YEAR-END LETTER FOR 2024

Emerging Country Debt Team

Dear Client,

On behalf of the GMO Emerging Country Debt team, thank you for your continued investment with us. This year was a special one for our team as we celebrated our 30th anniversary. As my colleague Carl Ross and I discussed during our webcast this past April, it amazes us that the kinds of exposures that contributed to outperformance 30 years ago still contribute to outperformance now. It is as though nothing has changed…even though so much has!

As part of our reflections on these past three decades, in 2024 we updated our "investor's guide" to Emerging Markets Debt in our What-When-Why-How paper. In its pages, we provide high-level perspectives on our markets, including re-underwriting their attractions and highlighting how - uniquely in risky fixed income - they continue as a place where even the median manager beats its benchmarks (EMBIG-D and GBI-EMGD). In this edition, we also toured and commented on the expanding ways in which allocators are accessing emerging debt today, including dedicated, blended, total return, thematic, quality-focused, multi-asset credit, etc.

From our perspective, two of these approaches, "Total Return" and "EMD Energy Transition", merit particular attention as they represent especially compelling ways to approach Emerging Country Debt for investors who have the flexibility to diverge from benchmark-oriented strategies. We find these ideas exciting, as both feature some of our strongest alpha contributors from over the decades while meeting the objectives of a growing list of investors. Additional details are included below, starting on page four.

For now, let's review the topics we highlight in every annual letter, specifically strategy performance, asset class flows, research priorities, and valuations/outlook.

Strategy Performance

Hard Currency (EMBIG-D benchmarked)

We were pleased with our hard currency strategy's outperformance this year, where alpha was quite high, and EMBIG-D outperformed high cash rates (EMBIG-D +6.5%; FTSE 3-month T-bill +5.4%). It has been the case over the years that big events ('98 Russia/LTCM, '01 Argentina default at ~20% benchmark weight, '08 GFC) bring big opportunities, and the pandemic/war/heightened defaults were no exceptions. Having used careful security selection and positioning ahead of the events, the subsequent period we use our stressed/distressed playbook to scale into positions so we can capture the upside after the storm. Post-default countries, even when retaining SD/CCC ratings, can have tremendous upside, as their macroeconomic characteristics improve as a function of the restructuring. We often say that when you hire an EMD manager, you want one who has playbooks for all environments as, after all, the asset class spans countries rated AA to those in default. Our sovereign team did yeoman's work producing recovery value estimates for numerous countries, then serving on creditor committees to press for high recoveries (within the bounds of debt sustainability).

We began the year with an overweight to this stressed/distressed segment, and it contributed 10.6% to the Strategy's overall 12.6% return. For EMBIG-D, the contribution from this segment was 4.7%, and the total benchmark return was 6.5%. Yes, the segment was more volatile: 8.0% volatility of weekly returns for the stressed/distressed segment versus 5.4% for the overall strategy (and 5.3% for the benchmark). These figures illustrate diversification benefits as well – there wasn't a huge contribution to *overall strategy volatility* relative to EMBIG-D *despite the overweight* and *despite the segment's higher volatility*. The key is with post-default prices low, this volatility is associated with upward drift, very different from pre-default, where we're more cautious on such low-rated issues. We believe, and we think our record shows, that having such issues as part of the opportunity set and benchmark are a feature (not a bug!) of the asset class in delivering high total returns.

Interestingly, the stressed/distressed universe overlapped somewhat with what some call "frontier" hard currency countries and for which J.P. Morgan publishes the "NEXGEM" index[1]. From our point of view, the size of a country doesn't make something an interesting investment; rather its return/risk properties do. We note that the total return of the stressed/distressed countries in EMBIG-D last year was 27.8% on 8.0% volatility, while the total return of NEXGEM was 11.4% on 5.7% volatility. We'll return to this "frontier" matter later both in the local currency performance review and our product development sections.

Meanwhile, there was plenty to do in the higher-quality segments of the markets as well. For example, a standard playbook here is to harvest the higher spreads in quasi-sovereign corporates relative to their sovereigns, and our team does a great job identifying the expansive quasi-sovereign universe and screening for outlier value opportunities. In good news, *retrospectively,* this was especially fruitful this year - our hard currency strategy's return contribution from quasi-sovereigns was 2.5%, while EMBIG-D's was only 0.9%. The bad news, *prospectively,* is that a lot of this came from spread compression in securities we like. Fortunately, issuance among first-time issuers has picked back up after a post-pandemic lull, so we are finding new opportunities even as older ones have played out for now.

On the negative side, unlike 2023, opportunistic local currency positions in the hard currency strategy net contributed modestly negatively in 2024. Although most positions did well, a Brazilian local interest rate position did terribly - we were overweight Brazilian interest rates and underweight Brazilian sovereign credit spreads. Unfortunately, a deterioration in the fiscal situation was reflected more in a widening of local interest rates (5-year local rates rose by ~570 bps) than in a widening of Brazil's external credit spreads (EMBIG-D Brazil spread widened by only 40 bps). At this differential, it makes sense for Brazil to shift its borrowing to external credit markets, so we expect this gap to close.

Local Currency (GBI-EMGD benchmarked)

The local debt strategy's performance was less rewarding in 2024, both from beta and alpha perspectives. The GBI-EMGD benchmark return was -2.4%, more than all of which was the contribution from spot FX, which fell 7.3%, *despite attractive valuations*. U.S. dollar strength was universal, comparable figures for the spot FX among non-U.S. developed markets (mainly EUR, JPY, GBP) was also -7.4%[2]. Having spent the turn of the new year in Brazil, I can tell you it's super cheap there.

Currency carry for GBI-EMGD only offset some of the spot weakness, contributing +1.6%. Within carry, a few Latin high yielders (MXN +6.0%, COP +6.0%, BRL +3.4%) and "frontier" TRY (+37.4%) were weighed down by big index weights in negative carry Asian FX (CNY -4.2%, MYR -2.4%, THB -2.2%).

Local bond returns were additive, +5.4% in local currency terms, and +3.8% excess over local cash for GBI-EMGD as a whole. Notable excess bond return leaders were ZAR (+14.3%), and "frontier" countries Dominican Republic (+13%[3]), Serbia (+11.4%), and Uruguay (+9.0%). Another star bond performer was China, where 10-year CGB rates fell by nearly 90 bps to 1.7%, opening a historic near 300 bps gap with U.S. 10-year rates. China's yield plummet seemed to pull Thai and Malay rates down. With the aforementioned negative FX carry, excess bond returns for the three were +12.0%, +7.9%, and +6.5%, respectively. On the negative side, the high carry proved to be too high a bar for excess returns in the three Latins and Turkey, where excess returns were -4.5% (BRL), -4.6% (COP), -2.3% (MXN), and -18.2% (TRY).

In terms of our alpha processes, our main systematic currency model, which focuses on core, floating-rate currencies, contributed -50 bps. The factor that contributed the most negatively in our FX model was the carry factor, to wit the underperformance of the high-carry Latins mentioned earlier, where spots declined by more than their forwards. Our main systematic local interest-rate model, which focuses on core rates that generally follow global rates, contributed -56 bps.

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[1] J.P. Morgan defines NEXGEM countries as "the smaller, less liquid population of emerging market economies, where investment opportunities in the external debt market are limited relative to the larger BRIC countries."

[2] Spot FX return contribution to J.P. Morgan GBI ex-U.S. index.

[3] With no FX forward market, returns in Dominican Republic and Uruguay are total returns, i.e., there is no synthetic cash return to subtract.

While our market pricing factors in the rates model worked well, they were more than offset by negative returns coming from our valuation and momentum factors. In particular, Brazil rates went from being very well valued to shockingly well valued.

On the other hand, we had another good year of alpha coming from FX and rates positions outside of the core, where we employ our "pegged/managed FX" framework that is more directional in nature and covers a very large number of "frontier" markets. In Turkey we benefited from being overweight the lira and being underweight Turkish duration. Elsewhere in FX, we benefited from overweights in the Dominican Republic, Uruguay, Nigeria, and Egypt; and underweights in China and Serbia. Further, these positions were quite idiosyncratic and therefore diversifying.

And, finally, security selection was again positive. In addition to the out-of-benchmark, out-of-model local positions mentioned already, certain quasi-sovereign positions were additive, as were credit positions in Argentina, the Bahamas, Jordan, and Qatar.

Asset Flows and New Strategies

Industry flows for the emerging debt asset class in general were again negative for the year, with $18.6 billion in outflows from hard currency funds and $11.4 billion in outflows from local currency funds[4]. Yet, net issuance was a record, and hard currency spreads narrowed. How was this net issuance absorbed? From our experience, a trend away from fund investments to separately managed accounts is one explanation. Add to that the rise in interest in multi-asset credit, which GMO is launching, is another.[5] Participation by locals in their own local and foreign currency markets is yet another. Consistent with this backdrop, our hard currency strategy ended the year in net outflow territory. Strong performance triggered a rebalance from one of our larger public fund investors, while plan restructuring and de-risking accounted for other notable client outflows. The strategy also saw contributions throughout the year from both new and existing investors, including a new investment from a former client that had previously invested with the firm in another asset class. Our local debt strategy ended the year with a modest net positive flow driven by notable contributions from new and existing family office investors, attracted to the valuation case. All in all, the general asset level for both of our strategies ended the year relatively flat from the prior year end.

Consistent with our continuing view that the U.S. dollar is richly valued, we launched a new strategy specifically aimed at profiting from an eventual dollar decline while also diversifying the core, mainly Asian EMFX represented in MSCI-EM. Given our success in diversifying, more "frontier" EM FX and rates, this new strategy features frontier prominently. This strategy currently is an alpha driver in our Asset Allocation team's liquid alternative strategy.

Given investment success investing in hard-to-access EM local debt across our strategies, this year we embarked on a project to create implementation-oriented "access vehicles" for these investments. Our goal is to reduce the extensive paperwork (set up, custody, tax) to the "access vehicles," allowing our hard and local currency funds and separate accounts to get diversified exposure to these attractive, but difficult to access, markets in one step. Provisionally, we'd used the term "frontier EM local" to describe these vehicles.

Research

While our team pursued a wide variety of research priorities in 2024, it was a lighter year for published papers.

From our quasi-sovereign team we used a rare idiosyncratic credit event in quasi-sovereigns to highlight our expertise in the quasi-sovereign corporate space. Our investors know our strong preference for quasi-sovereigns given the rarity of such events, so this is a chance to see how we use this expertise to generate positive alpha despite the event. The case involves a private entity (nonetheless a "quasi-sovereign" under our investment definition due to contractual cashflows that stem from

[4] As of 12/27/24. Data compiled by J.P. Morgan using primarily EFPR data and assuming that blended fund flows are equally split among hard and local currency funds.

[5] It's of course self-serving of me to say this, but I believe GMO's Multi-Asset Credit offering will differentiate itself by being focused on the two least efficient segments of the credit markets – emerging debt and securitized credit. Further, we have been earning consistent alpha in our systematic investment grade and high yield offerings. Together these will be a strong package.

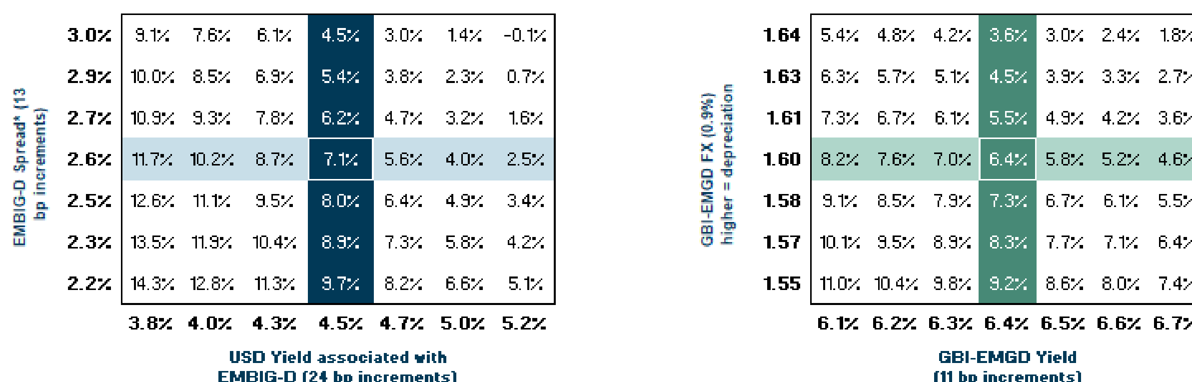
the government) in the electricity generation industry. An interesting conclusion from the paper relates to opportunities in Energy Transition and, therefore, aspects of our approach to securities related to that theme.

From our fixed income quant team, we introduced duration-weighted spreads and yields for EMBIG-D in our 2Q24 EMD Quarterly Valuation Update. Long story short, J.P. Morgan plans to introduce these in 2026, but we felt investors deserved our perspective on them now, as spreads and yields are key aspects of their allocation decision.

This summary leaves out other fascinating work that goes on in our day to day lives but about which we haven't published. Please, feel free to ask us about any topic during your client review. For example, there were interesting developments in "state contingent debt instruments" in the Ghana, Sri Lanka, Zambia, and Ukraine restructurings. The 2025 election calendar, while not as full as 2024, has some key ones in Ecuador, Argentina, Bolivia, and Suriname. First-time issuers, most in the corporate segment (including quasi-sovereign corporate) returned in numbers this past year after a post-COVID/post-rate rise lull. The IMF continued to be active, and the Global Sovereign Debt Roundtable continued to bring the expanded set of creditor stakeholders to the table to improve/shorten restructuring processes. The significant steepening in U.S. interest rates caused important shifts in bond relative value relationships. I could go on....

Valuations/Outlook

Below we share our usual one-year ahead scenarios for the benchmarks for hard currency (left) and local currency (right) as of December 31, 2024. We start with the duration-weighted yields in the center, then vary the main inputs to these yields, namely hard currency spreads and U.S. dollar interest rates, and local currency yields and currency spot levels. As discussed in our 4Q24 Quarterly Valuation Update, valuations for spreads and U.S. dollar rates are neutral, implying the most likely outcome is centered around the midpoint. For local currency, we find both the rates and the FX very attractive, implying that scenarios associated with the lower left-hand quadrant are possible. This said, we also believed this at the beginning of 2024, see Emerging Country Local Debt: A Once-in-a-Generation Opportunity?. Instead, local debt underperformed cash. Timing the turn here based on valuations has proven to be frustrating so far. Anecdotally, as mentioned earlier about Brazil, our team travels quite a bit both for work and for pleasure, and it's pretty clear the U.S. dollar is rich!



EMBIG-D Spread* (13 bp increments) / USD Yield associated with EMBIG-D (24 bp increments)

	3.8%	4.0%	4.3%	4.5%	4.7%	5.0%	5.2%
3.0%	9.1%	7.6%	6.1%	4.5%	3.0%	1.4%	-0.1%
2.9%	10.0%	8.5%	6.9%	5.4%	3.8%	2.3%	0.7%
2.7%	10.9%	9.3%	7.8%	6.2%	4.7%	3.2%	1.6%
2.6%	11.7%	10.2%	8.7%	7.1%	5.6%	4.0%	2.5%
2.5%	12.6%	11.1%	9.5%	8.0%	6.4%	4.9%	3.4%
2.3%	13.5%	11.9%	10.4%	8.9%	7.3%	5.8%	4.2%
2.2%	14.3%	12.8%	11.3%	9.7%	8.2%	6.6%	5.1%

GBI-EMGD FX (0.9%) higher = depreciation / GBI-EMGD Yield (11 bp increments)

	6.1%	6.2%	6.3%	6.4%	6.5%	6.6%	6.7%
1.64	5.4%	4.8%	4.2%	3.6%	3.0%	2.4%	1.8%
1.63	6.3%	5.7%	5.1%	4.5%	3.9%	3.3%	2.7%
1.61	7.3%	6.7%	6.1%	5.5%	4.9%	4.2%	3.6%
1.60	8.2%	7.6%	7.0%	6.4%	5.8%	5.2%	4.6%
1.58	9.1%	8.5%	7.9%	7.3%	6.7%	6.1%	5.5%
1.57	10.1%	9.5%	8.9%	8.3%	7.7%	7.1%	6.4%
1.55	11.0%	10.4%	9.8%	9.2%	8.6%	8.0%	7.4%

As of Dec 2024 | Source: GMO

Best Ideas for New Strategies

In the introduction, I referenced two growing approaches to emerging markets debt investing, "Total Return" and "EMD Energy Transition", that we see as particularly compelling for allocators whose mandates allow more benchmark-agnostic allocations. Over our decades of emerging debt investing, some of our best *alpha* ideas have come from these areas – specifically stressed/distressed hard currency, EM local frontier, and quasi-sovereign corporates. Below, for clients who

might be interested, we provide additional detail on what, from our perspective, these strategies might look like if implemented in stand-alone portfolios.

Total Return

GMO is an alpha manager. By having high alpha relative to our benchmarks, we have consistently reached the top of the eVestment charts in the hard and local categories[6]. For total return, we change the benchmark to SOFR +3%, and we aim to outperform that. Why is this a good idea?

1. SOFR +3% is an attractive investment: low duration and high yield, like private credit except in public markets.
2. A 3% hurdle for measuring alpha does two things:
    a. It focuses the hard currency universe on higher-spread issuers, generally those that are low investment grade or sub investment grade. This ensures a more direct comparison with high yield investments. (Incidentally, some of these hard currency sub investment grade countries are separately labeled “frontier” as described earlier).
    b. It sets a high hurdle for considering unhedged local currency exposures (much better than a blended benchmark would, which sets no hurdle). This will bring in more high yield, often “frontier” local markets.
3. Generally, issues that survive a SOFR +3% hurdle exhibit lower empirical interest-rate duration, lessening the need to lower the portfolio’s duration (SOFR is zero duration) via hedging.

Because of features 2 a/b, we could have called this strategy a “frontier” strategy, certainly the sub-set of hard and local markets that others are marketing as “frontier” have featured prominently in our recent and long-run returns. However, the overarching goal is not the name but rather the objective: high return potentials, low USD interest-rate sensitivity, and a diversifying return stream.

Long-time readers will recognize this as returning to our roots, when the benchmarks for our strategies didn’t contain low yield/low spread countries like China, Saudi Arabia, Qatar, etc.[7] While we often make benchmark-relative *alpha* in these low-spread countries, the overall total return of the investment can be less appealing.

The table below compares the characteristics of this proposed Total Return strategy with the EMBI Global (our benchmark until 2020), EMBI Global Diversified (the current benchmark of our hard currency strategy), and NEXGEM, the benchmark some are using for “hard currency frontier” strategies.

Notice that as you move from EMBIG to EMBIG-D to NEXGEM the spread rises (from 272 to 293 to 412 bps); the interest-rate and spread durations fall (from 6.6 to 6.5 to 5.4); and the credit quality falls (from weak investment grade to B+/B2). For EMBIG versus EMBIG-D, the top 10 countries fall from 49% of the total to 39%, although the list of countries hardly moves. NEXGEM, by restricting itself to be sub investment grade, concentrates itself such that the top 10 (weak) countries are 55%. Non-sovereigns fall from 23% (EMBIG) to 18% (EMBIG-D) to 5% (NEXGEM), as weak countries rarely have investable quasi-sovereigns. And, finally, because all are USD benchmarks, there are no local markets at all, despite attractive valuations.

Contrast all of this with an objectives-based, SOFR +3% total return strategy. It has a higher spread still (430 bps) and materially lower interest-rate (1.5) and spread durations (3.5). It is much more diversified by country (top 10 only 33%), with notable investment-grade countries present. Quasi-sovereigns are 10%, including ones from higher-grade countries. And, significantly, both core EM and frontier EM local markets make a showing. To us, this is how to transport our alpha skills into total return from benchmark relative.

[6] As of most recent available (Q3 2024), the percentile ranks for 1-,3-,5-,10-years were as follows: Hard currency: 3,3,4,1. Local currency: 1,5,4,7.

[7] And, early on in the 1990s, ½ of the benchmark was comprised of Libor floaters, so the USD interest-rate sensitivity was much, much lower.

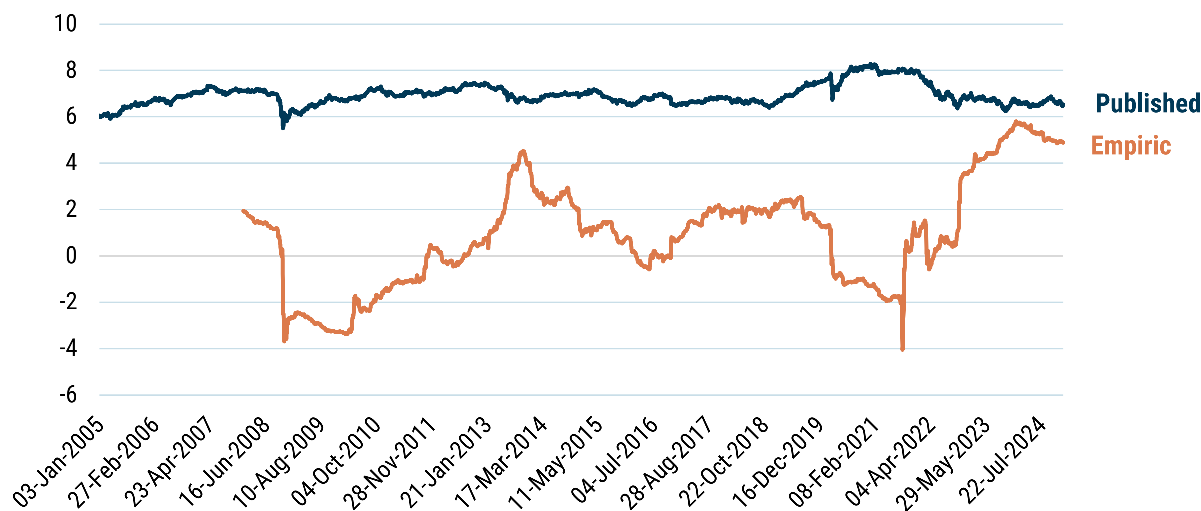
CHARACTERISTICS

	EMBI Global	EMBIG Diversified	NEXGEM	GMO Total Return
Universe	USD denominated sovereigns and 100% government owned quasi sovereigns from Emerging Countries		Subset of EMBIG focused on the smaller, less liquid population of emerging countries (<2% weight in EMBIG-D in last 12 months)	All sovereign and quasi sovereign corporate debt in all currencies and forms, including extensive out-of-benchmark holdings
Defining "Emerging Country"	Per capita income below certain thresholds			EMBIG universe plus countries with similar economic features and yields
Weighting method	Market capitalization (notional outstanding x settlement price)	Diversification rules cap notional outstanding amounts of larger countries and re-distribute to smaller countries	Market capitalization (notional outstanding x settlement price)	Positions that will generate excess return relative to SOFR+3% objective
Credit quality constraints	NA	NA	Ba1/BB+/BB+ or lower by all three agencies: Moody's, S&P, Fitch	NA
Characteristics				
Objective	Passive	Passive subject to rebalancing implications of diversification rules	Passive	SOFR+3%
Current spread*	272	293	412	430
Current USD rate	6.6	6.5	5.4	1.5
Current spread duration	6.6	6.5	5.3	3.5
Current rating	BBB- / Baa3	BBB- / Ba1	B+ / B2	NA
Non sovereign	23%	18%	5%	10%
Core EM local FX (%)	NA	NA	NA	9.2%
Core EM local CTD	NA	NA	NA	0.5
Frontier EM local FX (%)	NA	NA	NA	17.3%
Frontier EM CTD	NA	NA	NA	0.4
Top 10 countries (%)	**49%**	**39%**	**55%**	**33%**
	Mexico, BBB / Ba2, 10.0%	Saudi Arabia, A / Aa3, 5.0%	Nigeria, B- / Caa1, 13.3%	Egypt, B- / Caa1, 4.9%
	Saudi Arabia, A / Aa3, 9.8%	Mexico, BBB / Ba2, 4.9%	Guatemala, BB / Ba1, 6.9%	Ghana, / Caa2, 4.0%
	Indonesia, BBB / Baa2, 7.3%	Indonesia, BBB / Baa2, 4.3%	Angola, B- / B3, 6.8%	Romania, BBB- / Baa3, 3.6%
	UAE, AA- / A1, 7.0%	Turkey, BB- / B1, 4.3%	Costa Rica, BB- / Ba3, 6.3%	Venezuela, / C, 3.2%
	Turkey, BB- / B1, 6.8%	UAE, AA- / A1, 4.1%	Sri Lanka, / Caa1, 6.2%	Nigeria, B- / Caa1, 3.1%
	China, A+ / A2, 5.1%	China, A+ / A2, 3.7%	Pakistan, CCC+ / Caa2, 5.2%	Argentina, CCC / Caa3, 3.0%
	Chile, A- / A3, 3.7%	Qatar, AA / Aa2, 3.2%	Kenya, B- / Caa1, 5.1%	Mexico, BBB / Ba2, 3.0%
	Qatar, AA / Aa2, 3.6%	Chile, A- / A3, 3.1%	El Salvador, B- / B3, 5.0%	Dominican Republic, BB / Ba3, 2.8%
	Argentina, CCC / Caa3, 3.3%	Oman, BBB- / Ba1, 3.0%	Ghana, / Caa2, 5.0%	Sri Lanka, / Caa1, 2.5%
	Brazil, BB / Ba1, 2.8%	Philippines, BBB+ / Baa2, 3.0%	Jordan, BB- / Ba3, 4.9%	Ecuador, B- / Caa3, 2.5%

As of February 3, 2025 | Source: GMO and J.P. Morgan. *Spreads are duration adjusted

A quick side note on the matter of interest-rate duration. Lately we are coming to understand that our clients often prefer to take their duration in "pure" duration products (home country government bonds) or in explicit LDI settings rather than via their risky fixed income investments. A quick look at the graph below, which plots the published USD duration of EMBIG-D, and the "empiric" (regression) USD duration highlights this feature.

THE CHALLENGE OF EMBEDDING USD DURATION IN RISKY FIXED INCOME PORTFOLIOS



Source: GMO

Given the asset allocation challenges of considering such an asset's duration contribution over time, a SOFR +300 objective strategy explicitly removes that layer of uncertainty.

We are actively considering whether formalizing this strategy for interested investors sometime later in 2025 makes sense.

Emerging Debt Energy Transition

For allocators that have flexibility relative to benchmarks, but who also have an interest in the long-term tailwinds of the ongoing "Energy Transition," we would propose a second approach worth considering.

Within this strategy, again we lean on our demonstrated skills in analyzing quasi-sovereign corporates, this time in a thematic subset of our markets, namely the companies charged with carrying out EM countries' Net Zero pledges. As discussed at length over the years, see The Mystery of SOE Debt and Chinese SOE Debt, we like the risk/reward aspects of quasi-sovereigns, and use ones with wide spreads to sovereigns to generate alpha relative to our largely (EMBIG-D) or exclusively (GBI-EMGD) sovereign benchmarks. This is true even when, as we discussed earlier, we have the rare idiosyncratic quasi-sovereign credit event. We find the risk/reward of this space much better than EM "pure corporates" (no link to the sovereign), where idiosyncratic difficulties (whether financial or fraud or otherwise) can lead to substantial permanent loss.

As outlined in the strategy introduction paper, what appeals to us about this niche is the uniform net-of-loss spread pick up of the opportunity set relative to developed markets corporate alternatives – at every level of credit rating. Therefore, depending on an investor's credit risk tolerance, attractive portfolios can be generated whether restricted to be investment grade (for those comparing to Bloomberg Barclays Aggregate-style portfolios) or whether inclusive of sub-investment grade potential

investments (as has been more typical in emerging debt historically). Depending on an investor's liquidity tolerance, the strategy can be inclusive of significant private credit instruments or restricted to only select ones.

Net net, the plan is for the Energy Transition strategy to deliver the highest possible risk-adjusted returns in the subset of the universe that is consistent with delivering energy transition outcomes in emerging markets and consistent with the client's tolerance for credit risk and liquidity risks. This is a second strategy we are actively considering offering over coming quarters.

We would be delighted to speak with you about either of these strategy ideas.

Thank you for the trust you put in us to manage your investments. We look forward to seeing you and/or speaking with you in 2025.

Back row, left to right: Garrett Sullivan, Sergey Sobolev, Mustafa Ulukan, Eamon Aghdasi
Front row, left to right: Tina Vandersteel, Carl Ross, Victoria Courmes

Tina Vandersteel and the GMO Emerging Country Debt Team

Annualized Returns as of 12/31/2024 (Net, USD)	*Inception*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*ITD*
GMO Emerging Country Debt Composite[1]	4/30/1994	12.57%	3.26%	3.04%	4.65%	11.67%
J.P. Morgan EMBI Global Diversified +		6.54%	-0.91%	0.19%	3.00%	8.19%

Annualized Returns as of 12/31/2024 (Net, USD)	*Inception*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*ITD*
GMO Emerging Country Local Debt Composite[2]	2/29/2008	-2.10%	2.77%	0.40%	1.83%	1.69%
J.P. Morgan GBI-EM Global Diversified +		-2.38%	-0.96%	-1.86%	0.43%	1.68%

Returns shown for periods greater than one year are on an annualized basis.

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**.

[1]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.

[2]Returns for the composite are based on estimated market values for the period from and including October 2008 through February 2009.

Disclaimer
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