

## GLOBAL BOND

## OVERVIEW

The GMO Global Bond Strategy seeks total return in excess of that of the J.P. Morgan Global Government Bond Index.

GMO constructs the portfolio by combining a benchmark replication process with active overlay strategies. To replicate the benchmark, we use quantitative methods for trading strategies as well as security and sector selection. Our overlay strategies are model-based and actively managed in global rate and currency markets, using market-based, macroeconomic, and fundamental inputs in conjunction with proprietary research to evaluate and identify investment opportunities.

## FACTS

|                     |                        |
|---------------------|------------------------|
| Strategy Inception  | 28-Dec-95              |
| Composite Inception | 31-Dec-95              |
| Total Assets        | \$51mm USD             |
| Benchmark           | J.P. Morgan GBI Global |

## CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

|           | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2022</i> | <i>2021</i> | <i>2020</i> | <i>2019</i> | <i>2018</i> |
|-----------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Composite | -2.06      | -2.06      | -5.79      | -18.79      | -9.12       | 8.73        | 6.20        | 0.92        |
| Benchmark | -1.27      | -1.27      | -4.74      | -17.22      | -6.50       | 9.68        | 6.02        | -0.66       |

## RISK PROFILE (5-YEAR TRAILING)

|                    |       |
|--------------------|-------|
| Alpha (Jensen's)   | -0.83 |
| Beta               | 1.08  |
| R Squared          | 0.96  |
| Sharpe Ratio       | -0.71 |
| Standard Deviation | 7.64  |

## ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

|           | <i>1 Year</i> | <i>3 Years</i> | <i>5 Years</i> | <i>10 Years</i> | <i>ITD</i> |
|-----------|---------------|----------------|----------------|-----------------|------------|
| Composite | -2.30         | -10.76         | -3.63          | -1.55           | 3.21       |
| Benchmark | -0.48         | -8.90          | -2.46          | -1.20           | 2.90       |

## PORTFOLIO MANAGEMENT



Jason Hotra  
Joined GMO in 2015  
BS, MIT

**Risks:** Risks associated with investing in the Strategy may include: Market Risk - Fixed Income Investments, Credit Risk, Illiquidity Risk, Derivatives and Short Sales Risk, and Futures Contracts 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](http://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](http://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.**

## GLOBAL BOND

## CHARACTERISTICS

|                    | <i>Portfolio</i> | <i>Benchmark</i> |
|--------------------|------------------|------------------|
| Effective Duration | 6.2              | N/A              |
| Maturity           | 5.7              | 8.4              |
| Coupon             | 3.6%             | 2.1%             |

## GLOBAL RATES CONTRIBUTION TO ACTIVE DURATION (%)

|                | <i>Portfolio</i> |
|----------------|------------------|
| Australia      | 0.9              |
| United States  | 0.4              |
| New Zealand    | 0.1              |
| United Kingdom | 0.0              |
| Canada         | -0.1             |
| Japan          | -0.2             |
| Switzerland    | -0.2             |
| Euro           | -0.5             |
| Sweden         | -0.9             |

## TOP COUNTRIES (%)

| <i>Country</i> | <i>Portfolio</i> | <i>Benchmark</i> |
|----------------|------------------|------------------|
| United States  | 57.4             | 49.7             |
| Australia      | 17.6             | 1.6              |
| Japan          | 16.0             | 17.8             |
| France         | 6.0              | 6.3              |
| United Kingdom | 5.9              | 5.6              |
| Italy          | 5.1              | 5.5              |
| Germany        | 4.9              | 4.8              |
| Spain          | 3.4              | 3.8              |
| Belgium        | 1.5              | 1.4              |
| New Zealand    | 1.1              | 0.0              |

## PORTFOLIO RATING BREAKDOWN (%)

|     | <i>%</i> |
|-----|----------|
| AAA | 7.7      |
| AA  | 73.3     |
| A   | 15.2     |
| BBB | 3.8      |

## TOP AND BOTTOM PORTFOLIO OVERLAY CURRENCY POSITIONS (vs. USD) (%)

|                | <i>Portfolio</i> |
|----------------|------------------|
| Japan          | 21.8             |
| Euro           | 17.3             |
| United Kingdom | 8.4              |
| Norway         | 4.5              |
| Canada         | 3.1              |
| New Zealand    | -0.5             |
| Singapore      | -0.7             |
| Poland         | -0.7             |
| Romania        | -0.8             |
| Switzerland    | -6.8             |

## TOP CURRENCIES (%)

| <i>Currency</i> | <i>Portfolio</i> | <i>Benchmark</i> |
|-----------------|------------------|------------------|
| USD             | 52.5             | 49.7             |
| JPY             | 21.8             | 17.8             |
| EUR             | 17.3             | 23.0             |
| GBP             | 8.4              | 5.6              |
| NOK             | 4.5              | 0.0              |
| CAD             | 3.1              | 1.9              |
| AUD             | 1.1              | 1.6              |
| MXN             | 0.8              | 0.0              |
| BRL             | 0.4              | 0.0              |
| SEK             | 0.4              | 0.2              |

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## IMPORTANT INFORMATION

**Benchmark(s):** The J.P. Morgan GBI Global Index is an independently maintained and widely published index comprised of government bonds of developed countries with maturities of one year or more.

**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.**

## GLOSSARY

**Credit Ratings:** The credit ratings above may encompass emerging debt, developed rates, and asset-backed exposure. Ratings for core portfolio holdings are derived by using the middle rating from Standard & Poor's, Moody's, and Fitch. Ratings for core holdings were adjusted during the January 2021 reporting period to conform with index provider methodology. Ratings for the emerging debt portion of the portfolio are derived by applying the Standard and Poor's or Moody's issue-level ratings (sequentially), and the S&P LT Foreign currency (FC) country issuer rating for the FC debt securities and/or S&P LT Local currency (LC) country issuer rating for LC securities where a security is not rated by either of the abovementioned credit rating agencies. Final credit ratings are expressed based upon Standard and Poor's ratings scale. Standard & Poor's rates securities from AAA (highest quality) to C (lowest quality), and D to indicate securities in default; some securities are not rated (NR). BB and below are considered below investment grade securities. Please refer to our website for additional information: <https://www.gmo.com/americas/benchmark-disclaimers/>

**Risk Statistics:** Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio.

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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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