GMO

QUARTERLY INVESTMENT REVIEW

Emerging Country Debt Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Country Debt Strategy (net)	5.08	5.08	20.86	2.03	2.97	4.11	11.72
Emerging Country Debt Strategy (gross)	5.28	5.28	21.77	2.80	3.75	4.90	12.47
J.P. Morgan EMBI Global Diversified +	2.04	2.04	11.28	-1.39	0.75	2.75	8.25
Value Add	+3.04	+3.04	+9.58	+3.43	+2.23	+1.35	+3.47

Major Performance Drivers

The J.P. Morgan EMBI Global Diversified + (EMBIG-D) index returned 2.0% in the first quarter of 2024. Driving index gains, the benchmark's spread over Treasuries tightened by 42 bps, finishing at 342 bps and resulting in a 3.2% spread return. Meanwhile, the 10-year Treasury yield rose by 32 bps to 4.20%, resulting in a -1.2% interest rate return.

The portfolio had positive alpha from both country selection and security selection in the first quarter. Within country selection, the portfolio’s overweight positions in Argentina (+25.9% total return) and Ecuador (+51.5% total return, the EMBIG-D’s best performer for the quarter) drove gains. Overweight positions in Egypt (+22.2%) and Tunisia (+17.3%) and an underweight in Qatar (-1.2%) also contributed positively. While unable to fully offset gains, overweight positions in Colombia (-2.4%) and South Africa (-3.1%) detracted from country selection alpha.

Within security selection, positive contributions to alpha came from the choice of holdings in Suriname, Peru, and Indonesia, more than offsetting losses from the choice of holdings in Turkey, Ecuador, and Pakistan. Off-benchmark countries also contributed positively, driven by the portfolio’s holdings in Russia, with smaller positive contributions from Chad, Republic of the Congo, and Belarus, which more than offset the negative effects from the portfolio’s holdings in Venezuela.

Entering the second quarter, the portfolio’s largest overweights are Argentina, Vietnam, and Bahrain, while the largest underweights are China, Qatar, and Malaysia. The portfolio had a few notable changes in country exposures during the quarter. In duration-adjusted terms, the portfolio's exposure to Turkey, Egypt, and Vietnam grew, while its exposure to South Africa, Saudi Arabia, and Ivory Coast decreased.

Inception Date: 19-Apr-94

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

Risks: Risks associated with investing in the Strategy may include Credit Risk, Market Risk-Fixed Income Investments, Illiquidity Risk, Derivatives and Short Sales Risk, and Counterparty 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:** Returns for one of the accounts in the composite are based on estimated market values for the period from and including October 2008 through February 2009 **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.Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. Returns for one of the accounts in the composite are based on estimated market values for the period from and including October 2008 through February 2009

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PRODUCT OVERVIEW

The GMO Emerging Country Debt Strategy's objective is total return in excess of that of its benchmark, the J.P Morgan Emerging Markets Bond Index Global Diversified (EMBIG-D). The Strategy invests primarily in external debt of sovereigns and quasi-sovereigns.

GMO's Emerging Country Debt team focuses on bottom-up issue selection, seeking to find issues with similar default characteristics but better long-term total return potential than the issues in EMBIG-D. We believe that our approach provides long-term, value-oriented clients with the best chance for total return in this asset class and differentiates us from other emerging debt managers who focus on economic forecasting, market timing, and other macro/top-down approaches.

IMPORTANT INFORMATION

Benchmark(s): The J.P. Morgan EMBI (Emerging Markets Bond) Index Global Diversified + is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan EMBI+ Index through 12/31/1999, (ii) the J.P. Morgan EMBI Index Global through 2/28/2020, and the J.P. Morgan EMBI Index Global Diversified (iii) thereafter.

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.