well, boosted by a smooth election and expectations of a centrist policy from the new administration. Later in the period, they retracted when confronted by the size of the incoming government’s spending plans. Our underweight in Brazil Financials helped performance.

Sentiment in China initially took a hit as the focus of the country leadership was seen moving away from economic reform and toward geopolitical issues. The market turned around later as the government relaxed its zero Covid policy and announced a plan to support the property sector. Our underweight in China Financials hurt performance.

The stock market in India dropped as concern grew over expensive valuations, rising rates, and weakening global demand. Our underweight in India Consumer Staples contributed to performance.

Reports of above expected economic expansion boosted investor sentiment in Mexico. Toward the end of the quarter, sentiment took a hit from a proposed reform that was seen as weakening the power of the election commission. Our overweight in Mexico Financials added to 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.

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¹ 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.