

EMERGING COUNTRY DEBT UCITS FUND

The Opportunity

Emerging country debt offers a variety of alpha opportunities, with yields that are attractively high to compensate investors for potential default risk. Investors who have taken a strategic approach to the asset class have been rewarded with high, repeatable alpha derived from the premia associated with liquidity, complexity, and credit quality in the opportunity set and the benchmarks. The persistence of these premia can be harvested through rigorous security selection and in ways that are less sensitive to macroeconomic and market environments.

The GMO Solution

GMO was one of the first managers to launch a fund in the space more than 25 years ago, and our delivered long-term net alpha has been high relative to the benchmark and to other managers. We attribute our success to a unique set of features:

EMPHASIS ON ISSUE SELECTION

- Top-down forecasting is difficult to achieve and therefore less reliable. Security level arbitrage opportunities offer a higher probability of success. Within a given country where all securities have similar default risk, we look for mispriced debt instruments which offer the highest return potential.

RISK CONTROL

- We hedge out uncompensated risks at the security level. We don't attempt to time interest rates or take non-dollar risk. At the portfolio level, we maintain and monitor levels of active duration and concentration by not deviating significantly from country benchmark weights.



LONG-TERM, BUY AND HOLD STRATEGY

- Taking a long-term view empowers us to tolerate periods of short-term volatility, and to maximize the trade-off between complexity and/or liquidity premia and total return. Making careful purchases reduces the drag of high transaction costs on portfolio performance.

EXPERIENCED, COHESIVE TEAM

- Our dedicated team has an average of 17 years of industry experience. We have been tested over multiple market cycles and crises. We feel the optimal portfolio management structure is one of a small team of highly experienced investors, each with a clearly defined role working in a collaborative fashion and supported by colleagues in fixed income quantitative research, strategy, trading, and operations.

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: www.gmo.com.

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 www.gmo.com.

The Client Fit

We believe GMO Emerging Country Debt offers superior relative performance over the benchmark for investors with long time horizons and tolerance for mark-to-market volatility. Our unique approach has a low correlation with other managers and can be used in the following ways:

1. As an ideal stand-alone allocation to emerging debt
2. As part of a multi-manager allocation to emerging debt
3. Alongside broader fixed income mandates that invest in emerging markets opportunistically

Who We Are

Founded in 1977, GMO is a private partnership whose sole business is investment management. The firm manages global portfolios with offices and clients around the world. Investment offerings include equity, fixed income, multi-asset class, and alternative strategies. GMO is known for blended fundamental and quantitative investment research expertise and a long-term orientation toward value opportunities.

The Team

The GMO Emerging Country Debt team has been managing emerging portfolios since 1994, consistently employing an investment approach emphasizing bottom-up, valuation-based instrument selection.

RISK

Risks associated with investing in the Strategy may include Credit Risk, Market Risk-Fixed Income Investments, Illiquidity Risk, Derivatives and Short Sales Risk, and Counterparty Risk.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.



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the Financial Conduct Authority Registered no 4658801 England.
GMO Netherlands is registered with the AFM.

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