

OPPORTUNISTIC INCOME

OVERVIEW

The GMO Opportunistic Income Strategy seeks capital appreciation and current income by investing in what we believe are the most attractively priced sectors and securities in the structured finance marketplace. The Structured Products team utilizes both top-down and bottom-up security selection methods to identify what we believe are the best opportunities from a pure risk/return perspective.

The structured finance asset class offers a range of opportunities due to both its inherently fragmented nature and the inefficiencies caused by market segmentation and structural anomalies. We believe that the marketplace's complexity, volatile historical performance, and very high number of discrete investment opportunities create considerable potential for alpha generation. Our relatively unconstrained approach to risk diversification, sub-sector allocation, and security selection is designed to identify and benefit from those opportunities.

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Composite	0.98	0.57	1.91	7.03	-2.16	2.75	3.24	3.77
Index	1.95	-1.02	-1.92	5.08	-11.67	-1.04	4.18	6.44

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	5.69	2.49	2.82	3.48	4.37
Index	0.76	-3.19	-0.72	0.51	0.52

FACTS

Strategy Inception	3-Oct-11
Composite Inception	31-Oct-11
Total Assets	\$1.5bn USD
Index	Bloomberg U.S. Securitized+

RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	1.32
Beta	0.23
R Squared	0.17
Sharpe Ratio	0.19
Standard Deviation	3.46

PORTFOLIO MANAGEMENT



Joe Auth, CFA
Joined GMO in 2014
MBA, University of Connecticut



Ben Nabet
Joined GMO in 2015
PhD & MA, Princeton University

Risks: Risks associated with investing in the Strategy may include Credit Risk, Market Risk - Asset-Backed Securities, Illiquidity Risk, Focused Investment Risk, and Market Risk - Fixed Income. 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.

Performance Returns: 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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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CHARACTERISTICS

	<i>Portfolio</i>
Spread Duration	1.0
Effective Duration	2.4
Average Credit Rating	A
Yield to Worst	6.6%
# of Bond Issues	254.0
Weighted Average Life	3.0

CREDIT RATINGS (%)

	<i>%</i>
AAA	70.7
AA	4.3
A	1.1
BBB	3.3
BB	2.8
B	2.5
CCC	2.7
CC	2.0
C	3.3
D	4.1
NR	3.1

SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Index</i>
Autos	3.0	0.0
Cash/Equiv.	25.7	0.0
CDO	0.1	0.0
CLO	12.0	0.0
CMBS	20.6	5.7
Other ABS	2.8	1.7
RMBS	16.0	92.5
Small Balance Commercial	4.7	0.0
Student Loans	15.1	0.0

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IMPORTANT INFORMATION

Index(es): The Bloomberg U.S. Securitized + Index is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan U.S. 3 Month Cash through 12/30/2016 and (ii) the Bloomberg U.S. Securitized thereafter.

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

Fixed Income Characteristics: Yield (i.e., Yield-to-Worst) is internally calculated as the weighted average yield on the cash bonds over the total market value of the portfolio.

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.

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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*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

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