

# QUARTERLY INVESTMENT REVIEW

## Systematic Global Macro Trust

### Performance returns (AUD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Systematic Global Macro Trust (net)	-5.82	-5.82	-1.24	2.65	1.30	2.83	6.45
Bloomberg AusBond Bank Bill +	1.09	1.09	4.19	2.07	1.51	1.82	3.21
Value Add	-6.90	-6.90	-5.43	+0.58	-0.21	+1.01	+3.24

### Major Performance Drivers

It was a strong start to equity markets for the year. Driven by stronger than expected economic growth in the U.S., developed market equities rose over 8%, while emerging market equities traded sideways. Fixed income markets had a more challenging start, as inflation seemed somewhat more stubborn than anticipated and expectations of Fed cuts became less optimistic. The lowering of cut expectations also helped the U.S. dollar, which rose close to 2.5% to the euro, and over 7% to the Japanese yen.

The portfolio had a frustrating quarter as commodities were a significant detractor, mainly driven by small, short positions in cocoa. Supply shortages and expectations of further squeezes saw cocoa prices surge over 140% for the period and this dominated performance.

Currencies added value over the quarter, mainly through short positions in the Japanese yen and Swiss franc. Equity positions were a slight detractor as gains from long U.S. positions were offset by losses in long Hang Seng positions.

Inception Date: 2-Dec-02

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

**Risks:** Risks associated with investing in the Trust may include Market Risk - Equity Securities, Market Risk - Fixed Income, Credit Risk, Small Company Risk, and Commodities Risk. For a more complete discussion of these risks and others, please consult the Trust's Information Memorandum or Product Disclosure Statement. 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 management fees and incentive fees 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.

The GMO Systematic Global Macro Trust ARSN 090 799 385 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656.

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## PRODUCT OVERVIEW

The GMO Systematic Global Macro Trust's investment objective is long-term total return. GMO Australia aims to produce a portfolio that seeks to outperform the Bloomberg Ausbond Bank Bill Index by taking both long and short positions in a range of global equity, bond, currency, and commodity markets using exchange-traded futures and forward foreign exchange contracts, as well as by making other investments.

The Systematic Global Macro team's investment process systematically applies value and sentiment strategies across global markets. We believe that markets are inefficient but, in the long term, that economic reality will prevail and markets will revert toward fair value; however, the timing of this is uncertain. We aim to profit from mean reversion by buying markets that we believe are depressed in price and shorting markets that we believe are trading at inflated values. To deal with the uncertainty of timing, we model investor sentiment. Using sentiment helps us avoid buying inexpensive assets too early and closing winning positions too quickly.

## IMPORTANT INFORMATION

**Benchmark(s):** The Bloomberg AusBond Bank Bill + Index is an internally maintained benchmark computed by GMO, comprised of (i) the Bloomberg AusBond Bank Bill through 29/11/2002, (ii) the Bloomberg AusBond Composite 0+ Yr Index through 29/04/2005, and (iii) the Bloomberg AusBond Bank Bill Index thereafter.

**The Trust accepts investments from wholesale investors only. Retail investors are not able to directly invest in the Trust but may gain exposure to the Trusts by investing with certain investor directed portfolio services, master trusts, wrap accounts or custodians ("services").** GMO Australia Limited, GMO LLC, and their affiliates, do not guarantee the performance of the Trust or the repayment of an investor's capital. This information is of a general nature only and is not advice. It does not take into account the objectives, financial situation or needs of any specific investor. The offer to invest in the Trust for wholesale investors is contained in the current information memorandum. A Product Disclosure Statement ("PDS") is also available solely for use by retail investors gaining exposure to the Trust through a service. A Target Market Determination (TMD) has also been prepared for the Trust. The information memorandum PDS and TMD can be obtained by visiting our website [www.gmo.com](http://www.gmo.com). Investors should read the information memorandum or PDS, consider their own circumstances, and obtain their own advice before making an investment decision.

## 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

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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