

QUARTERLY INVESTMENT REVIEW

Global Real Return (UCITS) Fund USD Class A

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Global Real Return (UCITS) Fund USD Class A (net)	3.65	3.65	13.84	3.31	3.82	2.75	3.49
Global Real Return (UCITS) Fund USD Class A (gross)	3.89	3.89	14.88	4.25	4.76	3.66	4.41
OECD CPI G7	0.83	0.83	2.53	5.00	3.62	2.43	2.32
Value Add	+2.82	+2.82	+11.30	-1.70	+0.20	+0.31	+1.17

Major Performance Drivers

- Top-down asset allocation was positive, driven largely by allocating to equities in a rebounding market.
- Security selection was modestly positive, as good performance in fixed income and alternatives offset more challenging relative performance in equities.

Long-only equities represented 54.7% of the portfolio on average through the quarter, with 8.1% in Emerging Markets and 7.5% in Emerging Markets ex-China, both with a distinct Value bias, 6.2% in Japan Value, 5.2% in developed ex-U.S. Small Value, 5.1% in Developed ex-U.S., 4.0% in Resource Equity, 4.1% in Quality Cyclical, 5.3% in U.S. Opportunistic Value, and 9.2% in International Opportunistic Value.

The equity portfolio was positive for the quarter, but trailed MSCI ACWI. Top-down regional exposures had a detrimental impact for the quarter as the U.S. beat Developed ex-U.S., while Emerging Markets lagged Developed Markets. Security selection was negative for the quarter as Value lagged Growth in both Developed and Emerging Markets. Our Emerging Markets portfolio returned 3.6%, again well ahead of the MSCI Emerging Market index return of 2.1%, while the Emerging Markets ex-China portfolio posted 2.4%, behind the MSCI Emerging ex-China benchmark's 3.7% return. The Japan portfolio posted 6.0%, trailing the TOPIX return of 9.2%, and the Developed ex-U.S. Small Cap portfolio delivered a 6.8% return, 420 bps ahead of its benchmark. The Developed ex-U.S. exposure posted 6.9%, which beat the MSCI World ex-U.S. index by 140 bps and the MSCI World ex-U.S. Value index by a bigger 270 bps. Quality Cyclical returned 7.2%, 90 bps behind its benchmark, while Resources endured a difficult quarter and posted -3.2%. The U.S. Opportunistic Value exposure returned 10.5%, beating the S&P Composite 1500 index by 20 bps, and International Opportunistic Value posted 4.9%, behind the MSCI World ex-USA return of 5.6%.

Alternative strategies averaged 33.4% through the quarter, including 6.8% in Systematic Global Macro, 4.0% in Event-Driven, 2.2% in Fixed Income Absolute Return, and 20.4% in Equity Dislocation. Alternative strategies returned 2.9% for the quarter. Equity Dislocation was up 3.9%, which was an excellent result as MSCI ACWI Value lagged MSCI ACWI Growth by 2.6%. Event-Driven was up 0.1%, held back a little as the potential acquisition of U.S. Steel by Japan's Nippon Steel faced some political pushback, and Fixed Income Absolute Return was down -0.8%. Systematic Global Macro was up 0.9%, and collateral gave a nice boost with a 0.8% return for the quarter.

Fixed income represented 11.9% of the portfolio on average through the quarter, including 4.4% in asset-backed securities, 1.1% in high-yield, 3.4% in Emerging Country Debt, and 3.0% in U.S. nominal treasuries. Our fixed income strategies returned 1.5% for the quarter, ahead of the Bloomberg U.S. Aggregate return of -0.8%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, had a solid 2.0% return, but our portfolio beat that nicely with a 5.1% return. The High Yield position returned 3.5%, ahead of the BofA Merrill Lynch U.S. High Yield benchmark's return of 1.5%, and asset-backed securities posted 1.2%, beating the Bloomberg U.S. Securitized index return of -0.9%. It was a tougher quarter for traditional duration and the nominal U.S. treasuries fell -2.9%.

Inception Date: 20-Aug-12

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

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Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. The local market in which the Fund is priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the fund 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. Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower.

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PRODUCT OVERVIEW

The Fund seeks to achieve a return in excess of that of its benchmark, the OECD G7 Consumer Price Index, by allocating dynamically across asset classes, free from the constraints of traditional benchmarks. The Fund seeks annualized excess returns of 5% (net of fees) above the OECD G7 Consumer Price Index, over a complete market cycle.

The philosophy that underlies all of GMO's Asset Allocation investment strategies is the belief that, at times and in the short term, the pricing of asset classes can deviate from true intrinsic value, but mean reverts to appropriate valuation levels over the long term. GMO's proprietary 7-Year Asset Class Forecasts form the foundation of our investment process, providing a framework to assess the return opportunity embedded in different asset classes. We use that approach to allocate to what we believe are the most attractively priced asset classes.

IMPORTANT INFORMATION

Benchmark(s): The OECD (Organization for Economic Cooperation and Development) CPI (Consumer Price Index) G7 is published monthly by the OECD for the G7 countries of Canada, France, Germany, Italy, Japan, the U.K. and the U.S. The index is compiled by aggregating the national consumer price indices in each period, using estimates of household private final consumption expenditure ("HFCE") as weights. The HFCE for each country is converted into a common currency (U.S. Dollars) using purchasing power parities ("PPPs") which are rates of currency conversion that eliminate the differences in price levels between countries. The PPP used in the zone estimates relate specifically to HFCE and are not the same as the PPP for gross domestic product, which are more commonly available. The benchmark return is published on a one month lag. Until this data is available all benchmark return calculations assume a 0% estimate for the missing month.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

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Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund--grruf/>

Please note that GMO Investments ICAV and GMO Funds PLC may decide to terminate the arrangements made for the marketing of the sub-funds in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: <https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund--grruf/>

This advertisement has not been reviewed by the Monetary Authority of Singapore.

ABOUT GMO

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