

QUARTERLY INVESTMENT REVIEW

Emerging Country Debt UCITS Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Country Debt UCITS Fund (net)	6.23	12.86	25.57	2.59	-	-	6.69
Emerging Country Debt UCITS Fund (gross)	6.30	13.08	25.89	2.88	-	-	6.99
J.P. Morgan EMBI Global Diversified	6.15	8.64	18.60	-0.40	-	-	4.09
Value Add	+0.08	+4.22	+6.97	+3.00	-	-	+2.59

MAJOR PERFORMANCE DRIVERS

The J.P. Morgan EMBI Global Diversified (EMBIG-D) benchmark returned 6.2% in the third quarter of 2024. The index's spread over Treasuries tightened by 30 bps, ending the period at 361 bps, with a corresponding spread return of 0.9%. The 10-year Treasury yield fell by 62 bps to 3.78%, resulting in an interest rate return of 5.2%.

The portfolio had a positive impact from country selection and a negative impact from security selection for the period. In terms of country selection alpha, the portfolio benefited significantly from overweight positions in Argentina (+16.1%), Ecuador (+16.7%), and Egypt (+8.8%). Additionally, the portfolio's underweight position in Qatar (+5.7%) contributed positively. Conversely, overweight positions in Venezuela (-9.6%) and Sri Lanka (-3.8%) detracted from country selection alpha.

Among in-index countries, positive impacts on security selection alpha were observed from Mexico, South Africa, and Chile, while negative impacts were significant from Turkey, Venezuela, and Bahrain. Out-of-index contributions were led by positive impacts from the Bahamas, Tunisia, and the Republic of Congo, which helped to offset negative contributions from Israel and Thailand. Within the quasi-sovereign category, Chile and Mexico were the top contributors, whereas Venezuela was a major detractor.

At the end of the period, the portfolio's largest overweights were Argentina, Mexico, and Jordan, while the largest underweights were China, Qatar, and Indonesia. Notable changes in the portfolio include an increased overweight in Mexico, Israel, and Turkey. Conversely, the portfolio saw decreased overweight positions in the Dominican Republic and Serbia, and an increased underweight position in Morocco.

Inception Date: 1-Apr-20

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PRODUCT OVERVIEW

The GMO Emerging Country Debt UCITS Fund's objective is total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Global Diversified Index (EMBIG-D). The Fund 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) Global Diversified Index is an independently maintained and widely published uniquely weighted U.S. dollar-denominated emerging markets sovereign index comprised of Brady bonds, Eurobonds, traded loans, and market debt instruments issued by sovereign and quasi-sovereign entities.

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/fixed-income/emerging-country-debt-strategy/emerging-country-debt-ucits-fund/>

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/fixed-income/emerging-country-debt-strategy/emerging-country-debt-ucits-fund/>

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

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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