

HIGH YIELD

OVERVIEW

The GMO High Yield Strategy seeks to generate total return in excess of that of its benchmark, the Markit iBoxx USD Liquid High Yield Index, by applying a systematic, factor-based approach to portfolio construction. It is designed to capture alpha from top-down sources of risk premia, taking advantage of structural market inefficiencies, while maintaining a liquid portfolio. Our top-down, data-driven approach (in what is still largely a fundamentally managed asset class) brings a unique perspective that allows us to allocate capital across a range of high yield instruments in an effort to achieve optimal risk-adjusted returns in excess of the Strategy's benchmark.

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

| | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2023</i> | <i>2022</i> | <i>2021</i> | <i>2020</i> | <i>2019</i> |
|-----------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Composite | -1.28 | -1.28 | 0.21 | 12.93 | -7.96 | 5.00 | 5.49 | 14.34 |
| Benchmark | -1.01 | -1.01 | 0.11 | 12.89 | -10.74 | 4.48 | 4.66 | 14.65 |

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 | 8.08 | 2.35 | 3.98 | - | 4.66 |
| Benchmark | 8.19 | 1.20 | 3.04 | - | 3.80 |

FACTS

| | |
|---------------------|------------------------------------|
| Strategy Inception | 31-Jan-17 |
| Composite Inception | 31-Jan-17 |
| Total Assets | \$218mm USD |
| Benchmark | Markit iBoxx USD Liquid High Yield |

RISK PROFILE (5-YEAR TRAILING)

| | |
|--------------------|------|
| Alpha (Jensen's) | 0.97 |
| Beta | 0.97 |
| R Squared | 0.98 |
| Sharpe Ratio | 0.21 |
| Standard Deviation | 9.02 |

PORTFOLIO MANAGEMENT



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



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

Risks: Risks associated with investing in the Strategy may include Management and Operational Risk, Market Risk - Fixed Income, Credit Risk, Illiquidity Risk, and Derivatives and Short Sales Risk. 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 Returns: 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 LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available on 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 local market in which some accounts in the composite are priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the strategy and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return.

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CHARACTERISTICS

| | <i>Portfolio</i> | <i>Benchmark</i> |
|-----------------------|------------------|------------------|
| Spread Duration | 3.5 | N/A |
| Effective Duration | 3.3 | N/A |
| Average Credit Rating | B+ | N/A |
| # of Bond Issues | 97.0 | N/A |

CREDIT RATINGS (%)

| | % |
|-----|------|
| BBB | 0.8 |
| BB | 48.7 |
| B | 38.1 |
| CCC | 10.4 |
| CC | 1.3 |
| C | 0.1 |
| NR | 0.7 |

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IMPORTANT INFORMATION

Benchmark(s): The Markit iBoxx USD Liquid High Yield Index is an independently maintained index consisting of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe.

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.

GLOSSARY

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/>

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.

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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*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