

EMERGING MARKETS EQUITY FUND

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO Emerging Markets Equity Fund seeks total return in excess of its benchmark, the MSCI EM Index. GMO uses proprietary quantitative techniques and fundamental analysis to select countries, sectors, and equity investments based on factors including valuation, quality, price movement, volatility, and macroeconomics, as well as Environmental, Social and Governance criteria.

PERFORMANCE (%)

Net of Fees, USD	+10.13
Gross of Fees, Unswung, USD	+10.43
MSCI Emerging Markets ¹	+9.70
Value Added	+0.72

Major Performance Drivers

Emerging market equities posted a big quarter on the back of a jump in positive sentiment in China. Country returns varied, ranging from a 15.3% fall in Qatar to a 62.9% leap in Turkey. Sector returns were more clustered, varying from an increase of 4.2% in Energy to a rise of 13.8% in Communication Services.

Brazilian equities began the quarter well, boosted by a smooth election and expectations of a centrist policy from the new administration. Later in the period, they retracted when confronted by the size of the incoming government's spending plans. Our underweight in Brazil Financials helped performance.

Sentiment in China initially took a hit as the focus of the country leadership was seen moving away from economic reform and toward geopolitical issues. The market turned around later as the government relaxed its zero Covid policy and announced a plan to support the property sector. Our underweight in China Financials hurt performance.

The stock market in India dropped as concern grew over expensive valuations, rising rates, and weakening global demand. Our underweight in India Consumer Staples contributed to performance.

Reports of above expected economic expansion boosted investor sentiment in Mexico. Toward the end of the quarter, sentiment took a hit from a proposed reform that was seen as weakening the power of the election commission. Our overweight in Mexico Financials added to performance.

Important Information

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID and do not base any final investment decision on this communication alone. 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/equities/emerging-markets-strategy/emerging-markets-equity-fund---emdub/>. 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 Fund Supplement or KIID, available at <https://www.gmo.com/europe/product-index-page/equities/emerging-markets-strategy/emerging-markets-equity-fund--emdub/>.

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investors shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. To obtain performance information to the most recent month end, visit www.gmo.com.

GMO UK Limited authorised and regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is a branch office of GMO UK Limited and is registered with the AFM. Risks associated with investing in the Fund may include Market Risk - Equities, Non-U.S. Investment Risk, Currency Risk, Management and Operational Risk, and Illiquidity Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus.

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¹ 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 Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.