

QUARTERLY INVESTMENT REVIEW

Emerging Markets Select Equity Strategy

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Composite)	-1.98	5.55	11.99	-4.62	0.19	1.39	2.23
Gross of Fees (Composite)	-1.79	6.16	12.87	-3.74	1.13	2.37	3.23
MSCI Emerging Markets	-2.93	1.82	11.70	-1.73	0.55	2.07	0.84
Value Added (vs. MSCI Emerging Markets)	0.94	3.73	0.29	-2.89	-0.37	-0.68	1.39

Major Performance Drivers

Emerging markets echoed global dynamics, recording a correction of -2.9%. Concerns regarding increasing yields and a looming recession primarily drove this downturn. Against this backdrop, there was a distinct divergence among countries within the asset class.

Our overweights in India, Indonesia, and Vietnam jointly emerged as bright spots in our portfolio. These countries particularly benefited from being less exposed to the global tightening cycle, enhancing our overall performance.

Conversely, Brazil posed challenges. Our overweight in Brazil negatively impacted performance, registering a return of -3.5%. The country's sentiment was dragged down by the "high yields for longer" Fed policy and a robust U.S. dollar. These dynamics raised concerns about a potentially slower easing cycle in Brazil. Our strategic underweight in Energy hurt performance as the sector rallied, driven by higher energy prices, especially in Brazil's financials, which registered a return of -14%.

The North-East Asia Technology sector, having previously enjoyed an AI-driven rally in the first half of the year, faced a decline, yielding a return of -7.9%. While our overall overweight in Tech was detrimental, our underweight in Korea offered some respite, mitigating part of the drag from the overweight in Taiwan.

Inception Date: 24-Mar-11

Risks: Risks associated with an investment in the Strategy are Market Risk - Equities, Non-U.S. Investment Risk, Currency Risk, Management and Operational Risk, and Illiquidity 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. 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%. The performance information (before and after taxes) for all periods prior to October 26, 2022, was achieved prior to the change in the Strategy's investment objective and principal investment strategies, effective October 26, 2022. A Global Investment Performance Standards (GIPS®) Composite Report is included in the Important Information section at the back of this presentation. 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.

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PRODUCT OVERVIEW

GMO's Emerging Markets Select Equity Strategy seeks to outperform the MSCI Emerging Markets index by identifying secular growth trends in emerging markets and investing in quality businesses with pricing power that will benefit from those trends. We believe that the best way to capture opportunities and manage risk in emerging markets today is by balancing quality and sustainable growth across both companies and countries, using a fundamental approach that combines top-down country and sector allocation with bottom-up security selection.

Environmental, Social, and Governance issues have become increasingly relevant with emerging markets over the past several years. We view sustainability as an essential element of quality and integrate it at all levels of our analysis.

IMPORTANT INFORMATION

Benchmark(s): The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

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.

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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