

## EMERGING MARKETS EQUITY

## OVERVIEW

The GMO Emerging Markets Equity Strategy seeks total return by investing primarily in emerging (non-developed) market equities. The Strategy measures its performance against the MSCI Emerging Markets Index.

The Strategy's investment approach is grounded in the Systematic Equity team's belief that, in the short term, equity markets exhibit exploitable inefficiencies as a result of irrational investor actions, the imperfect flow of information, and the participation of non-economic actors, while in the long-term returns are ultimately driven by economic reality. The Strategy aims to take advantage of these inefficiencies by utilizing a multi-factor valuation model in conjunction with other methods, such as momentum and corporate alerts, to identify undervalued equity securities.

## FACTS

Strategy Inception	09-Dec-93
Composite Inception	31-Dec-93
Total Assets	\$1.5bn USD
Benchmark	MSCI Emerging Markets +
Alternate Benchmark	MSCI Emerging Markets

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2024</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>
Composite	-0.85	1.01	1.01	3.30	19.70	-31.12	2.54	5.41
Benchmark	0.48	2.28	2.28	7.50	9.83	-20.09	-2.54	18.31
Alternate Benchmark	0.48	2.28	2.28	7.50	9.83	-20.09	-2.54	18.31

## RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	-3.24
Beta	0.92
R Squared	0.88
Sharpe Ratio	-0.10
Standard Deviation	17.69

## 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	3.14	-0.33	0.89	2.12	5.67
Benchmark	10.07	0.46	4.26	3.89	5.22
Alternate Benchmark	10.07	0.46	4.26	3.49	4.69

## PORTFOLIO MANAGEMENT



**George Sakoulis**  
Joined GMO in 2020  
MA & PhD, University of Washington



**Warren Chiang, CFA**  
Joined GMO in 2015  
MBA, University of California Berkeley

**Risks:** Risks associated with investing in the Strategy may include: (1) Market Risk - Equities: the market price of equities may decline due to factors affecting the issuer, its industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares; (2) Non-U.S. Investment Risk: the market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets) are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets; and (3) Currency Risk: fluctuations in exchange rates can adversely affect the market value of the Fund's non-U.S. currency holdings and investments denominated in non-U.S. currencies. For a more complete discussion of these and other risks, please consult the Fund's offering documents. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

**Performance Returns:** 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 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.** Formerly GMO Emerging Markets Strategy.

## EMERGING MARKETS EQUITY

## CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	7.8x	16.6x
Price/Earnings - Hist 1 Yr Wtd Mdn	8.8x	18.4x
Price/Book - Hist 1 Yr Wtd Avg	1.1x	1.7x
Price/Cash Flow - Hist 1 Yr Wtd Mdn	6.2x	14.0x
Return on Equity - Hist 1 Yr Mdn	16.6%	16.5%
Debt/Equity - Wtd Mdn	0.3x	0.4x
Dividend Yield - Hist 1 Yr Wtd Avg	4.3%	2.7%
Market Cap - Wtd Mdn Bil	8.1 USD	18.0 USD
Number of Equity Holdings	245	1165
Active Share	68.1%	N/A

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Benchmark</i>
Small (5.3 & Below)	41.1	20.8
Small - Medium (5.3 To 16.9)	26.1	27.7
Medium (16.9 To 45.6)	5.9	15.2
Medium - Large (45.6 To 131.2)	8.2	15.2
Large (131.2 & Above)	18.7	21.1

## TOP COUNTRIES (%)

<i>Country</i>	<i>Portfolio</i>	<i>Benchmark</i>
China	27.7	30.7
Taiwan	22.4	19.1
South Korea	10.8	9.3
India	9.9	16.9
Brazil	9.8	4.2
Thailand	4.6	1.2
Indonesia	4.3	1.2
Hungary	4.3	0.3
Mexico	1.7	1.8
Cash	1.4	0.0

## REGIONS (%)

<i>Region</i>	<i>Portfolio</i>	<i>Benchmark</i>
East Asia (Emerging)	60.9	59.5
South Asia (Emerging)	19.3	20.7
Latin/South America (Emerging)	11.7	6.9
Europe (Emerging)	4.7	2.5
Mideast/Africa (Emerging)	2.0	10.2
Cash Equivalents	1.4	0.0

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Communication Services	6.2	10.1
Consumer Discretionary	18.2	14.3
Consumer Staples	4.8	4.6
Energy	6.0	4.3
Financials	20.2	23.6
Health Care	6.5	3.4
Industrials	11.4	6.3
Information Technology	17.4	23.7
Materials	3.0	5.6
Real Estate	1.1	1.6
Utilities	5.1	2.5

## TOP HOLDINGS

<i>Company</i>	<i>Country</i>	<i>Sector</i>	<i>%</i>
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	Information Technology	9.0
Tencent Holdings Ltd	China	Communication Services	5.1
Alibaba Group Holding Ltd	China	Consumer Discretionary	3.6
Evergreen Marine Corp Taiwan Ltd	Taiwan	Industrials	3.1
OTP Bank Nyrt	Hungary	Financials	3.1
Cia Energetica de Minas Gerais	Brazil	Utilities	2.8
Kia Corp	South Korea	Consumer Discretionary	2.6
JD.com Inc	China	Consumer Discretionary	2.4
Hyundai Mobis Co Ltd	South Korea	Consumer Discretionary	2.3
Petroleo Brasileiro SA	Brazil	Energy	2.2
<b>Total</b>			<b>36.2</b>

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## IMPORTANT INFORMATION

**Benchmark(s):** The MSCI Emerging Markets + Index is an internally maintained benchmark computed by GMO, comprised of (i) the S&P/IFCI Composite through 12/31/2018 and (ii) the MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. 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 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.

## GLOSSARY

**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.

**Sector Exposures:** The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS.

**Top Holdings:** Portfolio holdings are percent of equity. Where applicable, the top holdings are derived by looking through to the underlying portfolios in which the asset allocation strategy invests and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities. 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. This portfolio continues to hold de minimis Russian exposure as a result of past positioning and ongoing illiquidity. GMO has suspended net new purchases of Russian securities firm-wide.

## 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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO\*

SINGAPORE

SYDNEY

TOKYO\*\*

\*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area

\*\*Representative Office