

# QUARTERLY INVESTMENT REVIEW

## Equity Dislocation Investment Fund USD Class A

### Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Equity Dislocation Investment Fund USD Class A (net)	-3.58	-2.92	-2.92	4.33	-	-	1.68
Equity Dislocation Investment Fund USD Class A (gross)	-3.05	-0.80	-0.80	6.63	-	-	3.96
FTSE 3-Mo. T-Bill	1.23	5.45	5.45	4.05	-	-	3.33
Value Add	-4.81	-8.37	-8.37	+0.28	-	-	-1.65

### MAJOR PERFORMANCE DRIVERS

For the fourth quarter of 2024, MSCI ACWI returned -1.0%, with MSCI ACWI Value underperforming with a return of -4.7% and MSCI ACWI Growth outperforming with a return of 2.6%. The Equity Dislocation Investment Fund aims to be dollar and (broadly) beta neutral and, for the quarter, it had an average long exposure of 102.3% and an average short exposure of 102.8%. The long portfolio performed in line with MSCI Value, while the short portfolio added alpha as it had worse performance than ACWI Growth. The net return for the Equity Dislocation Investment Fund is well ahead of MSCI ACWI Value's -7.3% performance versus MSCI ACWI Growth for the quarter. Indeed, year to date and since inception, the portfolio remains well ahead of ACWI Value minus ACWI Growth, and we are very pleased by the strong return profile. We believe that the opportunity set remains extremely compelling, and the strong rebound by Growth in 2023 and 2024 offers an attractive entry point to the portfolio.

For the quarter, stock selection within countries across the long book detracted -150 bps relative to MSCI ACWI, driven by the U.S. (-180 bps), with the largest offsetting contributions from Denmark (30 bps) and Italy (30 bps). Stock selection in the short book had a total impact against MSCI ACWI of -210 bps. The biggest detractors were the U.S. (-250 bps) and the UK (-60 bps), with the biggest contribution coming from Japan (110 bps). There were some modest country bets, although these are typically residuals driven by bottom-up security selection. The biggest net long position was a 1.9% long exposure to Denmark, and this had a -40 bp impact as Denmark returned an ugly -21.5% for the quarter, although the portfolio's long positions did much better than this. The biggest net short position was a 2.1% short exposure to the UK, and this made a small positive contribution. In aggregate, country positions had a -50 bp impact on performance for the fourth quarter.

Inception Date: 10-May-21

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## MAJOR PERFORMANCE DRIVERS CONT.

We are prepared to run modestly larger sector bets, up to about 10% net long or short, and the two biggest positions in this regard over the quarter were an 8.2% net long position in Financials and a -6.1% net short position in Industrials. Our sector positioning added 20 bps to performance. Stock selection across the long book was positive in one of the eleven sectors, negative in four sectors, and broadly flat in the other six sectors, subtracting -390 bps altogether. The main detractors were Consumer Discretionary (-240 bps), Information Technology (-100 bps), and Communication Services (-90 bps). Stock selection in the short book was positive in four of the eleven sectors, broadly flat in two sectors, and negative in the other five, with an impact of -50 bps detracted from performance in aggregate. The positive impacts included Consumer Discretionary (130 bps), Consumer Staples (50 bps), and Financials (50 bps), while the biggest detractors included Information Technology (-90 bps), Industrials (-80 bps), and Energy (-80 bps).

One of the top five biggest contributors at the total portfolio level, Synchrony Financial (U.S. Financials), was a long position. On the flipside, none of the top five biggest detractors at the total portfolio level were long positions.

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## PRODUCT OVERVIEW

The GMO Equity Dislocation Investment Fund seeks high total return. It aims to own attractively valued equities while correspondingly shorting equities where we believe that valuations are reflective of implausible growth expectations. Currently, the Fund is long global Value, short global Growth, to take advantage of the exceptionally wide valuation spread between Value and Growth.

The eligible universe for both the long and short side spans the market capitalization spectrum and includes both developed and emerging markets. Utilizing GMO's proprietary Price to Fair Value model to actively select the cheapest and most expensive stocks, the portfolio is diversified across sectors, countries, and regions and is intended to be approximately beta neutral.

## IMPORTANT INFORMATION

**Comparator Index(es):** The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

**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](http://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/alternatives/equity-dislocation-strategy/equity-dislocation-investment-fund/>

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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/alternatives/equity-dislocation-strategy/equity-dislocation-investment-fund/>

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## 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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