

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Annual Report**  
**February 28, 2009**

For a free copy of the Fund's proxy voting guidelines, shareholders may call 1-617-346-7646 (collect) or visit the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). Information regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on GMO's website at [www.gmo.com](http://www.gmo.com), or on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarter of each fiscal year on Form N-Q, which is available on the Commission's website at [www.sec.gov](http://www.sec.gov). The Fund's Form N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Fund has a policy with respect to disclosure of portfolio holdings under which it may also make available on GMO's website at [www.gmo.com](http://www.gmo.com) a complete schedule of portfolio holdings.

This report is prepared for the general information of shareholders. It is authorized for distribution to prospective investors only when preceded or accompanied by a prospectus for the GMO Trust, which contains a complete discussion of the risks associated with an investment in this Fund and other important information. The GMO Trust prospectus can be obtained at [www.gmo.com](http://www.gmo.com).

# **GMO International Intrinsic Value Fund**

## **(A Series of GMO Trust)**

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### **Portfolio Management**

Day-to-day management of the Fund's portfolio is the responsibility of the Quantitative Equity team at Grantham, Mayo, Van Otterloo & Co. LLC.

### **Management Discussion and Analysis of Fund Performance**

The Class III shares of the GMO International Intrinsic Value Fund returned -48.0% for the fiscal year ended February 28, 2009, as compared to -50.2% for the MSCI EAFE Index and -51.4% for the MSCI EAFE Value Index. Consistent with the Fund's investment objectives and policies, the Fund was invested primarily in international equity securities throughout the period.

Relative to the EAFE Value Index, country allocation had a slight negative impact. This was the result of positions in several countries. The Fund's underweight in Spain combined with holding small cash balances in falling markets added value, but these gains were offset by the Fund's overweight in Switzerland and underweight in the United Kingdom.

Sector weightings had a strong positive impact on performance relative to the index. During the period, the Fund's underweight to Financials and overweight to Health Care contributed significantly.

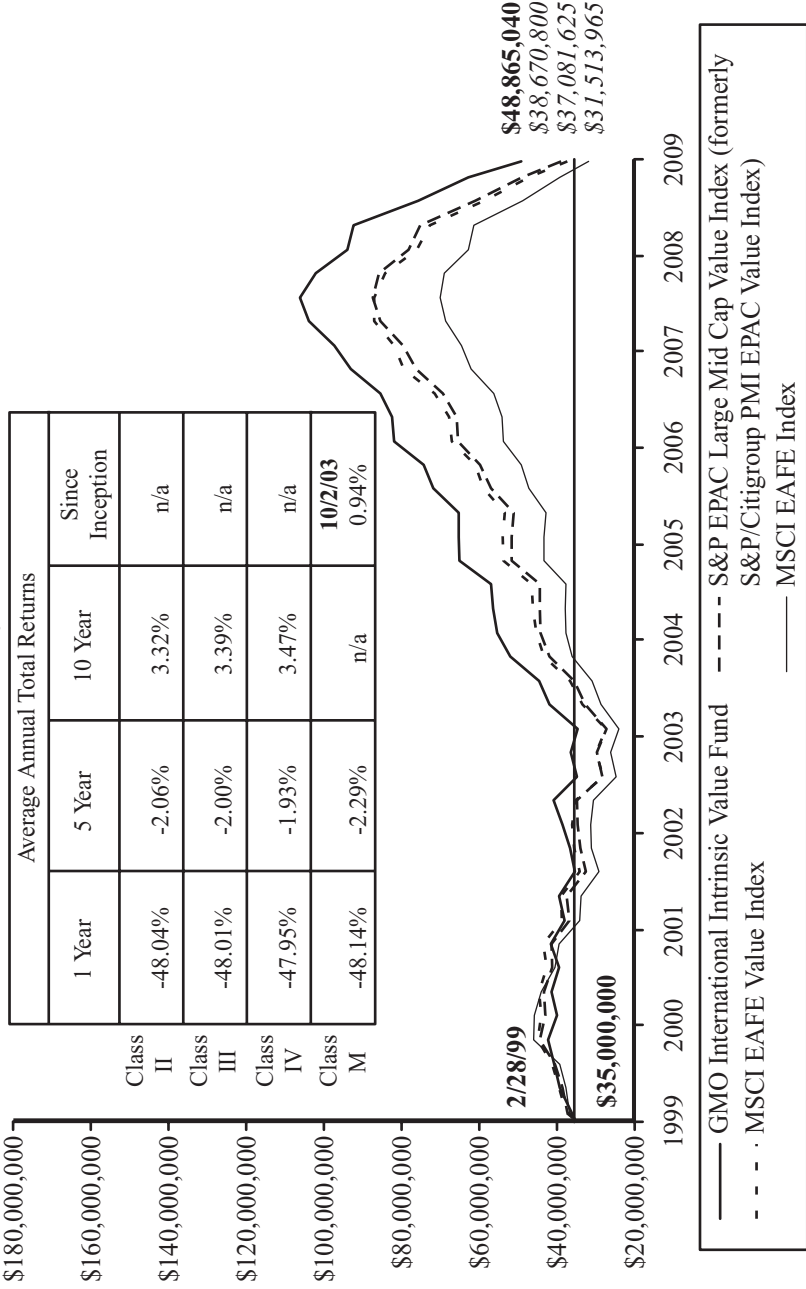
Currency allocation also had a strong positive impact on relative performance as the Fund's underweights in the British pound and Australian dollar and overweights in the Japanese yen and Swiss franc added value. The U.S. dollar strengthened relative to most foreign currencies, which detracted from returns for U.S. investors. The MSCI EAFE Index returned almost 9% more in local currency terms than in U.S. dollars.

Stock selection had mixed results, with the Fund's financial holdings especially weak. Holdings in Australian mining company Rio Tinto, Finnish cell phone maker Nokia, and British financial Royal Bank of Scotland were among the most significant detractors. On the positive side were holdings in British pharmaceutical GlaxoSmithKline, Swiss pharmaceutical Novartis, and Swiss food processor Nestlé, all of which outperformed strongly.

Among GMO's international quantitative stock selection disciplines, stocks ranked highly by intrinsic value (with its boost of high quality) outperformed strongly. Those selected by quality-adjusted value outperformed slightly, while those with strong momentum underperformed somewhat.

*The views expressed herein are exclusively those of Grantham, Mayo, Van Otterloo & Co. LLC Management as of the date of this report and are subject to change. GMO disclaims any responsibility to update such views. They are not meant as investment advice. References to specific securities are not recommendations of such securities and may not be representative of any GMO portfolio's current or future investments.*

## Comparison of Change in Value of a \$35,000,000 Investment in GMO International Intrinsic Class III Shares and the MSCI EAFE Value Index\* As of February 28, 2009



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 investor's 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](http://www.gmo.com). Performance shown is net of all fees after reimbursement from the Manager. Returns would have been lower had certain expenses not been reimbursed during the periods shown and do not include the effect of taxes on distributions and redemptions. All information is unaudited. Performance for Classes II, IV and M will vary due to different fees.

\* Effective January 1, 2009, the benchmark for the International Intrinsic Value Fund was changed from the S&P EPAC Large Mid Cap Value Index to the MSCI EAFE Value Index. This change was applicable retroactively as well as going forward.

**GMO International Intrinsic Value Fund**  
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**Investments Concentration Summary**  
**February 28, 2009 (Unaudited)**

| <b>Asset Class Summary</b> | <b>% of Total Net Assets</b> |
|----------------------------|------------------------------|
| Common Stocks              | 95.0%                        |
| Short-Term Investments     | 2.5                          |
| Preferred Stocks           | 0.0                          |
| Rights and Warrants        | 0.0                          |
| Forward Currency Contracts | (0.3)                        |
| Futures                    | (1.1)                        |
| Other                      | 3.9                          |
|                            | <b>100.0%</b>                |

| <b>Country Summary</b> | <b>% of Equity Investments</b> |
|------------------------|--------------------------------|
| Japan                  | 30.9%                          |
| United Kingdom         | 20.0                           |
| France                 | 12.1                           |
| Switzerland            | 8.9                            |
| Germany                | 4.9                            |
| Italy                  | 4.3                            |
| Canada                 | 3.3                            |
| Hong Kong              | 2.9                            |
| Australia              | 2.2                            |
| Netherlands            | 1.9                            |
| Singapore              | 1.8                            |
| Spain                  | 1.6                            |
| Sweden                 | 1.3                            |
| Finland                | 1.1                            |
| Belgium                | 1.0                            |
| Greece                 | 0.5                            |
| Ireland                | 0.4                            |
| Denmark                | 0.3                            |
| Norway                 | 0.3                            |
| New Zealand            | 0.2                            |
| Austria                | 0.1                            |
|                        | <b>100.0%</b>                  |

**GMO International Intrinsic Value Fund**  
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**Investments Concentration Summary — (Continued)**  
**February 28, 2009 (Unaudited)**

| <u>Industry Sector Summary</u> | <u>% of Equity Investments</u> |
|--------------------------------|--------------------------------|
| Health Care                    | 17.2%                          |
| Financials                     | 13.5                           |
| Energy                         | 13.3                           |
| Consumer Discretionary         | 13.1                           |
| Consumer Staples               | 10.2                           |
| Utilities                      | 8.0                            |
| Telecommunication Services     | 7.8                            |
| Industrials                    | 6.5                            |
| Materials                      | 6.2                            |
| Information Technology         | 4.2                            |
|                                | <u><u><b>100.0%</b></u></u>    |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares                       | Description                                 | Value (\$)        |
|------------------------------|---|-------------------|
| <b>COMMON STOCKS — 95.0%</b> |   |                   |
| <b>Australia — 2.1%</b>      |   |                   |
| 160,334                      | AGL Energy Ltd                              | 1,345,781         |
| 1,195,413                    | Australia and New Zealand Banking Group Ltd | 10,012,812        |
| 308,374                      | BHP Billiton Ltd                            | 5,552,765         |
| 1,690,912                    | BlueScope Steel Ltd                         | 2,369,243         |
| 966,580                      | Foster's Group Ltd                          | 3,383,986         |
| 4,615,170                    | Macquarie Infrastructure Group              | 2,983,338         |
| 4,232,474                    | Mirvac Group Ltd                            | 2,245,276         |
| 541,819                      | National Australia Bank Ltd                 | 6,086,025         |
| 437,053                      | QBE Insurance Group Ltd                     | 5,249,268         |
| 536,830                      | Santos Ltd                                  | 5,277,765         |
| 5,002,914                    | Stockland                                   | 8,569,145         |
| 1,105,753                    | TABCORP Holdings Ltd                        | 4,480,726         |
| 2,888,525                    | Telstra Corp Ltd                            | 6,509,804         |
| 508,934                      | Woodside Petroleum Ltd                      | 11,583,016        |
| 267,976                      | Woolworths Ltd                              | <u>4,452,872</u>  |
|                              | Total Australia                             | <u>80,101,822</u> |
| <b>Austria — 0.1%</b>        |   |                   |
| 117,360                      | OMV AG                                      | <u>3,057,300</u>  |
| <b>Belgium — 0.9%</b>        |   |                   |
| 22,776                       | Bekaert NV                                  | 1,105,882         |
| 231,143                      | Belgacom SA                                 | 7,523,497         |
| 41,628                       | Colruyt SA                                  | 9,437,266         |
| 53,442                       | Delhaize Group                              | 3,085,602         |
| 1,709,510                    | Dexia                                       | 3,561,194         |
| 2,132,999                    | Fortis                                      | 3,514,531         |
| 61,297                       | Mobistar SA                                 | 3,773,795         |
| 63,094                       | Solvay SA                                   | <u>3,570,654</u>  |
|                              | Total Belgium                               | <u>35,572,421</u> |

See accompanying notes to the financial statements.

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares    | Description                        | Value (\$)         |
|-----------|------------------------------------|--------------------|
|           | <b>Canada — 3.1%</b>               |                    |
| 861,800   | Bank of Montreal                   | 19,163,907         |
| 298,000   | Bank of Nova Scotia                | 6,725,028          |
| 153,211   | BCE Inc                            | 2,990,276          |
| 173,700   | Canadian Imperial Bank of Commerce | 5,891,491          |
| 335,300   | Canadian National Railway Co       | 10,769,029         |
| 158,500   | Canadian Natural Resources         | 5,095,622          |
| 258,300   | Canadian Pacific Railway Ltd       | 7,309,228          |
| 31,200    | EnCana Corp                        | 1,231,127          |
| 491,100   | Hudbay Minerals Inc *              | 2,161,736          |
| 175,300   | IGM Financial Inc                  | 3,852,687          |
| 210,200   | Magna International Inc Class A    | 5,392,963          |
| 591,800   | National Bank of Canada            | 17,620,959         |
| 303,400   | Penn West Energy Trust             | 2,673,411          |
| 516,300   | Petro-Canada                       | 11,395,774         |
| 239,100   | Royal Bank of Canada               | 5,811,171          |
| 180,700   | Shaw Communications Inc Class B    | 2,670,303          |
| 527,000   | Sun Life Financial Inc             | <u>8,247,579</u>   |
|           | Total Canada                       | <u>119,002,291</u> |
|           | <b>Denmark — 0.3%</b>              |                    |
| 332,800   | Danske Bank A/S                    | 2,089,752          |
| 1,406     | NeuroSearch A/S *                  | 19,156             |
| 159,129   | Novo-Nordisk A/S Class B           | <u>7,748,537</u>   |
|           | Total Denmark                      | <u>9,857,445</u>   |
|           | <b>Finland — 1.0%</b>              |                    |
| 329,570   | Neste Oil Oyj                      | 4,105,299          |
| 1,133,693 | Nokia Oyj                          | 10,623,067         |
| 199,709   | Nokian Renkaat Oyj                 | 2,352,382          |
| 232,597   | Outokumpu Oyj                      | 2,353,042          |
| 162,387   | Rautaruukki Oyj                    | 2,694,602          |
| 1,006,161 | Sampo Oyj Class A                  | 13,233,176         |
| 38,955    | Stockmann Oyj AB Class A           | 588,449            |
| 208,277   | Tietoenator Oyj                    | <u>2,597,155</u>   |
|           | Total Finland                      | <u>38,547,172</u>  |

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**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares    | Description                   | Value (\$)         |
|-----------|-------------------------------|--------------------|
|           | <b>France — 11.5%</b>         |                    |
| 119,327   | Air Liquide SA                | 8,707,584          |
| 728,147   | ArcelorMittal                 | 13,956,198         |
| 940,486   | BNP Paribas                   | 30,457,809         |
| 15,189    | Bongrain SA                   | 766,166            |
| 94,860    | Cap Gemini SA                 | 2,718,558          |
| 118,326   | Casino Guichard-Perrachon SA  | 7,310,330          |
| 215,486   | Cie de Saint-Gobain           | 4,915,698          |
| 18,011    | CNP Assurances                | 1,158,478          |
| 147,667   | Dassault Systemes SA          | 5,117,488          |
| 165,104   | Essilor International SA      | 5,698,083          |
| 1,132,481 | France Telecom SA             | 25,308,425         |
| 3,655     | Fromageries Bel               | 425,428            |
| 669,048   | GDF Suez                      | 21,128,388         |
| 118,539   | Hermes International          | 10,009,855         |
| 117,040   | L'Oreal SA                    | 7,528,865          |
| 334,203   | Peugeot SA                    | 5,686,923          |
| 423,668   | Renault SA                    | 6,083,575          |
| 2,262,820 | Sanofi-Aventis                | 116,302,432        |
| 159,951   | SES                           | 2,929,674          |
| 663,541   | Societe Generale              | 20,568,198         |
| 70,321    | Sodexo                        | 3,217,751          |
| 339,107   | STMicroelectronics NV         | 1,490,215          |
| 2,684,418 | Total SA                      | 126,118,111        |
| 35,589    | Unibail-Rodamco               | 4,467,819          |
| 43,616    | Vallourec SA                  | <u>3,394,831</u>   |
|           | Total France                  | <u>435,466,882</u> |
|           | <b>Germany — 4.7%</b>         |                    |
| 271,462   | Adidas AG                     | 7,804,060          |
| 68,437    | Allianz SE (Registered)       | 4,594,004          |
| 231,841   | BASF AG                       | 6,431,185          |
| 561,563   | Bayerische Motoren Werke AG   | 13,890,585         |
| 134,445   | Demag Cranes AG               | 2,617,709          |
| 544,958   | Deutsche Post AG (Registered) | 5,213,240          |

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**(showing percentage of total net assets)**  
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| Shares    | Description  | Value (\$)         |
|-----------|--|--------------------|
|           | <b>Germany — continued</b>                                 |                    |
| 1,961,271 | Deutsche Telekom AG (Registered)                           | 23,717,285         |
| 522,666   | E.ON AG  | 13,440,311         |
| 124,746   | Fresenius Medical Care AG & Co                             | 5,072,114          |
| 207,595   | Gildemeister AG  | 1,206,174          |
| 271,763   | Hannover Rueckversicherungs AG (Registered)                | 9,688,459          |
| 571,290   | Heidelberger Druckmaschinen AG                             | 2,360,557          |
| 184,379   | Kloeckner & Co AG  | 2,059,797          |
| 48,745    | MTU Aero Engines Holding AG                                | 1,250,588          |
| 63,919    | Muenchener Rueckversicherungs-Gesellschaft AG (Registered) | 7,788,995          |
| 276,868   | Norddeutsche Affinerie AG                                  | 6,882,993          |
| 24,434    | Puma AG Rudolf Dassler Sport                               | 3,652,098          |
| 137,829   | RWE AG   | 8,766,428          |
| 171,703   | Salzgitter AG  | 10,604,741         |
| 885,810   | SAP AG   | 28,456,344         |
| 83,874    | SGL Carbon SE *  | 1,851,089          |
| 332,977   | ThyssenKrupp AG  | 5,879,533          |
| 37,297    | Vossloh AG   | 3,467,580          |
|           | Total Germany  | <u>176,695,869</u> |
|           | <b>Greece — 0.5%</b>                                       |                    |
| 284,470   | Alpha Bank A.E.  | 1,500,069          |
| 396,315   | National Bank of Greece SA                                 | 4,844,715          |
| 487,456   | OPAP SA  | 12,531,985         |
|           | Total Greece   | <u>18,876,769</u>  |
|           | <b>Hong Kong — 2.8%</b>                                    |                    |
| 3,030,500 | BOC Hong Kong Holdings Ltd                                 | 3,013,990          |
| 5,548,598 | CLP Holdings Ltd   | 41,018,236         |
| 1,072,400 | Esprit Holdings Ltd  | 5,775,327          |
| 171,000   | Guoco Group  | 986,264            |
| 469,800   | Hang Seng Bank Ltd   | 5,196,941          |
| 5,632,300 | Hong Kong & China Gas                                      | 8,493,787          |
| 186,700   | Hong Kong Aircraft Engineering Co Ltd                      | 1,668,464          |
| 4,434,469 | Hong Kong Electric Holdings Ltd                            | 27,340,779         |

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**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares    | Description                  | Value (\$)         |
|-----------|------------------------------|--------------------|
|           | <b>Hong Kong — continued</b> |                    |
| 564,700   | Hong Kong Ferry Co Ltd       | 303,443            |
| 506,000   | Hutchison Whampoa Ltd        | 2,640,393          |
| 879,000   | MTR Corp Ltd                 | 1,950,762          |
| 322,000   | Sun Hung Kai Properties Ltd  | 2,497,493          |
| 2,664,400 | Yue Yuen Industrial Holdings | <u>4,942,157</u>   |
|           | Total Hong Kong              | <u>105,828,036</u> |
|           | <b>Ireland — 0.4%</b>        |                    |
| 786,796   | CRH Plc                      | <u>16,158,663</u>  |
|           | <b>Italy — 4.0%</b>          |                    |
| 1,152,750 | A2A SPA                      | 1,656,496          |
| 412,084   | Banco Popolare Scarl         | 1,571,386          |
| 2,017,949 | Enel SPA                     | 10,029,638         |
| 4,635,220 | ENI SPA                      | 92,517,057         |
| 136,019   | Fondiaria - Sai SPA-Di RISP  | 1,017,005          |
| 1,146,249 | Intesa San Paolo             | 2,789,916          |
| 220,092   | Italcementi SPA-Di RISP      | 1,152,220          |
| 197,819   | Luxottica Group SPA          | 2,575,663          |
| 1,335,964 | Mediaset SPA                 | 5,928,686          |
| 97,300    | Natuzzi SPA ADR *            | 144,004            |
| 1,539,591 | Snam Rete Gas SPA            | 7,628,675          |
| 7,057,377 | Telecom Italia SPA           | 8,578,374          |
| 9,035,087 | Telecom Italia SPA-Di RISP   | 8,592,964          |
| 1,588,316 | Terna SPA                    | 4,933,290          |
| 3,124,667 | UniCredit SPA                | <u>3,957,731</u>   |
|           | Total Italy                  | <u>153,073,105</u> |
|           | <b>Japan — 29.3%</b>         |                    |
| 47,380    | Acom Co Ltd                  | 1,159,136          |
| 1,083,450 | Aiful Corp                   | 1,118,339          |
| 169,000   | Air Water Inc                | 1,429,495          |
| 156,900   | Aisin Seiki Co Ltd           | 2,433,648          |
| 1,174,600 | Alps Electric Co Ltd         | 3,246,420          |

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**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
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| Shares     | Description                       | Value (\$) |
|------------|-----------------------------------|------------|
|            | <b>Japan — continued</b>          |            |
| 778,600    | Asahi Breweries Ltd               | 9,749,192  |
| 1,957,000  | Asahi Kasei Corp                  | 6,218,028  |
| 96,100     | Astellas Pharma Inc               | 3,188,931  |
| 787,000    | Bank of Yokohama Ltd (The)        | 3,333,019  |
| 104,300    | Benesse Corp                      | 4,150,919  |
| 299,200    | Bridgestone Corp                  | 4,075,030  |
| 552,700    | Canon Inc                         | 13,948,530 |
| 161,400    | Capcom                            | 3,063,949  |
| 341,200    | Chubu Electric Power Co Inc       | 8,412,250  |
| 123,100    | Chugoku Electric Power Co Inc     | 2,949,254  |
| 112,200    | Circle K Sunkus Co Ltd            | 1,724,513  |
| 290,000    | COMSYS Holdings Corp              | 2,076,195  |
| 2,015,000  | Cosmo Oil Co Ltd                  | 5,585,088  |
| 517,200    | Culture Convenience Club Co Ltd   | 3,568,614  |
| 475,000    | Dai Nippon Printing Co Ltd        | 4,014,030  |
| 797,650    | Daiei Inc *                       | 2,481,634  |
| 458,000    | Daihatsu Motor Co Ltd             | 3,472,463  |
| 124,600    | Daito Trust Construction Co Ltd   | 3,923,822  |
| 779,000    | Daiwa Securities Group Inc        | 2,675,949  |
| 332,000    | Daiwabo Co Ltd                    | 743,705    |
| 320,500    | Denso Corp                        | 6,085,149  |
| 185,600    | Don Quijote Co Ltd                | 2,189,748  |
| 490,000    | Dowa Holdings Co Ltd              | 1,510,412  |
| 181,300    | Electric Power Development Co Ltd | 5,792,789  |
| 200,700    | FamilyMart Co Ltd                 | 6,770,481  |
| 248,700    | Fast Retailing Co Ltd             | 24,981,925 |
| 3,223,000  | Fuji Heavy Industries Ltd         | 10,269,605 |
| 180,000    | Fuji Oil Co Ltd                   | 2,262,862  |
| 1,715,000  | Fujikura Ltd                      | 3,723,071  |
| 1,115,000  | Furukawa Electric Co Ltd (The)    | 2,890,755  |
| 1,089,000  | GS Yuasa Corp                     | 4,473,065  |
| 229,000    | Hankyu Hanshin Holdings Inc       | 1,054,905  |
| 1,609,000  | Hanwa Co Ltd                      | 4,334,530  |
| 10,403,000 | Haseko Corp                       | 3,552,391  |

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| Shares                   | Description                       | Value (\$) |
|--------------------------|-----------------------------------|------------|
| <b>Japan — continued</b> |                                   |            |
| 136,800                  | Hikari Tsushin Inc                | 2,204,241  |
| 75,500                   | Hirose Electric Co Ltd            | 6,482,570  |
| 1,629,000                | Hitachi Ltd                       | 4,056,398  |
| 405,300                  | Hokkaido Electric Power Co Inc    | 8,583,880  |
| 108,400                  | Hokuriku Electric Power Co        | 2,874,581  |
| 3,172,300                | Honda Motor Co Ltd                | 75,858,562 |
| 249,400                  | Hosiden Corp                      | 2,614,806  |
| 66,800                   | Hoya Corp                         | 1,210,581  |
| 775                      | INPEX Corp                        | 5,243,086  |
| 592,000                  | Iseki & Co Ltd *                  | 1,344,663  |
| 960,000                  | Itochu Corp                       | 4,304,567  |
| 630,800                  | JFE Holdings Inc                  | 13,649,195 |
| 340,000                  | JGC Corp                          | 3,875,001  |
| 1,489,000                | Kajima Corp                       | 3,112,594  |
| 269,100                  | Kansai Electric Power Co Inc      | 6,470,157  |
| 1,415,000                | Kao Corp                          | 26,890,917 |
| 2,853,000                | Kawasaki Kisen Kaisha Ltd         | 8,969,169  |
| 6,670                    | Kenedix Inc *                     | 461,116    |
| 47,500                   | Keyence Corp                      | 8,965,104  |
| 67,000                   | Kirin Holdings Co Ltd             | 646,693    |
| 9,264                    | KK daVinci Holdings *             | 232,228    |
| 280,000                  | Konami Corp                       | 3,952,367  |
| 231,000                  | Kyowa Exeo Corp                   | 1,888,780  |
| 460,600                  | Kyushu Electric Power Co Inc      | 10,908,274 |
| 178,200                  | Lawson Inc                        | 7,716,384  |
| 596,600                  | Leopalace21 Corp                  | 3,314,244  |
| 1,359,000                | Marubeni Corp                     | 4,219,058  |
| 725,800                  | Matsui Securities Co Ltd          | 4,149,311  |
| 4,820,000                | Mazda Motor Corp                  | 6,089,587  |
| 1,538,500                | Mitsubishi Chemical Holdings Corp | 5,225,721  |
| 532,300                  | Mitsubishi Corp                   | 6,622,600  |
| 389,000                  | Mitsubishi Gas Chemical Co Inc    | 1,522,905  |
| 1,647,000                | Mitsubishi Heavy Industries Ltd   | 4,611,502  |
| 721,000                  | Mitsubishi Rayon Co Ltd           | 1,307,731  |

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**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares                   | Description                           | Value (\$) |
|--------------------------|---------------------------------------|------------|
| <b>Japan — continued</b> |                                       |            |
| 2,417,800                | Mitsubishi UFJ Financial Group Inc    | 10,922,711 |
| 173,910                  | Mitsubishi UFJ Lease & Finance Co Ltd | 3,026,460  |
| 3,296,000                | Mitsui Mining & Smelting Co Ltd       | 4,643,475  |
| 1,574,000                | Mitsui OSK Lines Ltd                  | 7,978,108  |
| 9,782,900                | Mizuho Financial Group Inc            | 18,438,714 |
| 208,000                  | Murata Manufacturing Co Ltd           | 7,897,158  |
| 707,000                  | NEC Corp                              | 1,650,724  |
| 1,447                    | Net One Systems Co Ltd                | 2,032,739  |
| 871,000                  | Nichirei Corp                         | 2,875,864  |
| 18,000                   | Nintendo Co Ltd                       | 5,138,991  |
| 389,000                  | Nippon Carbon Co Ltd                  | 650,505    |
| 362,000                  | Nippon Denko Co Ltd                   | 991,968    |
| 357,000                  | Nippon Meat Packers Inc               | 3,455,820  |
| 3,526,500                | Nippon Mining Holdings Inc            | 12,248,032 |
| 5,246,000                | Nippon Oil Corp                       | 25,001,540 |
| 135,900                  | Nippon Paper Group Inc                | 3,012,527  |
| 1,095,400                | Nippon Telegraph & Telephone Corp     | 46,838,711 |
| 1,325,000                | Nippon Yakin Koguo Co Ltd             | 2,551,091  |
| 2,923,000                | Nippon Yusen KK                       | 12,057,846 |
| 8,897,700                | Nissan Motor Co                       | 27,162,405 |
| 114,300                  | Nissha Printing Co Ltd                | 2,836,100  |
| 314,500                  | Nisshin Seifun Group Inc              | 3,174,738  |
| 905,000                  | Nisshinbo Industries Inc              | 6,458,641  |
| 141,300                  | Nitto Denko Corp                      | 2,546,976  |
| 243,300                  | Nomura Research Institute             | 3,831,506  |
| 26,865                   | NTT Docomo Inc                        | 41,850,842 |
| 1,091,000                | Obayashi Corp                         | 4,587,007  |
| 416,000                  | Odakyu Electric Railway Co Ltd        | 3,072,603  |
| 948,000                  | OJI Paper Co Ltd                      | 3,506,311  |
| 74,100                   | Ono Pharmaceutical Co Ltd             | 3,430,206  |
| 52,100                   | Oriental Land Co Ltd                  | 3,418,245  |
| 276,600                  | ORIX Corp                             | 5,618,882  |
| 6,961,000                | Osaka Gas Co Ltd                      | 24,889,061 |
| 1,359,000                | Pacific Metals Co Ltd                 | 5,205,553  |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares    | Description                       | Value (\$) |
|-----------|-----------------------------------|------------|
|           | <b>Japan — continued</b>          |            |
| 131,600   | Panasonic Corp                    | 1,523,693  |
| 101,270   | Point Inc                         | 4,142,247  |
| 253,750   | Promise Co Ltd                    | 3,389,303  |
| 740,000   | Rengo Co Ltd                      | 4,046,474  |
| 723,900   | Resona Holdings Inc               | 12,412,002 |
| 901,000   | Ricoh Company Ltd                 | 10,177,438 |
| 69,200    | Rohm Co Ltd                       | 3,305,168  |
| 173,000   | Ryohin Keikaku Co Ltd             | 6,087,345  |
| 132,000   | Saizeriya Co Ltd                  | 1,300,182  |
| 323,700   | Sankyo Co Ltd                     | 14,527,470 |
| 2,099,000 | Sanyo Electric Co Ltd *           | 2,946,295  |
| 25,019    | SBI Holdings Inc                  | 1,992,549  |
| 1,289,800 | Sega Sammy Holdings Inc           | 10,976,228 |
| 168,600   | Seiko Epson Corp                  | 1,928,874  |
| 2,637,300 | Seven & I Holdings Co Ltd         | 58,447,413 |
| 86,300    | Shimamura Co Ltd                  | 4,454,246  |
| 155,100   | Shimano Inc                       | 5,051,433  |
| 388,600   | Shin-Etsu Chemical Co Ltd         | 17,301,100 |
| 1,419,000 | Shinsei Bank Ltd                  | 1,249,701  |
| 1,054,000 | Showa Shell Sekiyu KK             | 8,757,560  |
| 5,790,200 | Sojitz Corp                       | 6,506,970  |
| 457,100   | SUMCO Corp                        | 5,663,606  |
| 940,700   | Sumitomo Corp                     | 7,854,299  |
| 1,169,800 | Sumitomo Electric Industries Ltd  | 9,090,043  |
| 4,244,000 | Sumitomo Metal Industries Ltd     | 7,950,202  |
| 785,000   | Sumitomo Metal Mining Co Ltd      | 7,835,740  |
| 1,476,000 | Sumitomo Trust & Banking Co Ltd   | 4,874,888  |
| 61,200    | T&D Holdings Inc                  | 1,369,719  |
| 2,192,000 | Taisei Corp                       | 3,880,809  |
| 452,900   | Takeda Pharmaceutical Co Ltd      | 18,292,552 |
| 913,510   | Takefuji Corp                     | 3,015,995  |
| 114,500   | Terumo Corp                       | 3,508,984  |
| 182,600   | Tohoku Electric Power Co Inc      | 4,275,219  |
| 904,500   | Tokyo Electric Power Co Inc (The) | 25,534,073 |

See accompanying notes to the financial statements.

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares                    | Description                                 | Value (\$)           |
|---------------------------|---|----------------------|
| <b>Japan — continued</b>  |   |                      |
| 2,682,000                 | Tokyo Gas Co Ltd                            | 10,743,944           |
| 919,800                   | Tokyo Steel Manufacturing Co                | 9,043,006            |
| 540,000                   | Tokyo Tatemono Co Ltd                       | 1,193,596            |
| 790,000                   | TonenGeneral Sekiyu KK                      | 7,464,715            |
| 638,000                   | Toppan Printing Co Ltd                      | 3,800,135            |
| 2,730,000                 | Tosoh Corp                                  | 4,131,837            |
| 867,000                   | Toyo Engineering Corp                       | 2,348,746            |
| 178,000                   | Toyo Suisan Kaisha Ltd                      | 4,212,653            |
| 122,900                   | Toyota Boshoku Corp                         | 1,176,373            |
| 200                       | Toyota Industries Corp                      | 4,262                |
| 394,600                   | Toyota Motor Corp                           | 12,638,898           |
| 388,600                   | Toyota Tsusho Kaisha                        | 3,138,426            |
| 1,263,000                 | Ube Industries Ltd                          | 1,994,123            |
| 62,500                    | Unicharm Corp                               | 4,083,150            |
| 1,141,000                 | UNY Co Ltd                                  | 8,344,847            |
| 76,120                    | USS Co Ltd                                  | 3,070,799            |
| 21,030                    | Yahoo Japan Corp                            | 6,015,667            |
| 89,000                    | Yamato Kogyo Co                             | 1,805,505            |
| 223,000                   | Yamazaki Baking Co Ltd                      | 2,809,689            |
|                           | Total Japan                                 | <u>1,112,904,665</u> |
| <b>Netherlands — 1.8%</b> |   |                      |
| 3,785,031                 | Aegon NV                                    | 13,471,233           |
| 112,184                   | European Aeronautic Defense and Space Co NV | 1,628,775            |
| 11,644                    | Gamma Holdings NV                           | 50,587               |
| 442,871                   | Heineken NV                                 | 11,824,973           |
| 3,826,638                 | ING Groep NV                                | 17,297,511           |
| 582,644                   | Koninklijke Ahold NV                        | 6,465,081            |
| 256,990                   | Koninklijke DSM NV                          | 5,873,115            |
| 314,313                   | Reed Elsevier NV                            | 3,492,273            |
| 339,421                   | Unilever NV                                 | 6,503,741            |
|                           | Total Netherlands                           | <u>66,607,289</u>    |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares     | Description                            | Value (\$)        |
|------------|--|-------------------|
|            | <b>New Zealand — 0.1%</b>              |                   |
| 4,824,192  | Telecom Corp of New Zealand            | <u>5,847,196</u>  |
|            | <b>Norway — 0.3%</b>                   |                   |
| 756,300    | DnB NOR ASA                            | 2,720,558         |
| 429,050    | StatoilHydro ASA                       | <u>7,123,376</u>  |
|            | Total Norway                           | <u>9,843,934</u>  |
|            | <b>Singapore — 1.7%</b>                |                   |
| 2,384,000  | Neptune Orient Lines Ltd               | 1,827,412         |
| 2,627,200  | Noble Group Ltd                        | 1,794,525         |
| 2,870,000  | Oversea-Chinese Banking Corp Ltd       | 8,199,364         |
| 3,258,100  | Sembcorp Industries Ltd                | 4,370,096         |
| 4,795,000  | SembCorp Marine Ltd                    | 4,254,236         |
| 1,251,000  | Singapore Exchange Ltd                 | 3,606,339         |
| 1,578,000  | Singapore Petroleum Co                 | 2,703,322         |
| 5,458,000  | Singapore Press Holdings Ltd           | 9,543,874         |
| 2,399,000  | Singapore Technologies Engineering Ltd | 3,543,747         |
| 11,974,000 | Singapore Telecommunications           | 18,845,076        |
| 1,133,000  | United Overseas Bank Ltd               | <u>7,219,650</u>  |
|            | Total Singapore                        | <u>65,907,641</u> |
|            | <b>Spain — 1.6%</b>                    |                   |
| 470,250    | Banco Bilbao Vizcaya Argentaria SA *   | 3,397,095         |
| 634,251    | Banco Popular Espanol SA *             | 3,001,439         |
| 988,220    | Banco Santander SA                     | 6,036,944         |
| 118,893    | Gas Natural SDG SA                     | 2,131,334         |
| 599,186    | Iberdrola SA                           | 3,896,537         |
| 204,544    | Inditex SA                             | 7,672,951         |
| 1,243,711  | Repsol YPF SA                          | 18,996,258        |
| 627,162    | Telefonica SA                          | 11,542,323        |
| 104,458    | Union Fenosa SA                        | <u>2,354,188</u>  |
|            | Total Spain                            | <u>59,029,069</u> |

See accompanying notes to the financial statements.

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares    | Description                               | Value (\$)         |
|-----------|---|--------------------|
|           | <b>Sweden — 1.3%</b>                      |                    |
| 517,366   | Hennes & Mauritz AB Class B               | 19,191,269         |
| 913,607   | Investor AB Class B                       | 10,312,392         |
| 1,162,532 | Nordea Bank AB                            | 5,796,242          |
| 418,200   | SKF AB Class B                            | 3,486,049          |
| 655,877   | Svenska Handelsbanken AB Class A          | 7,849,916          |
| 670,100   | Swedbank AB                               | 1,732,809          |
|           | Total Sweden                              | <u>48,368,677</u>  |
|           | <b>Switzerland — 8.5%</b>                 |                    |
| 286,555   | Ciba Holding AG *                         | 12,076,045         |
| 286,383   | Clariant AG (Registered) *                | 1,067,636          |
| 255,426   | Compagnie Financiere Richemont SA Class A | 3,373,366          |
| 2,847,350 | Nestle SA (Registered)                    | 93,081,097         |
| 3,943,783 | Novartis AG (Registered)                  | 143,882,257        |
| 253,409   | Roche Holding AG (Non Voting)             | 28,766,367         |
| 38,127    | Swatch Group AG                           | 4,241,071          |
| 22,893    | Syngenta AG (Registered)                  | 4,894,010          |
| 148,631   | Synthes Inc                               | 17,247,930         |
| 1,339,874 | UBS AG (Registered) *                     | 12,546,494         |
|           | Total Switzerland                         | <u>321,176,273</u> |
|           | <b>United Kingdom — 19.0%</b>             |                    |
| 1,932,712 | 3i Group Plc                              | 5,499,985          |
| 2,588,275 | AstraZeneca Plc                           | 82,078,862         |
| 718,499   | BAE Systems Plc                           | 3,793,283          |
| 8,372,626 | Barclays Plc                              | 10,984,201         |
| 1,095,110 | Barratt Developments Plc                  | 1,325,541          |
| 1,998,694 | BG Group Plc                              | 28,570,097         |
| 3,001,764 | BP Plc                                    | 19,123,527         |
| 862,287   | British American Tobacco Plc              | 22,040,365         |
| 4,602,910 | BT Group Plc                              | 5,880,493          |
| 1,246,405 | Burberry Group Plc                        | 4,547,781          |
| 1,378,307 | Cable & Wireless Plc                      | 2,697,343          |
| 876,734   | Cadbury Plc                               | 6,675,045          |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares                            | Description                             | Value (\$)  |
|-----------------------------------|---|-------------|
| <b>United Kingdom — continued</b> |   |             |
| 682,752                           | Capita Group Plc                        | 6,442,715   |
| 1,132,089                         | Centrica Plc                            | 4,353,683   |
| 2,527,322                         | Cobham Plc                              | 6,937,010   |
| 1,694,513                         | Compass Group Plc                       | 7,444,736   |
| 1,318,395                         | Diageo Plc                              | 15,202,745  |
| 1,008,106                         | Drax Group Plc                          | 7,447,513   |
| 16,531,489                        | DSG International Plc                   | 4,754,596   |
| 401,044                           | FirstGroup Plc                          | 1,531,848   |
| 1,457,164                         | Game Group Plc                          | 3,029,400   |
| 11,791,007                        | GlaxoSmithKline Plc                     | 178,831,844 |
| 3,502,880                         | Home Retail Group Plc                   | 10,559,001  |
| 2,205,355                         | HSBC Holdings Plc                       | 15,338,558  |
| 186,890                           | Imperial Tobacco Group Plc              | 4,474,508   |
| 285,771                           | Jardine Lloyd Thompson Group Plc        | 1,854,699   |
| 1,916,757                         | Kesa Electricals Plc                    | 2,883,152   |
| 3,358,416                         | Kingfisher Plc                          | 6,018,540   |
| 299,160                           | Lancashire Holdings Ltd *               | 2,048,494   |
| 16,124,188                        | Lloyds Banking Group Plc                | 13,236,014  |
| 321,740                           | London Stock Exchange                   | 1,974,927   |
| 504,514                           | Next Plc                                | 8,366,325   |
| 4,302,051                         | Old Mutual Plc                          | 2,528,194   |
| 248,399                           | Reckitt Benckiser Group Plc             | 9,505,118   |
| 798,727                           | Reed Elsevier Plc                       | 5,966,905   |
| 164,991                           | Rio Tinto Plc                           | 4,211,749   |
| 27,582,510                        | Royal Bank of Scotland Group Plc        | 8,983,320   |
| 2,351,023                         | Royal Dutch Shell Plc A Shares (London) | 51,615,068  |
| 1,179,016                         | Royal Dutch Shell Plc B Shares (London) | 24,748,530  |
| 2,013,967                         | RSA Insurance Group Plc                 | 3,937,580   |
| 1,438,161                         | Sage Group Plc                          | 3,484,640   |
| 505,735                           | Scottish & Southern Energy Plc          | 8,241,191   |
| 444,774                           | Signet Jewelers Ltd                     | 3,388,149   |
| 932,781                           | Smith & Nephew Plc                      | 6,610,078   |
| 2,881,273                         | Taylor Woodrow Plc                      | 756,081     |
| 1,418,284                         | Tesco Plc                               | 6,726,157   |

See accompanying notes to the financial statements.

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| Shares                            | Description                                      | Value (\$)           |
|-----------------------------------|--|----------------------|
| <b>United Kingdom — continued</b> |  |                      |
| 576,738                           | Travis Perkins Plc                               | 2,672,408            |
| 229,376                           | Unilever Plc                                     | 4,431,022            |
| 590,487                           | United Utilities Group Plc                       | 4,266,437            |
| 34,405,461                        | Vodafone Group Plc                               | 60,962,738           |
| 1,956,735                         | William Hill Plc                                 | 6,573,721            |
| 1,668,222                         | Wolseley Plc                                     | <u>4,213,071</u>     |
|                                   | Total United Kingdom                             | <u>719,768,988</u>   |
|                                   | TOTAL COMMON STOCKS (COST \$6,487,775,057)       | <u>3,601,691,507</u> |
| <b>PREFERRED STOCKS — 0.0%</b>    |  |                      |
| <b>Germany — 0.0%</b>             |  |                      |
| 9,049                             | Villeroy & Boch AG (Non Voting) 12.57%           | <u>41,785</u>        |
|                                   | TOTAL PREFERRED STOCKS (COST \$95,178)           | <u>41,785</u>        |
| <b>RIGHTS AND WARRANTS — 0.0%</b> |  |                      |
| <b>France — 0.0%</b>              |  |                      |
| 262,246                           | Cie de Saint-Gobain Warrants, Expires 03/06/09 * | <u>385,656</u>       |
|                                   | TOTAL RIGHTS AND WARRANTS (COST \$1,083,603)     | <u>385,656</u>       |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**  
**Schedule of Investments — (Continued)**  
**(showing percentage of total net assets)**  
**February 28, 2009**

| <b>Par Value (\$)</b>                | <b>Description</b>  | <b>Value (\$)</b>             |
|--------------------------------------|---|-------------------------------|
| <b>SHORT-TERM INVESTMENTS — 2.5%</b> |   |                               |
| 25,000,000                           | BNP Paribas Time Deposit, 0.23%, due 03/02/09                     | 25,000,000                    |
| 46,775                               | Brown Brothers Harriman Time Deposit, 0.02% - 2.45%, due 03/02/09 | 46,775                        |
| 6,107,066                            | Citibank Time Deposit, 0.05% - 2.29%, due 03/02/09                | 6,107,066                     |
| 356,473                              | HSBC Bank (Hong Kong) Time Deposit, 0.01%, due 03/02/09           | 356,473                       |
| 25,000,000                           | HSBC Bank (USA) Time Deposit, 0.19%, due 03/02/09                 | 25,000,000                    |
| 38,014                               | JPMorgan Chase Time Deposit, 0.01%, due 03/02/09                  | 38,014                        |
| 25,000,000                           | Royal Bank of Canada Time Deposit, 0.20%, due 03/02/09            | 25,000,000                    |
| 11,328,600                           | Societe Generale Time Deposit, 0.25% - 0.33%, due 03/02/09        | <u>11,328,600</u>             |
|                                      | <b>TOTAL SHORT-TERM INVESTMENTS (COST \$92,876,928)</b>           | <u>92,876,928</u>             |
|                                      | <b>TOTAL INVESTMENTS — 97.5%</b>                                  |                               |
|                                      | (Cost \$6,581,830,766)  | 3,694,995,876                 |
|                                      | Other Assets and Liabilities (net) — 2.5%                         | <u>96,019,503</u>             |
|                                      | <b>TOTAL NET ASSETS — 100.0%</b>                                  | <u><u>\$3,791,015,379</u></u> |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**

**Schedule of Investments — (Continued)**  
**February 28, 2009**

A summary of outstanding financial instruments at February 28, 2009 is as follows:

**Forward Currency Contracts**

| <u>Settlement Date</u> | <u>Deliver/Receive</u> | <u>Units of Currency</u> | <u>Value</u>         | <u>Net Unrealized Appreciation (Depreciation)</u> |
|------------------------|------------------------|--------------------------|----------------------|---|
| Buys                   |                        |                          |                      |   |
| 4/24/09                | AUD                    | 13,186,000               | \$ 8,400,809         | \$ (119,325)                                      |
| 4/24/09                | CAD                    | 8,102,000                | 6,368,934            | (136,554)   |
| 4/24/09                | CAD                    | 12,368,000               | 9,722,411            | (129,978)   |
| 4/24/09                | CHF                    | 32,284,954               | 27,628,580           | 78,518  |
| 4/24/09                | CHF                    | 32,284,954               | 27,628,580           | 74,897  |
| 4/24/09                | CHF                    | 32,284,954               | 27,628,580           | 111,509   |
| 4/24/09                | CHF                    | 32,284,954               | 27,628,580           | 46,036  |
| 4/24/09                | CHF                    | 32,284,954               | 27,628,580           | 42,148  |
| 4/24/09                | EUR                    | 61,451,067               | 77,884,475           | 690,874   |
| 4/24/09                | EUR                    | 61,451,067               | 77,884,475           | 481,940   |
| 4/24/09                | EUR                    | 122,902,135              | 155,768,952          | 965,110   |
| 4/24/09                | GBP                    | 34,204,729               | 48,962,428           | (594,239)   |
| 4/24/09                | JPY                    | 4,233,677,586            | 43,427,646           | (3,848,018)                                       |
| 4/24/09                | JPY                    | 3,311,304,013            | 33,966,247           | (2,060,060)                                       |
| 4/24/09                | JPY                    | 3,311,304,013            | 33,966,247           | (2,088,892)                                       |
| 4/24/09                | SEK                    | 251,526,296              | 27,924,468           | (2,476,970)                                       |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (451,339)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (721,001)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (695,049)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (722,674)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (631,706)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (675,765)   |
| 4/24/09                | SEK                    | 195,511,737              | 21,705,728           | (665,641)   |
|                        |                        |                          | <u>\$814,360,088</u> | <u>\$(13,526,179)</u>                             |
| Sales                  |                        |                          |                      |   |
| 4/24/09                | AUD                    | 45,779,936               | \$ 29,166,428        | \$ (121,073)                                      |
| 4/24/09                | AUD                    | 44,433,467               | 28,308,591           | (84,453)  |
| 4/24/09                | AUD                    | 44,433,467               | 28,308,591           | (87,119)  |
| 4/24/09                | CAD                    | 38,766,287               | 30,473,946           | 190,370   |
| 4/24/09                | CAD                    | 38,766,287               | 30,473,946           | 170,008   |
| 4/24/09                | CAD                    | 38,766,287               | 30,473,946           | 175,702   |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**

**Schedule of Investments — (Continued)**  
**February 28, 2009**

**Forward Currency Contracts — continued**

| <u>Settlement Date</u> | <u>Deliver/Receive</u> | <u>Units of Currency</u> | <u>Value</u>         | <u>Net Unrealized Appreciation (Depreciation)</u> |
|------------------------|------------------------|--------------------------|----------------------|---|
| 4/24/09                | CAD                    | 38,766,287               | \$ 30,473,946        | \$ 243,703  |
| 4/24/09                | EUR                    | 9,015,000                | 11,425,815           | 141,421   |
| 4/24/09                | EUR                    | 112,594,537              | 142,704,868          | 1,730,278   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (178,580)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (315,685)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (172,978)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (289,252)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (166,055)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (293,657)   |
| 4/24/09                | GBP                    | 31,467,765               | 45,044,595           | (182,387)   |
|                        |                        |                          | <u>\$677,122,242</u> | <u>\$ 760,243</u>                                 |

**Futures Contracts**

| <u>Number of Contracts</u> | <u>Type</u>    | <u>Expiration Date</u> | <u>Contract Value</u> | <u>Net Unrealized Appreciation (Depreciation)</u> |
|----------------------------|----------------|------------------------|-----------------------|---|
| Buys                       |                |                        |                       |   |
| 704                        | DAX            | March 2009             | \$ 84,829,046         | \$(18,375,462)                                    |
| 1,414                      | CAC 40         | March 2009             | 47,772,924            | (3,711,028)                                       |
| 933                        | S&P/MIB        | March 2009             | 89,465,628            | (29,147,676)                                      |
| 729                        | TOPIX Index    | March 2009             | 55,946,092            | (4,954,266)                                       |
|                            |                |                        | <u>\$278,013,690</u>  | <u>\$(56,188,432)</u>                             |
| Sales                      |                |                        |                       |   |
| 785                        | FTSE 100       | March 2009             | \$ 42,384,408         | \$ 4,302,687                                      |
| 78                         | Hang Seng      | March 2009             | 6,303,387             | 89,762  |
| 695                        | SPI 200        | March 2009             | 36,305,145            | 3,245,021   |
| 823                        | S&P Toronto 60 | March 2009             | 63,242,006            | 4,370,186   |
| 521                        | IBEX 35        | March 2009             | 49,641,680            | 2,049,162   |
|                            |                |                        | <u>\$197,876,626</u>  | <u>\$ 14,056,818</u>                              |

As of February 28, 2009, for the futures contracts held, the Fund had sufficient cash and/or securities to cover any commitments or margin requirements of the relevant broker or exchange.

# **GMO International Intrinsic Value Fund**

## **(A Series of GMO Trust)**

### **Schedule of Investments — (Continued)**

#### **February 28, 2009**

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#### **Notes to Schedule of Investments:**

ADR - American Depositary Receipt

\* Non-income producing security.

#### **Currency Abbreviations:**

AUD - Australian Dollar

CAD - Canadian Dollar

CHF - Swiss Franc

EUR - Euro

GBP - British Pound

JPY - Japanese Yen

SEK - Swedish Krona

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Statement of Assets and Liabilities — February 28, 2009

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#### Assets:

|   |                      |
|---|----------------------|
| Investments, at value (cost \$6,581,830,766) (Note 2)               | \$ 3,694,995,876     |
| Foreign currency, at value (cost \$1,482) (Note 2)                  | 1,478                |
| Receivable for investments sold                                     | 1,738,432            |
| Receivable for Fund shares sold                                     | 30,607,569           |
| Dividends and interest receivable                                   | 12,672,967           |
| Foreign taxes receivable  | 1,736,278            |
| Unrealized appreciation on open forward currency contracts (Note 2) | 5,142,514            |
| Receivable for collateral on open futures contracts (Note 2)        | 70,689,727           |
| Receivable for expenses reimbursed by Manager (Note 3)              | <u>19,712</u>        |
| Total assets  | <u>3,817,604,553</u> |

#### Liabilities:

|   |                   |
|---|-------------------|
| Payable for investments purchased                                   | 1,156,260         |
| Payable for Fund shares repurchased                                 | 1,114,509         |
| Payable to affiliate for (Note 3):                                  |                   |
| Management fee  | 1,577,344         |
| Shareholder service fee   | 382,174           |
| Administration fee – Class M  | 1,501             |
| Trustees and Chief Compliance Officer of GMO Trust fees             | 15,306            |
| Payable for 12b-1 fee – Class M                                     | 4,174             |
| Payable for variation margin on open futures contracts (Note 2)     | 3,199,913         |
| Unrealized depreciation on open forward currency contracts (Note 2) | 17,908,450        |
| Miscellaneous payable   | 320,432           |
| Accrued expenses  | <u>909,111</u>    |
| Total liabilities   | <u>26,589,174</u> |

#### Net assets

**\$3,791,015,379**

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**

**Statement of Assets and Liabilities — February 28, 2009 — (Continued)**

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**Net assets consist of:**

|   |                               |
|---|-------------------------------|
| Paid-in capital                                 | \$ 7,135,029,435              |
| Accumulated undistributed net investment income | 75,187,376                    |
| Accumulated net realized loss                   | (477,227,959)                 |
| Net unrealized depreciation                     | (2,941,973,473)               |
|   | <u><u>\$3,791,015,379</u></u> |

**Net assets attributable to:**

|                  |                         |
|------------------|-------------------------|
| Class II shares  | <u>\$ 394,069,819</u>   |
| Class III shares | <u>\$ 1,487,839,389</u> |
| Class IV shares  | <u>\$ 1,900,168,374</u> |
| Class M shares   | <u>\$ 8,937,797</u>     |

**Shares outstanding:**

|           |                    |
|-----------|--------------------|
| Class II  | <u>28,437,198</u>  |
| Class III | <u>106,242,973</u> |
| Class IV  | <u>135,767,547</u> |
| Class M   | <u>646,388</u>     |

**Net asset value per share:**

|           |                 |
|-----------|-----------------|
| Class II  | <u>\$ 13.86</u> |
| Class III | <u>\$ 14.00</u> |
| Class IV  | <u>\$ 14.00</u> |
| Class M   | <u>\$ 13.83</u> |

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Statement of Operations — Year Ended February 28, 2009

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#### Investment Income:

|  |                    |
|--|--------------------|
| Dividends (net of withholding taxes of \$23,658,193) | \$ 237,798,464     |
| Securities lending income                            | 6,303,767          |
| Interest   | <u>3,543,007</u>   |
| Total investment income                              | <u>247,645,238</u> |

#### Expenses:

|  |                    |
|--|--------------------|
| Management fee (Note 3)                          | 31,414,815         |
| Shareholder service fee – Class II (Note 3)      | 904,824            |
| Shareholder service fee – Class III (Note 3)     | 3,270,352          |
| Shareholder service fee – Class IV (Note 3)      | 3,130,154          |
| 12b-1 fee – Class M (Note 3)                     | 37,266             |
| Administration fee – Class M (Note 3)            | 29,813             |
| Custodian and fund accounting agent fees         | 2,554,946          |
| Transfer agent fees                              | 71,362             |
| Audit and tax fees                               | 109,379            |
| Legal fees                                       | 153,653            |
| Trustees fees and related expenses (Note 3)      | 85,180             |
| Registration fees                                | 29,823             |
| Miscellaneous                                    | <u>106,958</u>     |
| Total expenses                                   | 41,898,525         |
| Fees and expenses reimbursed by Manager (Note 3) | (2,981,508)        |
| Expense reductions (Note 2)                      | <u>(17,900)</u>    |
| Net expenses                                     | <u>38,899,117</u>  |
| Net investment income (loss)                     | <u>208,746,121</u> |

#### Realized and unrealized gain (loss):

|   |                        |
|---|------------------------|
| Net realized gain (loss) on:  |                        |
| Investments   | (345,352,225)          |
| Closed futures contracts  | (143,483,872)          |
| Foreign currency, forward contracts and foreign currency related transactions | <u>53,004,523</u>      |
| Net realized gain (loss)  | <u>(435,831,574)</u>   |
| Change in net unrealized appreciation (depreciation) on:                      |                        |
| Investments   | (3,314,080,721)        |
| Open futures contracts  | 13,053,553             |
| Foreign currency, forward contracts and foreign currency related transactions | <u>(37,384,477)</u>    |
| Net unrealized gain (loss)  | <u>(3,338,411,645)</u> |
| Net realized and unrealized gain (loss)                                       | <u>(3,774,243,219)</u> |

**Net increase (decrease) in net assets resulting from operations** **\$(3,565,497,098)**

See accompanying notes to the financial statements.

# GMO International Intrinsic Value Fund

## (A Series of GMO Trust)

### Statement of Changes in Net Assets

|  | <u>Year Ended</u><br><u>February 28, 2009</u> | <u>Year Ended</u><br><u>February 29, 2008</u> |
|--|---|---|
| <b>Increase (decrease) in net assets:</b>  |   |   |
| Operations:  |   |   |
| Net investment income (loss)   | \$ 208,746,121                                | \$ 218,038,494                                |
| Net realized gain (loss)   | (435,831,574)                                 | 1,274,521,119                                 |
| Change in net unrealized appreciation (depreciation)   | <u>(3,338,411,645)</u>                        | <u>(1,522,423,988)</u>                        |
| Net increase (decrease) in net assets from operations  | <u>(3,565,497,098)</u>                        | <u>(29,864,375)</u>                           |
| Distributions to shareholders from:  |   |   |
| Net investment income  |   |   |
| Class II   | (16,802,472)                                  | (12,407,304)                                  |
| Class III  | (92,401,886)                                  | (65,215,261)                                  |
| Class IV   | (145,544,379)                                 | (109,936,051)                                 |
| Class M  | <u>(578,220)</u>                              | <u>(443,458)</u>                              |
| Total distributions from net investment income   | <u>(255,326,957)</u>                          | <u>(188,002,074)</u>                          |
| Net realized gains   |   |   |
| Class II   | (26,461,564)                                  | (69,248,911)                                  |
| Class III  | (143,314,754)                                 | (349,607,893)                                 |
| Class IV   | (230,830,432)                                 | (574,842,698)                                 |
| Class M  | <u>(1,002,702)</u>                            | <u>(2,604,560)</u>                            |
| Total distributions from net realized gains  | <u>(401,609,452)</u>                          | <u>(996,304,062)</u>                          |
|  | <u>(656,936,409)</u>                          | <u>(1,184,306,136)</u>                        |
| Net share transactions (Note 7):   |   |   |
| Class II   | 166,533,198                                   | 29,246,584                                    |
| Class III  | 398,098,987                                   | 350,165,933                                   |
| Class IV   | 172,499,767                                   | 254,901,122                                   |
| Class M  | <u>353,743</u>                                | <u>4,852,998</u>                              |
| Increase (decrease) in net assets resulting from net share transactions  | <u>737,485,695</u>                            | <u>639,166,637</u>                            |
| Total increase (decrease) in net assets  | <u>(3,484,947,812)</u>                        | <u>(575,003,874)</u>                          |
| <b>Net assets:</b>   |   |   |
| Beginning of period  | <u>7,275,963,191</u>                          | <u>7,850,967,065</u>                          |
| End of period (including accumulated undistributed net investment income of \$75,187,376 and \$84,019,314, respectively) | <u>\$ 3,791,015,379</u>                       | <u>\$ 7,275,963,191</u>                       |

## GMO International Intrinsic Value Fund

(A Series of GMO Trust)

### Financial Highlights

(For a Class II share outstanding throughout each period)

|  | Year Ended February 28/29, |                      |                 |                 |                 |
|--|----------------------------|----------------------|-----------------|-----------------|-----------------|
|  | 2009                       | 2008                 | 2007            | 2006            | 2005            |
| <b>Net asset value, beginning of period</b>                              | <b>\$ 29.69</b>            | <b>\$ 34.99</b>      | <b>\$ 32.35</b> | <b>\$ 29.04</b> | <b>\$ 24.18</b> |
| Income (loss) from investment operations:                                |                            |                      |                 |                 |                 |
| Net investment income (loss) <sup>†</sup>                                | 0.79                       | 0.93                 | 0.79            | 0.65            | 0.49            |
| Net realized and unrealized gain (loss)                                  | (14.01)                    | (0.86)               | 5.60            | 4.45            | 5.07            |
| Total from investment operations   | (13.22)                    | 0.07                 | 6.39            | 5.10            | 5.56            |
| Less distributions to shareholders:                                      |                            |                      |                 |                 |                 |
| From net investment income   | (0.99)                     | (0.83)               | (0.54)          | (0.36)          | (0.66)          |
| From net realized gains  | (1.62)                     | (4.54)               | (3.21)          | (1.43)          | (0.04)          |
| Total distributions  | (2.61)                     | (5.37)               | (3.75)          | (1.79)          | (0.70)          |
| <b>Net asset value, end of period</b>                                    | <b>\$ 13.86</b>            | <b>\$ 29.69</b>      | <b>\$ 34.99</b> | <b>\$ 32.35</b> | <b>\$ 29.04</b> |
| <b>Total Return<sup>(a)</sup></b>  | <b>(48.04)%</b>            | <b>(1.11)%</b>       | <b>20.46%</b>   | <b>18.16%</b>   | <b>23.17%</b>   |
| <b>Ratios/Supplemental Data:</b>   |                            |                      |                 |                 |                 |
| Net assets, end of period (000's)  | \$394,070                  | \$510,006            | \$564,440       | \$567,313       | \$231,695       |
| Net expenses to average daily net assets                                 | 0.74% <sup>(b)</sup>       | 0.76% <sup>(b)</sup> | 0.76%           | 0.76%           | 0.76%           |
| Net investment income to average daily net assets                        | 3.41%                      | 2.59%                | 2.32%           | 2.16%           | 1.88%           |
| Portfolio turnover rate  | 53%                        | 47%                  | 36%             | 38%             | 46%             |
| Fees and expenses reimbursed by the Manager to average daily net assets: | 0.05%                      | 0.05%                | 0.04%           | 0.06%           | 0.07%           |

(a) The total returns would have been lower had certain expenses not been reimbursed during the periods shown and assumes the effect of reinvested distributions.

(b) The net expense ratio does not include the effect of expense reductions, except for reimbursements related to securities lending transactions (Note 2).

† Calculated using average shares outstanding throughout the period.

## GMO International Intrinsic Value Fund

(A Series of GMO Trust)

### Financial Highlights

(For a Class III share outstanding throughout each period)

|   | Year Ended February 28/29, |                 |                 |                 |                 |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2009                       | 2008            | 2007            | 2006            | 2005            |
| <b>Net asset value, beginning of period</b> | <b>\$ 29.97</b>            | <b>\$ 35.28</b> | <b>\$ 32.59</b> | <b>\$ 29.23</b> | <b>\$ 24.32</b> |
| Income (loss) from investment operations:   |                            |                 |                 |                 |                 |
| Net investment income (loss) <sup>†</sup>   | 0.79                       | 0.94            | 0.81            | 0.72            | 0.59            |
| Net realized and unrealized gain (loss)     | (14.13)                    | (0.86)          | 5.66            | 4.44            | 5.02            |
| Total from investment operations            | (13.34)                    | 0.08            | 6.47            | 5.16            | 5.61            |
| Less distributions to shareholders:         |                            |                 |                 |                 |                 |
| From net investment income                  | (1.01)                     | (0.85)          | (0.57)          | (0.37)          | (0.66)          |
| From net realized gains                     | (1.62)                     | (4.54)          | (3.21)          | (1.43)          | (0.04)          |
| Total distributions                         | (2.63)                     | (5.39)          | (3.78)          | (1.80)          | (0.70)          |
| <b>Net asset value, end of period</b>       | <b>\$ 14.00</b>            | <b>\$ 29.97</b> | <b>\$ 35.28</b> | <b>\$ 32.59</b> | <b>\$ 29.23</b> |
| <b>Total Return<sup>(a)</sup></b>           | <b>(48.01)%</b>            | <b>(1.06)%</b>  | <b>20.54%</b>   | <b>18.26%</b>   | <b>23.28%</b>   |

### Ratios/Supplemental Data:

|  |                      |                      |             |             |             |
|--|----------------------|----------------------|-------------|-------------|-------------|
| Net assets, end of period (000's)  | \$1,487,839          | \$2,615,878          | \$2,703,050 | \$2,795,610 | \$1,804,485 |
| Net expenses to average daily net assets                                 | 0.67% <sup>(b)</sup> | 0.69% <sup>(b)</sup> | 0.69%       | 0.69%       | 0.69%       |
| Net investment income to average daily net assets                        | 3.38%                | 2.61%                | 2.36%       | 2.39%       | 2.30%       |
| Portfolio turnover rate  | 53%                  | 47%                  | 36%         | 38%         | 46%         |
| Fees and expenses reimbursed by the Manager to average daily net assets: | 0.05%                | 0.05%                | 0.04%       | 0.06%       | 0.07%       |

(a) The total returns would have been lower had certain expenses not been reimbursed during the periods shown and assumes the effect of reinvested distributions.

(b) The net expense ratio does not include the effect of expense reductions, except for reimbursements related to securities lending transactions (Note 2).

† Calculated using average shares outstanding throughout the period.

## GMO International Intrinsic Value Fund

(A Series of GMO Trust)

### Financial Highlights

(For a Class IV share outstanding throughout each period)

|   | Year Ended February 28/29, |                 |                 |                 |                 |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2009                       | 2008            | 2007            | 2006            | 2005            |
| <b>Net asset value, beginning of period</b> | <b>\$ 29.96</b>            | <b>\$ 35.26</b> | <b>\$ 32.58</b> | <b>\$ 29.22</b> | <b>\$ 24.31</b> |
| Income (loss) from investment operations:   |                            |                 |                 |                 |                 |
| Net investment income (loss) <sup>†</sup>   | 0.82                       | 0.96            | 0.80            | 0.74            | 0.54            |
| Net realized and unrealized gain (loss)     | (14.14)                    | (0.85)          | 5.68            | 4.43            | 5.09            |
| Total from investment operations            | (13.32)                    | 0.11            | 6.48            | 5.17            | 5.63            |
| Less distributions to shareholders:         |                            |                 |                 |                 |                 |
| From net investment income                  | (1.02)                     | (0.87)          | (0.59)          | (0.38)          | (0.68)          |
| From net realized gains                     | (1.62)                     | (4.54)          | (3.21)          | (1.43)          | (0.04)          |
| Total distributions                         | (2.64)                     | (5.41)          | (3.80)          | (1.81)          | (0.72)          |
| <b>Net asset value, end of period</b>       | <b>\$ 14.00</b>            | <b>\$ 29.96</b> | <b>\$ 35.26</b> | <b>\$ 32.58</b> | <b>\$ 29.22</b> |
| <b>Total Return<sup>(a)</sup></b>           | <b>(47.95)%</b>            | <b>(0.98)%</b>  | <b>20.61%</b>   | <b>18.32%</b>   | <b>23.37%</b>   |

### Ratios/Supplemental Data:

|  |                      |                      |             |             |             |
|--|----------------------|----------------------|-------------|-------------|-------------|
| Net assets, end of period (000's)  | \$1,900,168          | \$4,131,392          | \$4,566,106 | \$3,150,741 | \$2,193,988 |
| Net expenses to average daily net assets                                 | 0.61% <sup>(b)</sup> | 0.63% <sup>(b)</sup> | 0.63%       | 0.63%       | 0.63%       |
| Net investment income to average daily net assets                        | 3.47%                | 2.67%                | 2.32%       | 2.45%       | 2.06%       |
| Portfolio turnover rate  | 53%                  | 47%                  | 36%         | 38%         | 46%         |
| Fees and expenses reimbursed by the Manager to average daily net assets: | 0.05%                | 0.05%                | 0.04%       | 0.06%       | 0.07%       |

(a) The total returns would have been lower had certain expenses not been reimbursed during the periods shown and assumes the effect of reinvested distributions.

(b) The net expense ratio does not include the effect of expense reductions, except for reimbursements related to securities lending transactions (Note 2).

† Calculated using average shares outstanding throughout the period.

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Financial Highlights

(For a Class M share outstanding throughout each period)

|   | Year Ended February 28/29, |                 |                 |                 |                 |
|---|----------------------------|-----------------|-----------------|-----------------|-----------------|
|   | 2009                       | 2008            | 2007            | 2006            | 2005            |
| <b>Net asset value, beginning of period</b> | <b>\$ 29.60</b>            | <b>\$ 34.93</b> | <b>\$ 32.28</b> | <b>\$ 28.98</b> | <b>\$ 24.15</b> |
| Income (loss) from investment operations:   |                            |                 |                 |                 |                 |
| Net investment income (loss) <sup>†</sup>   | 0.73                       | 0.79            | 0.68            | 0.61            | 0.44            |
| Net realized and unrealized gain (loss)     | (13.95)                    | (0.81)          | 5.62            | 4.41            | 5.04            |
| Total from investment operations            | (13.22)                    | (0.02)          | 6.30            | 5.02            | 5.48            |
| Less distributions to shareholders:         |                            |                 |                 |                 |                 |
| From net investment income                  | (0.93)                     | (0.77)          | (0.44)          | (0.29)          | (0.61)          |
| From net realized gains                     | (1.62)                     | (4.54)          | (3.21)          | (1.43)          | (0.04)          |
| Total distributions                         | (2.55)                     | (5.31)          | (3.65)          | (1.72)          | (0.65)          |
| <b>Net asset value, end of period</b>       | <b>\$ 13.83</b>            | <b>\$ 29.60</b> | <b>\$ 34.93</b> | <b>\$ 32.28</b> | <b>\$ 28.98</b> |
| <b>Total Return<sup>(a)</sup></b>           | <b>(48.14)%</b>            | <b>(1.36)%</b>  | <b>20.18%</b>   | <b>17.92%</b>   | <b>22.88%</b>   |

### Ratios/Supplemental Data:

|  |                      |                      |          |          |          |
|--|----------------------|----------------------|----------|----------|----------|
| Net assets, end of period (000's)  | \$ 8,938             | \$18,687             | \$17,371 | \$29,984 | \$18,347 |
| Net expenses to average daily net assets                                 | 0.97% <sup>(b)</sup> | 0.99% <sup>(b)</sup> | 0.99%    | 0.99%    | 0.99%    |
| Net investment income to average daily net assets                        | 3.13%                | 2.22%                | 2.00%    | 2.07%    | 1.72%    |
| Portfolio turnover rate  | 53%                  | 47%                  | 36%      | 38%      | 46%      |
| Fees and expenses reimbursed by the Manager to average daily net assets: | 0.05%                | 0.05%                | 0.04%    | 0.06%    | 0.07%    |

(a) The total returns would have been lower had certain expenses not been reimbursed during the periods shown and assumes the effect of reinvested distributions.

(b) The net expense ratio does not include the effect of expense reductions, except for reimbursements related to securities lending transactions (Note 2).

† Calculated using average shares outstanding throughout the period.

# **GMO International Intrinsic Value Fund**

## **(A Series of GMO Trust)**

### **Notes to Financial Statements**

#### **February 28, 2009**

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#### **1. Organization**

GMO International Intrinsic Value Fund (the “Fund”) is a series of GMO Trust (the “Trust”). The Fund is registered under the Investment Company Act of 1940, as amended, as an open-end, non-diversified management investment company. The Fund is advised and managed by Grantham, Mayo, Van Otterloo & Co. LLC (the “Manager” or “GMO”). The Trust was established as a Massachusetts business trust under the laws of The Commonwealth of Massachusetts on June 24, 1985. The Declaration of Trust permits the Trustees of the Trust (“Trustees”) to create an unlimited number of series of shares (“Funds”) and to subdivide Funds into classes.

The Fund seeks high total return. The Fund seeks to achieve its objective by outperforming the MSCI EAFE Value Index. The Fund typically makes equity investments in companies from developed countries, other than the U.S. Effective January 1, 2009 the Fund changed its benchmark from the S&P EPAC Large Mid Cap Value Index (formerly S&P/Citigroup PMI EPAC Value Index) to the MSCI EAFE Value Index to better reflect a more appropriate, comparative, broad-based market Index for the Fund.

Throughout the year ended February 28, 2009, the Fund had four classes of shares outstanding: Class II, Class III, Class IV and Class M. Class M shares bear an administration fee and a 12b-1 fee while classes II, III, and IV bear a shareholder service fee (See Note 3). The principal economic difference among the classes of shares is the type and level of fees borne by the classes.

#### **2. Significant accounting policies**

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have been consistently followed by the Fund in preparing its financial statements. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The accounting records of the Fund are maintained in U.S. dollars.

##### **Portfolio valuation**

Securities listed on a securities exchange for which market quotations are readily available are valued at the last sale price or official closing price on each business day, or if there is no such reported sale or official closing price, at the most recent quoted bid price. Unlisted securities for which market quotations are readily available are generally valued at the most recent quoted bid price. Debt instruments with a remaining maturity of sixty days or less are generally valued at amortized cost, which approximates fair value. Shares of investment funds are generally valued at their net asset value. Securities for which quotations are not readily available or whose values the Manager has determined to be unreliable are valued at fair value as determined in good faith by the Trustees or persons acting at their direction

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Notes to Financial Statements — (Continued) February 28, 2009

pursuant to procedures approved by the Trustees. By its nature, a fair value price is a good faith estimate of the value of a security at a given point in time and may not reflect the value that would be realized if the security were sold. The difference between a fair value price and the value realized upon a sale could be material. Because many foreign equity securities markets and exchanges close prior to the close of the New York Stock Exchange (“NYSE”), closing prices for foreign securities in those markets or on those exchanges do not reflect the events that occur after that close but before the close of the NYSE. As a result, the Fund generally values foreign equity securities using fair value prices, which are based on adjustments to closing prices supplied by a third party vendor based on that vendor’s proprietary models. As of February 28, 2009, 87.66% of the net assets of the Fund were valued using fair value prices based on models used by a third party vendor.

In September 2006, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (“SFAS 157”). SFAS 157 is effective for the Fund’s current fiscal year. While the adoption of SFAS 157 does not have an effect on the Fund’s net asset value, it does require additional disclosures about fair value measurements. SFAS 157 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the reliability of inputs to the valuation of the Fund’s investments. The three levels are defined as follows:

Level 1 – Valuations based on quoted prices for identical securities in active markets.

Level 2 – Valuations determined using other significant direct or indirect observable inputs.

Level 3 – Valuations based on inputs that are unobservable and significant.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the fair valuations according to inputs used as of February 28, 2009 in valuing the Fund’s investments:

| Asset Valuation Inputs                        | Investments<br>in Securities | Other Financial<br>Instruments* |
|---|------------------------------|---------------------------------|
| Level 1 - Quoted Prices                       | \$ 371,354,891               | \$ 4,370,186                    |
| Level 2 - Other Significant Observable Inputs | 3,323,640,985                | 14,829,146                      |
| Level 3 - Significant Unobservable Inputs     | —                            | —                               |
| Total   | \$ 3,694,995,876             | \$ 19,199,332                   |

\* Other financial instruments include forward currency contracts and futures contracts.

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**

**Notes to Financial Statements — (Continued)**  
**February 28, 2009**

| <u>Liability Valuation Inputs</u>             | <u>Investments<br/>in Securities</u> | <u>Other Financial<br/>Instruments**</u> |
|---|--------------------------------------|--|
| Level 1 - Quoted Prices                       | \$ —                                 | \$ —                                     |
| Level 2 - Other Significant Observable Inputs | —                                    | (74,096,882)                             |
| Level 3 - Significant Unobservable Inputs     | —                                    | —  |
| Total   | <u>\$ —</u>                          | <u>\$ (74,096,882)</u>                   |

\*\* Other financial instruments include forward currency contracts and futures contracts.

The Fund held no investments or other financial instruments at either February 29, 2008 or February 28, 2009, whose fair value was determined using Level 3 inputs.

**Foreign currency translation**

The market values of foreign securities, currency holdings and related assets and liabilities are translated to U.S. dollars based on the 4 p.m. New York time exchange rates each business day. Income and expenses denominated in foreign currencies are translated at the 4 p.m. New York time exchange rates on the business day the income and expenses are accrued or incurred. The Fund does not isolate realized and unrealized gains and losses attributable to changes in exchange rates from gains and losses that arise from changes in the market value of investments. Such fluctuations are included with net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent gains and losses on disposition of currencies and forward currency contracts, currency gains and losses realized between the trade and settlement dates on securities transactions, and the difference between the amount of investment income and foreign withholding taxes recorded on the Fund's accounting records and the U.S. dollar equivalent amounts actually received or paid.

**Forward currency contracts**

The Fund may enter into forward currency contracts including forward cross currency contracts. A forward currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a forward currency contract fluctuates with changes in forward currency exchange rates. Forward currency contracts are marked to market daily using rates supplied by a quotation service and changes in value are recorded by the Fund as an unrealized gain or loss. Realized gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are recorded upon delivery or receipt of the currency or, if a forward currency contract is offset by entering into another forward currency contract with the same broker, upon settlement of the net gain or loss. These contracts may involve market risk in excess of the unrealized gain or loss reflected in the Fund's Statement of Assets and Liabilities. They expose the Fund to the risk of unfavorable movements in currency values and the risk that the counterparty will be unable or unwilling to meet the terms of the contracts. Forward currency contracts outstanding at the end of the period are listed in the Fund's Schedule of Investments.

## **GMO International Intrinsic Value Fund**

### **(A Series of GMO Trust)**

#### **Notes to Financial Statements — (Continued)**

##### **February 28, 2009**

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#### **Futures contracts**

The Fund may purchase and sell futures contracts. Upon entering into a futures contract, the Fund is required to deposit cash, U.S. government and agency obligations, or other liquid assets with the futures clearing broker in accordance with the initial margin requirements of the broker or exchange. In addition, the Fund maintains cash or securities in an amount that at least equals the net amount payable in the event the Fund must deliver the full amount of the contract. Futures contracts are marked to market daily and an appropriate payable or receivable for the change in value (“variation margin”) is recorded by the Fund. The payable or receivable is settled on the following business day. Gains or losses are recognized but not considered realized until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed in the Statement of Assets and Liabilities. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day’s settlement price, thereby effectively preventing liquidation of unfavorable positions. Losses may arise from changes in the value of the underlying instrument if the Fund is unable to liquidate a futures position due to an illiquid secondary market for the contract or the imposition of price limits, or if counterparties do not perform under the contract terms. Futures contracts are generally valued at the settlement price established each day by the board of trade or exchange on which they are traded. Because many foreign exchanges close prior to the close of the New York Stock Exchange (“NYSE”), closing prices for foreign futures in those markets or on those markets or on those exchanges do not reflect the events that occur after that close but before the close of the NYSE. As a result, the Fund generally values foreign futures using fair value prices, which are based on adjustments to closing prices supplied by a third party vendor based on that vendor’s proprietary models. Futures contracts outstanding at the end of the period are listed in the Fund’s Schedule of Investments.

#### **Options**

The Fund may write (i.e., sell) call and put options. Writing options alters the Fund’s exposure to the underlying instrument by, in the case of a call option, obligating the Fund to sell the underlying instrument at a set price to the option-holder and, in the case of a put option, obligating the Fund to purchase the underlying instrument at a set price from the option-holder. In the case of an index option, settlement will be in cash. When the Fund writes a call or put option, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. Premiums received from writing options that expire are treated as realized gains. Premiums received from writing options that are exercised or closed are deducted from the amounts paid on the underlying future, security or currency transaction to determine the realized gain or loss. The Fund as a writer of an option has no control over whether the underlying future, security or currency may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the future, security or currency underlying the option. In the event that the Fund writes uncovered put or call options (i.e. options for investments that the Fund does not own), it bears the risk of substantial losses if the price of the underlying instrument increases during the term of the option. Options expose the Fund to the risk the Fund may not be able to enter into a closing transaction because of an illiquid market. The Fund had no open written option contracts during the period.

## **GMO International Intrinsic Value Fund** **(A Series of GMO Trust)**

### **Notes to Financial Statements — (Continued)** **February 28, 2009**

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The Fund may also purchase put and call options. Purchasing options alters the Fund's exposure to the underlying instrument by, in the case of a call option, entitling the Fund to purchase the underlying instrument at a set price from the writer of the option and, in the case of a put option, entitling the Fund to sell the underlying instrument at a set price to the writer of the option. The Fund pays a premium for a purchased option. That premium is disclosed in the Schedule of Investments and is subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options that expire are treated as realized losses. Premiums paid for purchasing options that are exercised or closed are deducted from the proceeds on the closing transaction to determine the realized gain or loss. The risk associated with purchasing put and call options is limited to the premium paid. The Fund had no purchased option contracts outstanding at the end of the period.

The Fund values exchange traded options at the last sale price, or if no sale is reported, the last bid price for options it has purchased and the last ask price for options it has written. The Fund values options traded over-the-counter using inputs provided by primary pricing sources and industry standard models.

#### **Swap agreements**

The Fund may enter into various types of swap agreements, including without limitation, interest rate, total return, credit default and variance swap agreements. A swap agreement is an agreement to exchange the return generated by one instrument for the return generated by another instrument. When entering into a swap agreement, the Fund and/or the swap counterparty may post or receive cash or securities as collateral. The party posting the collateral typically receives the interest associated with or payments related to the collateral and has the risk of loss related to the collateral.

Interest rate swap agreements involve an exchange by the parties of their respective commitments to pay or right to receive interest, e.g., an exchange of floating rate interest payments for fixed rate interest payments with respect to the notional amount of principal.

Total return swap agreements involve a commitment by one party to pay interest to the other party in exchange for a payment to it from the other party based on the return of a reference instrument (e.g., a security or basket of securities), both based on notional amounts. To the extent the return of the reference instrument exceeds or falls short of the interest payments, one party will receive a payment from or make a payment to the other party.

In a credit default swap agreement, one party makes payments to another party in exchange for the right to receive a specified return if a credit event occurs with respect to a referenced entity or entities. Buying credit default protection reduces the buyer's exposure in the event of an issuer's default (e.g., it reduces risk where a party owns a security issued by or otherwise has exposure to the issuer). Selling credit default protection subjects the seller to exposure to an issuer's default. A seller of credit default protection receives payments in return for its obligation to pay the principal amount of a debt security (or other agreed-upon value) to the other party upon the occurrence of a credit event (e.g., issuer default or similar

## **GMO International Intrinsic Value Fund**

### **(A Series of GMO Trust)**

#### **Notes to Financial Statements — (Continued)**

##### **February 28, 2009**

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event). If no credit event occurs, the seller has no payment obligations. For credit default swap agreements on asset-backed securities, a credit event may be triggered by such events as the issuer's failure to pay interest or principal, an agreement of the holders of an asset-backed security to a maturity extension, a rating downgrade on the security or a write-down on the collateral underlying the security. For credit default swap agreements on corporate or sovereign issuers, a credit event may be triggered by such events as the issuer's bankruptcy, failure to pay interest or principal, repudiation/moratorium or restructuring.

Variance swap agreements involve an agreement by two parties to exchange cash flows based on the measured variance (or square of volatility) of a specified underlying asset. One party agrees to exchange a "fixed rate" or strike price payment for the "floating rate" or realized price variance on the underlying asset with respect to the notional amount. At inception, the strike price chosen is generally fixed at a level such that the fair value of the swap is zero. At the expiration date, the amount paid by one party to the other is the difference between the realized price variance of the underlying asset and the strike price multiplied by the notional amount. A receiver of the realized price variance would receive a payment when the realized price variance of the underlying asset is greater than the strike price and would make a payment when that variance is less than the strike price. A payer of the realized price variance would make a payment when the realized price variance of the underlying asset is greater than the strike price and would receive a payment when that variance is less than the strike price. This type of agreement is essentially a forward contract on the future realized price variance of the underlying asset.

The Fund prices its swap agreements daily using models that may incorporate quotations from market makers and records the change in value, if any, as unrealized gain or loss in the Statement of Operations. Payments received or made on swap agreements are recorded as realized gain or loss in the Statement of Operations. Gains or losses are realized upon termination of the swap agreements.

Swap agreements often are not actively traded on financial markets. The values assigned to them may differ significantly from the values that would be realized upon termination, and the differences could be material. Entering into swap agreements involves credit, legal, market and documentation risk that is not reflected in the amounts reported in the Statement of Assets and Liabilities. Such risks include the possibility that the party with whom the Fund contracts may default on its obligations to perform or disagree as to the meaning of contractual terms, or that the collateral that party posts may be insufficient or not timely received by the Fund. Credit risk may be particularly acute in an environment where financial services firms are exposed to systemic risks of the type evidenced by the insolvency of Lehman Brothers and subsequent market disruptions. The Fund had no swap agreements outstanding at the end of the period.

#### **Securities lending**

The Fund may lend its securities to qualified brokers. The loans are collateralized with cash or liquid securities with a market value at least equal to the market value of the securities upon entering into the loan. As with other extensions of credit, the Fund may bear the risk of loss with respect to the investment of the collateral, the risk of delay in and/or inability to exercise its rights with respect to the collateral, and the risk of delay in recovery or loss of rights in the loaned securities should the borrower of the securities

## **GMO International Intrinsic Value Fund** **(A Series of GMO Trust)**

### **Notes to Financial Statements — (Continued)** **February 28, 2009**

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fail financially. If a loan is collateralized by U.S. government securities, the Fund receives a fee from the borrower. If a loan is collateralized by cash, the Fund typically invests the cash collateral for its own account. As of February 28, 2009 the Fund had no securities on loan.

#### **Taxes and distributions**

The Fund intends to qualify each tax year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”). The Fund intends to distribute substantially all of its net investment income and all of its net realized short-term and long-term capital gain, if any, after giving effect to any available capital loss carryforwards for U.S. federal income tax purposes. Therefore, no provision for U.S. federal income or excise tax is necessary. Taxes on foreign interest and dividend income are generally withheld in accordance with the applicable country’s tax treaty with the United States. The foreign withholding rates applicable to a Fund’s investments in certain foreign jurisdictions may be higher if a significant portion of the Fund is held by non-U.S. shareholders.

The Fund’s policy is to declare and pay distributions from net investment income, if any, semiannually, and from net realized short-term and long-term capital gain, if any, at least annually. All distributions are paid in shares of the Fund, at net asset value, unless the shareholder elects to receive cash distributions. Distributions to shareholders are recorded by the Fund on the ex-dividend date.

Foreign taxes paid by the Fund may be treated, to the extent permissible under the Code and if the Fund so elects, as if paid by the shareholders of the Fund.

The Fund may be subject to capital gains and repatriation taxes imposed by certain countries in which it invests.

Income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences that arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary over-distributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

U.S. GAAP and tax accounting differences primarily relate to capital loss carryforwards, derivative contract transactions, foreign currency transactions, losses on wash sale transactions, passive foreign investment company transactions and post-October capital losses.

The following reclassification represents the amount necessary to report the stated components of net assets on a tax basis, excluding certain temporary differences, as of February 28, 2009. The financial highlights exclude these adjustments.

**GMO International Intrinsic Value Fund**  
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**Notes to Financial Statements — (Continued)**  
**February 28, 2009**

|  |  |                        |
|--|--|------------------------|
| Accumulated<br>Undistributed Net<br><u>Investment Income</u> | Accumulated<br>Net<br><u>Realized Loss</u> | <u>Paid-in Capital</u> |
| \$37,748,898   | \$(37,748,898)                             | \$—                    |

The tax character of distributions declared to shareholders is as follows:

|  | <u>2/28/2009</u>     | <u>2/29/2008</u>       |
|--|----------------------|------------------------|
| Ordinary income (including any<br>net short-term capital gain) | \$255,354,938        | \$ 329,444,076         |
| Net long-term capital gain                                     | <u>401,581,471</u>   | <u>854,862,060</u>     |
| Total distributions  | <u>\$656,936,409</u> | <u>\$1,184,306,136</u> |

Distributions in excess of tax basis earnings and profits, if significant, are reported in the financial statements as a return of capital for tax purposes.

As of February 28, 2009, the components of distributable earnings on a tax basis consisted of the following:

|  |              |
|--|--------------|
| Undistributed ordinary income (including any<br>net short-term capital gain) | \$63,634,786 |
|--|--------------|

As of February 28, 2009, the Fund elected to defer to March 1, 2009 post-October capital losses of \$285,032,634.

As of February 28, 2009, the Fund had capital loss carryforwards available to offset future realized gains if any, to the extent permitted by the Code. Utilization of the capital loss carryforwards could be subject to limitations imposed by the Code related to share ownership activity. Such losses expire as follows:

|           |                        |
|-----------|------------------------|
| 2/28/2017 | <u>\$(154,259,096)</u> |
| Total     | <u>\$(154,259,096)</u> |

As of February 28, 2009, the approximate cost for U.S. federal income tax purposes and gross and net unrealized appreciation (depreciation) in value of investments were as follows:

|                       |                     |                       |                     |
|-----------------------|---------------------|-----------------------|---------------------|
|                       | Gross Unrealized    | Gross Unrealized      | Net Unrealized      |
| <u>Aggregate Cost</u> | <u>Appreciation</u> | <u>(Depreciation)</u> | <u>Appreciation</u> |
| \$6,619,446,565       | \$22,161,094        | \$(2,946,611,783)     | \$(2,924,450,689)   |

# **GMO International Intrinsic Value Fund**

## **(A Series of GMO Trust)**

### **Notes to Financial Statements — (Continued)**

#### **February 28, 2009**

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The Fund is subject to the provisions of Financial Accounting Standards Board Interpretation No. 48 (“FIN 48”), Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109. FIN 48 sets forth a minimum threshold for financial statement recognition of a tax position taken or expected to be taken in a tax return that could affect the Fund’s financial statements. The Fund did not have any unrecognized tax benefits or liabilities at February 28, 2009, nor did it have any increases or decreases in unrecognized tax benefits or liabilities for the period then ended. The Fund is subject to examination prior to the expiration of the statute of limitations by U.S. federal and state tax authorities for tax returns filed.

#### **Security transactions and related investment income**

Security transactions in the financial statements are accounted for on the trade date. Dividend income, net of applicable foreign withholding taxes, if any, is recorded on the ex-dividend date or, if later, when the Fund is informed of the ex-dividend date. Interest income is recorded on the accrual basis and is adjusted for the amortization of premiums and accretion of discounts. Principal on inflation indexed securities is adjusted for inflation and any increase or decrease is recorded as interest income or loss. Income is not recognized on securities for which collection is not expected. Non-cash dividends, if any, are recorded at the fair market value of the asset received. In determining the net gain or loss on securities sold, the Fund uses the identified cost basis for the purposes of determining the cost basis.

#### **Expenses**

The majority of the expenses of the Trust are directly identifiable to an individual fund. Expenses that are not readily identifiable to a specific fund are allocated taking into consideration, among other things, the nature and type of expense and the relative size of the funds. Investment income, common expenses and realized and unrealized gains and losses are allocated pro rata among the classes of shares of the Fund based on the relative net assets of each class. Shareholder service fees, 12b-1, and administration fees, which are directly attributable to a class of shares, are charged to that class’s operations.

Brown Brothers Harriman & Co. (“BBH”) serves as custodian and fund accounting agent of the Fund. State Street Bank and Trust Company (“State Street”) serves as transfer agent of the Fund. BBH and State Street’s fees may be reduced by an earnings allowance calculated on the average daily cash balances the Fund maintains with each agent. The Fund receives the benefit of the earnings allowance. In addition, Goldman Sachs Agency Lending, the Fund’s securities lending agent, has agreed to reimburse the Fund for certain transactional expenses related to securities lending activity. Credit balances or expense reimbursements used to reduce fees, if any, are reported as a reduction of expenses in the Statement of Operations.

#### **Investment risks**

The Fund is subject to risks involved in investing in foreign securities that are not presented by investments in U.S. securities. These risks may involve adverse political and economic developments, including expropriation and the possible imposition of capital controls or other foreign governmental laws or restrictions. In addition, the securities of some foreign companies and securities markets are less liquid and at times may be more volatile than securities of comparable U.S. companies and U.S. securities markets.

# GMO International Intrinsic Value Fund

## (A Series of GMO Trust)

### Notes to Financial Statements — (Continued)

#### February 28, 2009

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#### Recently issued accounting pronouncement

In March 2008, FASB issued Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities (“SFAS 161”). SFAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. SFAS 161 requires enhanced disclosures about the Fund’s derivative and hedging activities. The Manager is currently evaluating the impact the adoption of SFAS 161 will have on the Fund’s financial statement disclosures.

### 3. Fees and other transactions with affiliates

Effective June 30, 2008, GMO receives a management fee for investment management services provided to the Fund that is paid monthly at the annual rate of 0.50% of average daily net assets. For the period from March 1, 2008 through June 29, 2008, the management fee rate was 0.54% of average daily net assets. The Fund has adopted a Shareholder Service Plan under which the Fund pays GMO a shareholder service fee for client and shareholder service, reporting, and other support. Pursuant to the Shareholder Service Plan, the shareholder service fee is calculated based on average daily net assets of each class at the annual rate of 0.22% for Class II shares, 0.15% for Class III shares, and 0.09% for Class IV shares.

Holders of Class M shares of the Fund pay GMO an administration fee for support services provided to Class M shareholders. That fee is paid monthly at the annual rate of 0.20% of average daily net assets of Class M shares. Pursuant to a Rule 12b-1 distribution plan adopted by the Fund, holders of Class M shares of the Fund may pay a fee, at the annual rate of up to 1.00% of average daily net assets of Class M shares for any activities or expenses primarily intended to result in the sale of Class M shares of the Fund and/or for the provision of services to Class M shareholders. The Trustees currently limit payments on Class M shares to 0.25% of the Fund’s average daily net assets of Class M shares.

Through at least June 30, 2009, the Manager has contractually agreed to reimburse the Fund for Fund expenses incurred through that date to the extent the Fund’s total annual operating expenses (excluding “Excluded Expenses”, as defined below) exceed 0.50% of the Fund’s average daily net assets. Excluded Expenses include shareholder service fees, administration and distribution (12b-1) fees, fees and expenses of the independent Trustees of the Trust, fees and expenses for legal services not approved by the Manager for the Trust, compensation and expenses of the Trust’s Chief Compliance Officer (“CCO”) (excluding any employee benefits), brokerage commissions, securities lending fees and expenses, interest expense, transfer taxes, and other investment-related costs (including expenses associated with investments in any company that is an investment company or would be an investment company under the 1940 Act, but for the exceptions to the definition of investment company provided in Section 3(c)(1) and 3(c)(7) of the 1940 Act), hedging transaction fees, extraordinary, non-recurring and certain other unusual expenses (including taxes).

The Fund’s portion of the fees paid by the Trust to the Trust’s independent Trustees and CCO during the year ended February 28, 2009 was \$70,979 and \$44,001, respectively. The compensation and expenses of the CCO are included in miscellaneous expenses in the Statement of Operations. The Fund paid no remuneration to any other officer of the Trust.

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Notes to Financial Statements — (Continued) February 28, 2009

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#### 4. Purchases and sales of securities

Cost of purchases and proceeds from sales of securities, excluding short-term investments, for the year ended February 28, 2009 aggregated \$3,433,072,305 and \$3,087,544,799, respectively.

#### 5. Guarantees

In the normal course of business the Fund enters into contracts with third-party service providers that contain a variety of representations and warranties and that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as it involves future claims that may be made against the Fund that have not yet occurred. Based on experience, management is of the view that the risk of loss in connection with its indemnification obligations is remote; however, there can be no assurance that such obligations will not result in material liabilities that adversely affect the Fund.

#### 6. Principal shareholders and related parties

As of February 28, 2009, the Fund had no shareholders who individually held more than 10% of the Fund's outstanding shares.

As of February 28, 2009, 0.43% shares of the Fund were held by senior management of the Manager and GMO Trust officers, and 57.00% of the Fund's shares were held by accounts for which the Manager had investment discretion.

#### 7. Share transactions

The Declaration of Trust permits the Trust to issue an unlimited number of shares of beneficial interest (without par value). Transactions in Fund shares were as follows:

|   | Year Ended<br>February 28, 2009 |                       | Year Ended<br>February 29, 2008 |                      |
|---|---------------------------------|-----------------------|---------------------------------|----------------------|
|   | Shares                          | Amount                | Shares                          | Amount               |
| Class II:   |                                 |                       |                                 |                      |
| Shares sold   | 12,342,982                      | \$ 192,225,431        | 2,870,488                       | \$ 104,261,777       |
| Shares issued to shareholders<br>in reinvestment of distributions | 1,660,673                       | 38,959,612            | 2,225,434                       | 73,788,974           |
| Shares repurchased  | (2,745,119)                     | (64,651,845)          | (4,046,894)                     | (148,804,167)        |
| Net increase (decrease)   | <u>11,258,536</u>               | <u>\$ 166,533,198</u> | <u>1,049,028</u>                | <u>\$ 29,246,584</u> |

**GMO International Intrinsic Value Fund**  
**(A Series of GMO Trust)**

**Notes to Financial Statements — (Continued)**  
**February 28, 2009**

|   | Year Ended<br>February 28, 2009 |                       | Year Ended<br>February 29, 2008 |                       |
|---|---------------------------------|-----------------------|---------------------------------|-----------------------|
|   | Shares                          | Amount                | Shares                          | Amount                |
| Class III:  |                                 |                       |                                 |                       |
| Shares sold   | 34,874,353                      | \$ 648,206,780        | 11,261,644                      | \$ 401,290,984        |
| Shares issued to shareholders<br>in reinvestment of distributions | 9,415,098                       | 223,954,309           | 12,081,961                      | 403,817,120           |
| Shares repurchased  | (25,321,014)                    | (474,062,102)         | (12,684,964)                    | (454,942,171)         |
| Net increase (decrease)   | <u>18,968,437</u>               | <u>\$ 398,098,987</u> | <u>10,658,641</u>               | <u>\$ 350,165,933</u> |

|   | Year Ended<br>February 28, 2009 |                       | Year Ended<br>February 29, 2008 |                       |
|---|---------------------------------|-----------------------|---------------------------------|-----------------------|
|   | Shares                          | Amount                | Shares                          | Amount                |
| Class IV:   |                                 |                       |                                 |                       |
| Shares sold   | 50,166,036                      | \$ 1,080,197,863      | 25,699,917                      | \$ 891,693,160        |
| Shares issued to shareholders<br>in reinvestment of distributions | 14,525,469                      | 347,382,151           | 19,888,170                      | 664,131,421           |
| Shares repurchased  | (66,824,488)                    | (1,255,080,247)       | (37,173,406)                    | (1,300,923,459)       |
| Net increase (decrease)   | <u>(2,132,983)</u>              | <u>\$ 172,499,767</u> | <u>8,414,681</u>                | <u>\$ 254,901,122</u> |

|   | Year Ended<br>February 28, 2009 |                   | Year Ended<br>February 29, 2008 |                     |
|---|---------------------------------|-------------------|---------------------------------|---------------------|
|   | Shares                          | Amount            | Shares                          | Amount              |
| Class M:  |                                 |                   |                                 |                     |
| Shares sold   | 124,606                         | \$ 2,785,247      | 245,514                         | \$ 9,021,667        |
| Shares issued to shareholders<br>in reinvestment of distributions | 67,005                          | 1,580,922         | 92,415                          | 3,048,018           |
| Shares repurchased  | (176,478)                       | (4,012,426)       | (204,043)                       | (7,216,687)         |
| Net increase (decrease)   | <u>15,133</u>                   | <u>\$ 353,743</u> | <u>133,886</u>                  | <u>\$ 4,852,998</u> |

## **Report of Independent Registered Public Accounting Firm**

### **To the Trustees of GMO Trust and the Shareholders of GMO International Intrinsic Value Fund:**

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of GMO International Intrinsic Value Fund (the “Fund”) at February 28, 2009, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at February 28, 2009 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
Boston, Massachusetts  
April 29, 2009

## **GMO International Intrinsic Value Fund**

### **(A Series of GMO Trust)**

#### **Fund Expenses**

#### **February 28, 2009 (Unaudited)**

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*Expense Examples:* The following information is in relation to expenses for the six month period ended February 28, 2009.

As a shareholder of the Fund, you may incur two types of costs: (1) transaction costs; and (2) ongoing costs, including management fees, shareholder service fees, distribution (12b-1) and/or administration fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, September 1, 2008 through February 28, 2009.

#### Actual Expenses

The first line of the table for each class below provides information about actual account values and actual expenses. You may use the information in this line, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, a \$35,000,000 account value divided by \$1,000 = 35,000), then multiply the result by the number in the first line under the heading entitled "Net Expense Incurred" to estimate the expenses you paid on your account during this period.

#### Hypothetical Example for Comparison Purposes

The second line of the table for each class below provides information about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

## GMO International Intrinsic Value Fund (A Series of GMO Trust)

### Fund Expenses — (Continued) February 28, 2009 (Unaudited)

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as purchase premiums and redemption fees. Therefore, the second line of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

|                 | Annualized<br>Net Expense<br>Ratio | Beginning<br>Account<br>Value | Ending<br>Account<br>Value | Net<br>Expense<br>Incurred* |
|-----------------|------------------------------------|-------------------------------|----------------------------|-----------------------------|
| Class II        |                                    |                               |                            |                             |
| 1) Actual       | 0.72%                              | \$1,000.00                    | \$ 565.70                  | \$2.80                      |
| 2) Hypothetical | 0.72%                              | \$1,000.00                    | \$1,021.22                 | \$3.61                      |
| Class III       |                                    |                               |                            |                             |
| 1) Actual       | 0.65%                              | \$1,000.00                    | \$ 565.60                  | \$2.52                      |
| 2) Hypothetical | 0.65%                              | \$1,000.00                    | \$1,021.57                 | \$3.26                      |
| Class IV        |                                    |                               |                            |                             |
| 1) Actual       | 0.59%                              | \$1,000.00                    | \$ 566.00                  | \$2.29                      |
| 2) Hypothetical | 0.59%                              | \$1,000.00                    | \$1,021.87                 | \$2.96                      |
| Class M         |                                    |                               |                            |                             |
| 1) Actual       | 0.95%                              | \$1,000.00                    | \$ 564.90                  | \$3.69                      |
| 2) Hypothetical | 0.95%                              | \$1,000.00                    | \$1,020.08                 | \$4.76                      |

\* Expenses are calculated using each Class's annualized net expense ratio for the six months ended February 28, 2009, multiplied by the average account value over the period, multiplied by 181 days in the period, divided by 365 days in the year.

## **GMO International Intrinsic Value Fund** **(A Series of GMO Trust)**

### **Tax Information for the Tax Year Ended February 28, 2009 (Unaudited)**

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The Fund will notify shareholders of amounts for use in preparing 2009 income tax forms in January 2010.

The Fund's distributions to shareholders include \$401,581,471 from long-term capital gains.

During the year ended February 28, 2009, the Fund paid foreign taxes of \$23,626,965 and recognized foreign source income of \$261,456,657.

For taxable, non-corporate shareholders, 72.87% of the income and short-term capital gains, if any, distributed in the Fund's fiscal year ended February 28, 2009 represents qualified dividend income subject to the 15% rate category.

## Trustees and Officers (Unaudited)

The following tables list the Trust’s Trustees and Officers as of the date of this report; their address and date of birth (“DOB”); their position with the Trust; the length of time holding that position with the Trust; their principal occupation(s) during the past five years; the number of portfolios in the fund complex they oversee; and other directorships they hold in companies subject to registration or reporting requirements of the Securities Exchange Act of 1934 (generally called “public companies”) or in registered investment companies. The Trust’s Statement of Additional Information (“SAI”) includes additional information about the Trust’s trustees, including changes subsequent to the date of the report. The SAI is available, without charge, upon request by writing GMO, c/o GMO Trust, 40 Rowes Wharf, Boston, MA 02110.

### Independent Trustees:

| Name, Address, and DOB   | Position(s) Held with Trust       | Term of Office <sup>1</sup> and Length of Time Served  | Principal Occupation(s) During Past Five Years                          | Number of Portfolios in Fund Complex Overseen by Trustee | Other Directorships Held by Trustee |
|--|-----------------------------------|--|---|--|-------------------------------------|
| Donald W. Glazer, Esq.<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 07/26/1944 | Chairman of the Board of Trustees | Chairman of the Board of Trustees since March 2005; Lead Independent Trustee (September 2004 – March 2005); Trustee since December 2000. | Consultant – Law and Business <sup>2</sup> ; Author of Legal Treatises. | 59   | None.                               |

<sup>1</sup> Each Trustee is elected to serve during the continued lifetime of the Trust until he/she dies, resigns or is removed, or if sooner, until the next meeting of Shareholders called for the purpose of electing Trustees and until the election and qualification of his/her successor.

<sup>2</sup> As part of Mr. Glazer’s work as a consultant, he provides part-time consulting services to Goodwin Procter LLP (“Goodwin”). Goodwin has provided legal services to Renewable Resources, LLC, an affiliate of GMO; GMO, in connection with its relationship with Renewable Resources; and funds managed by Renewable Resources. Mr. Glazer has represented that he has no financial interest in, and is not involved in the provision of, such legal services. In the calendar years ended December 31, 2007 and December 31, 2008, these entities paid \$789,416 and \$183,864 respectively, in legal fees and disbursements to Goodwin. In correspondence with the Staff of the Securities and Exchange Commission beginning in August 2006, the Independent Trustees’ legal counsel provided the Staff with information regarding Mr. Glazer’s relationship with Goodwin and his other business activities. On September 11, 2007, based on information that had been given to the Staff as of that date, the Staff provided oral no-action assurance consistent with the opinion of the Independent Trustees’ legal counsel that Mr. Glazer is not an “interested person” of the Trust.

## Independent Trustees — (Continued)

| Name, Address, and DOB  | Position(s) Held with Trust | Term of Office <sup>1</sup> and Length of Time Served | Principal Occupation(s) During Past Five Years   | Number of Portfolios in Fund Complex Overseen by Trustee | Other Directorships Held by Trustee  |
|---|-----------------------------|---|--|--|--|
| W. Nicholas Thorndike<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 03/28/1933 | Trustee                     | Since March 2005.                                     | Director or trustee of various corporations and charitable organizations, including Courier Corporation (a book publisher and manufacturer) (July 1989 – present); Putnam Funds (December 1992 – June 2004); and Providence Journal (a newspaper publisher) (December 1986 – December 2003). | 59   | Director of Courier Corporation (a book publisher and manufacturer); Member of the Investment Committee of Partners HealthCare System, Inc. <sup>3</sup> |
| Peter Tufano<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 04/22/1957          | Trustee                     | Since December 2008.                                  | Sylvan C. Coleman<br>Professor of Financial Management, Harvard Business School (since 1989).  | 59   | Trustee of State Street Navigator Securities Lending Trust (3 Portfolios).   |

<sup>1</sup> Each Trustee is elected to serve during the continued lifetime of the Trust until he/she dies, resigns or is removed, or if sooner, until the next meeting of Shareholders called for the purpose of electing Trustees and until the election and qualification of his/her successor.

<sup>3</sup> Partners HealthCare System, Inc. is a client of the Manager.

**Principal Officers:**

| Name, Address, and<br>DOB  | Position(s) Held<br>with Trust           | Term of Office <sup>4</sup><br>and Length of<br>Time Served   | Principal Occupation(s)<br>During Past Five Years <sup>5</sup>  |
|--|--|---|---|
| J.B. Kittredge<br>DOB: 08/22/1954  | President and Chief<br>Executive Officer | Since March 2009.   | General Counsel, Grantham,<br>Mayo, Van Otterloo & Co. LLC<br>(October 2005 – Present);<br>Partner, Ropes & Gray LLP.   |
| Sheppard N. Burnett<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 10/24/1968  | Treasurer and Chief<br>Financial Officer | Chief Financial Officer<br>since March 2007;<br>Treasurer since<br>November 2006;<br>Assistant Treasurer,<br>September 2004 –<br>November 2006. | Fund Administration Staff,<br>Grantham, Mayo, Van<br>Otterloo & Co. LLC<br>(June 2004 – present);<br>Vice President, Director of Tax,<br>Columbia Management Group<br>(2002 – 2004).                              |
| Brent C. Arvidson<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 06/26/1969    | Assistant Treasurer                      | Since August 1998.  | Senior Fund Administrator,<br>Grantham, Mayo, Van<br>Otterloo & Co. LLC.  |
| John L. Nasrah<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 05/27/1977       | Assistant Treasurer                      | Since March 2007.   | Fund Administrator, Grantham,<br>Mayo, Van Otterloo & Co. LLC<br>(September 2004 – present); Tax<br>Analyst, Bain & Company, Inc.<br>(June 2003 – September 2004).  |
| Mahmoodur Rahman<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 11/30/1967     | Assistant Treasurer                      | Since September 2007.   | Fund Administrator, Grantham,<br>Mayo, Van Otterloo & Co. LLC<br>(April 2007 – present); Vice<br>President and Senior Tax<br>Manager, Massachusetts<br>Financial Services Company<br>(January 2000 – April 2007). |
| Michael E. Gillespie<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 02/18/1958 | Chief Compliance<br>Officer              | Since March 2005.   | Vice President of Compliance<br>(June 2004 – February 2005) and<br>Director of Domestic<br>Compliance (March 2002 –<br>June 2004), Fidelity Investments.  |

<sup>4</sup> Each officer is elected to hold such office until his or her successor is duly elected and qualified to carry out the duties and responsibilities of the office, or until he or she resigns or is removed from office.

<sup>5</sup> Each of Messrs. Burnett, Arvidson, Bohan, and Pottle serves as an officer and/or director of certain pooled investment vehicles of which GMO or an affiliate of GMO serves as the investment adviser.

**Principal Officers — (Continued)**

| Name, Address, and<br>DOB   | Position(s) Held<br>with Trust                         | Term of Office <sup>4</sup><br>and Length of<br>Time Served              | Principal Occupation(s)<br>During Past Five Years <sup>5</sup>  |
|---|--|--|---|
| Jason B. Harrison<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 01/29/1977 | Vice President and<br>Clerk                            | Vice President since<br>November 2006; Clerk<br>since March 2006.        | Legal Counsel, Grantham, Mayo,<br>Van Otterloo & Co. LLC (since<br>February 2006) and Attorney,<br>Ropes & Gray LLP<br>(September 2002 –<br>February 2006).   |
| David L. Bohan<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 06/21/1964    | Vice President and<br>Assistant Clerk                  | Vice President since<br>March 2005; Assistant<br>Clerk since March 2006. | Legal Counsel, Grantham, Mayo,<br>Van Otterloo & Co. LLC.   |
| Gregory L. Pottle<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 07/09/1971 | Vice President and<br>Assistant Clerk                  | Since November 2006.   | Legal Counsel, Grantham, Mayo,<br>Van Otterloo & Co. LLC.   |
| Anne K. Trinqué<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 04/15/1978   | Vice President and<br>Assistant Clerk                  | Since September 2007.  | Legal Counsel, Grantham, Mayo,<br>Van Otterloo & Co. LLC<br>(January 2007 – present);<br>Attorney, Goodwin Procter LLP<br>(September 2003 –<br>January 2007). |
| Cheryl Wakeham<br>c/o GMO Trust<br>40 Rowes Wharf<br>Boston, MA 02110<br>DOB: 10/29/1958    | Vice President and<br>Anti-Money<br>Laundering Officer | Since December 2004.   | Manager, Client Service<br>Administration, Grantham,<br>Mayo, Van Otterloo & Co. LLC.   |

<sup>4</sup> Each officer is elected to hold such office until his or her successor is duly elected and qualified to carry out the duties and responsibilities of the office, or until he or she resigns or is removed from office.

<sup>5</sup> Each of Messrs. Burnett, Arvidson, Bohan, and Pottle serves as an officer and/or director of certain pooled investment vehicles of which GMO or an affiliate of GMO serves as the investment adviser.







