ALTERNATIVE ALLOCATION FUND

Quarterly Investment Review

ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
Alternative Allocation Fund (net)	3.33	3.33	13.19	7.09	4.34	-	3.15
Alternative Allocation Fund (gross)	3.54	3.54	14.13	7.98	5.21	-	4.00
FTSE 3-Mo. TBill	0.93	0.93	4.22	4.96	3.49	-	2.81
Value Add	+2.40	+2.40	+8.97	+2.13	+0.85	-	+0.33

Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower. Gross of fees, expenses and transaction costs, if any. If these fees, expenses and costs were included, performance would be lower. **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.** The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee. The performance information for all periods prior to January 31, 2025, was achieved prior to the change in the Fund's investment objective and principal investment strategies.

MAJOR PERFORMANCE DRIVERS.

Markets were shaped by two dominant forces in the first quarter: fear of AI disruption leading to the so-called SaaS-pocalypse, followed by the energy shock from the war in Iran and the closing of the Strait of Hormuz. Over the period, MSCI ACWI lost -3.2%, the Bloomberg Aggregate was flat (-0.05%), while 3-month T-Bills returned +0.9%. The GMO Alternative Allocation portfolio (ALTA) proved resilient against this, generating a positive return for the period net of fees.

Exhibit 1: Quarterly Performance

	Ending Weight (%)	Gross Return (%)	Contribution To Return (%)
GMO Alternative Allocation (Net, Local Close)			**3.3**
GMO Alternative Allocation (Gross, Local Close)			**3.6**
Equity Dislocation	36	9.9	3.3
Event-Driven	24	2.3	0.6
Quality Long/Short	31	0.0	0.0
World Market Neutral	30	4.2	1.3
Global Macro	38	-6.1	-2.4
Managed Volatility	16	0.9	0.1
Relative Value Credit	5	-1.1	-0.1
Emerging FX	8	0.4	0.1
Trend	15	2.7	0.4
Cash and Collateral			0.3
Total	**202**	**7.7**	**3.6**

Inception Date: 1-May-19
Performance for the year of inception is less than a full calendar year. Returns shown for periods greater than one year are on an annualized basis.
Risks: Risks associated with investing in the Fund may include: (1) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility; (2) Derivatives and Short Sales Risk: the use of derivatives involves the risk that their value may not change as expected relative to changes in the value of the underlying assets, pools of assets, rates, currencies or indices. Derivatives also present other risks, including market risk, illiquidity risk, currency risk, credit risk, and counterparty risk; and (3) Leveraging Risk: the use derivatives and securities lending creates leverage. Leverage increases the Funds losses when the value of its investments (including derivatives) declines. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** Annualized Returns may include the impact of purchase premiums and redemption fees. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.
Net Expense Ratio: 2.50%; Gross Expense Ratio: 2.70% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least 30 June 2026. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated 30 June 2025.

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MAJOR PERFORMANCE DRIVERS CONT.

Following the outbreak of war in Iran, markets reversed sharply in March, as shown in the table below. The rotation was truly violent. An extreme example is Korea's KOSPI, which shifted from the best-performing index, up +48.7% through February, to one of the weakest performers in March, falling -19.1%. ALTA performed in line with expectations during the shock. To better understand why, it is worth diving deeper into ALTA's expected behavior and portfolio construction. This is not the first shock ALTA has experienced, but exercise will also provide a framework for calibrating expectations in future stress events.

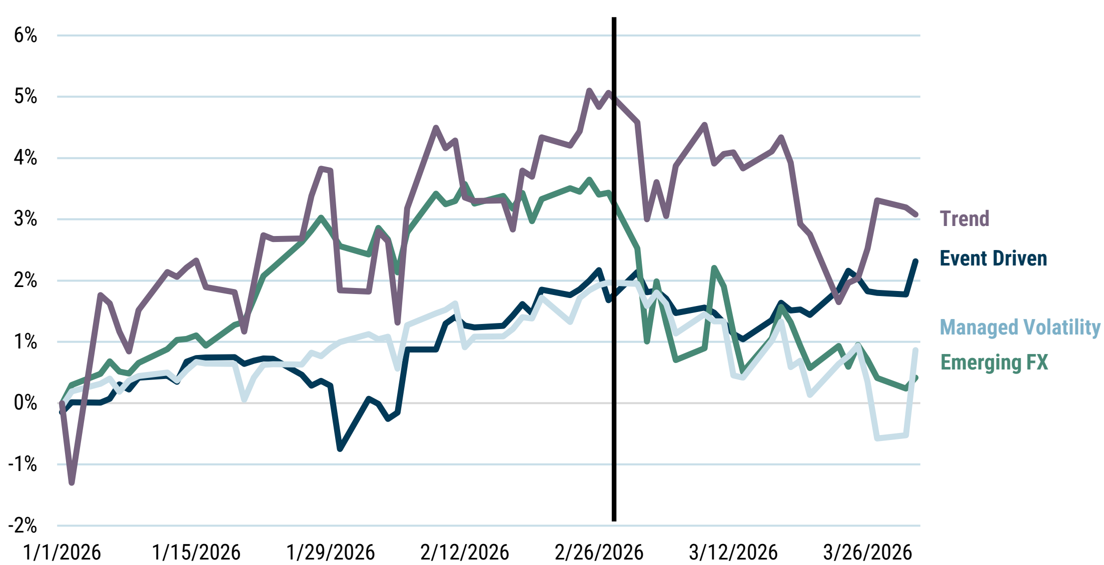
Exhibit 2:

Asset	January & February	March
S&P 500	0.68%	-4.98%
ACWI ex-U.S.	11.30%	-10.79%
S&P 500 vs. ACWI ex-U.S.	-10.62%	5.81%
Δ in 10yr Yields	-21bps	+31bps
Spot Gold	19.62%	-12.98%
DXY (U.S. Dollar Index)	-0.66%	2.41%
60/40	3.27%	-5.01%
GMO ALTA	4.04%	-0.68%

ALTA relies on a combination of alternative risk premia (ARP) and alpha strategies to deliver reliable, uncorrelated returns. ARP strategies have positive expected returns because they compensate investors for risks that are uncomfortable to bear. We look for ARP strategies that have low beta and diversified risk exposures. Examples include Event-Driven and Managed Volatility. While ARP strategies tend to have low long-term correlation to traditional markets, they often have negative skew given the risks they underwrite. As a result, investors should expect most ARP strategies to initially suffer during market shocks, rotations, or risk unwinds. The magnitude of these drawdowns depends on the specific strategy and the nature of the shock, including factors such as severity, duration, path dependency, and system-wide leverage. Different strategies will have different recovery profiles as well, normalizing over varying time horizons.

Exhibit 3 shows year-to-date performance for the ARP strategies in which ALTA invests. The chart highlights the sharp reversal across strategies coinciding with the start of the war, most notably in Trend and EM FX. Each shock is different, and it is worth noting that the equity sell-off in March was more orderly than most. The drawdown for Event-Driven was fairly shallow. Trend had largely rotated positioning by the third week of March, therefore experiencing a sharp recovery.

Exhibit 3: ARP Q1 Performance

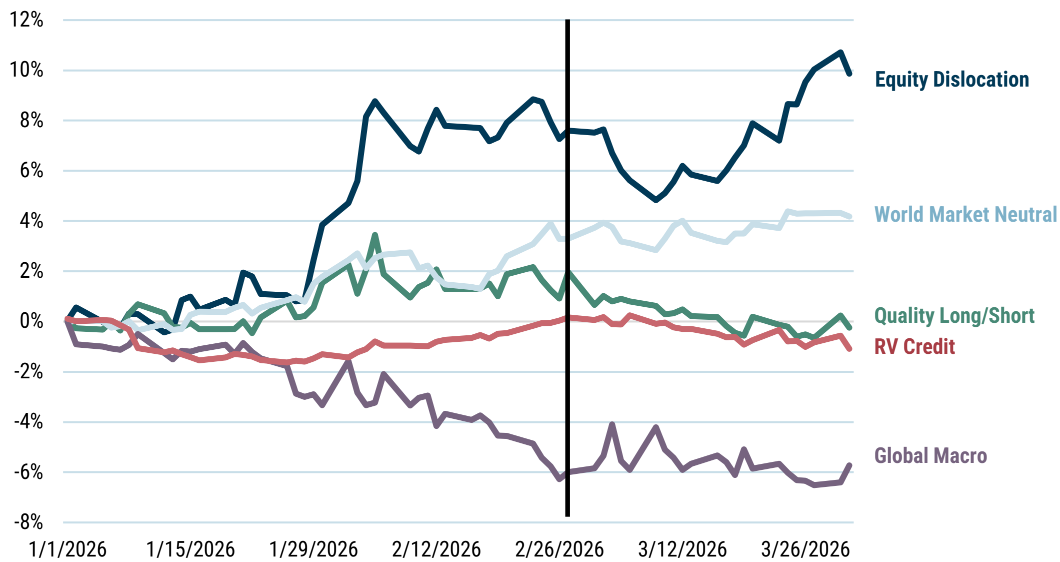


MAJOR PERFORMANCE DRIVERS CONT.

True alpha strategies, by contrast, are not exposed to fundamental market risks, particularly over the long term. This means that absent manager skill (alpha), there is no inherent reason to expect an excess return over cash.[1] However, alpha strategies should exhibit idiosyncratic performance during market shocks, with outcomes more dependent on the drivers of the crisis and positioning at the time.

Exhibit 4 illustrates the return path for each of the alpha strategies in the portfolio. As you can see, their performance was not materially impacted by the onset of the conflict. This is not to suggest market events are irrelevant for these strategies, but their responses are less predictable than the drawdowns we would typically expect from ARP strategies during periods of market stress. In the case of Equity Dislocation, market reaction around AI disruption fears earlier in the quarter was far more impactful than the Strait of Hormuz closure. As a multi-factor portfolio, World Market Neutral is less dialed into one specific theme and exhibited steady performance throughout the quarter.

Exhibit 4: Alpha Strategy Q1 Performance



[1] To be clear, we believe we can add value (alpha) across both ARP and alpha categories.

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MAJOR PERFORMANCE DRIVERS CONT.

Utilizing both ARP and alpha strategies within our multi-strategy approach helps ensure ALTA delivers on its core objectives. We want the portfolio to deliver a durable, positive return.[2] At the same, time we require the strategy to maintain low correlation[3] with equities and bonds in order to be a useful building block in balanced portfolios. We recognize that the correlation and beta of ARP strategies will materially rise during market shocks, and we explicitly account for this behavior in the portfolio construction process.

ALTA was down 68bps in the month of March. While we are never satisfied with negative absolute performance, the result was reasonable in the context of the drastic rotation we witnessed and consistent with our range of expectations for how the portfolio should behave in such an environment.

Key Q1 Performance Drivers:

Equity Dislocation had a tremendous quarter with a +9.9% return. The portfolio seeks to capitalize on the incredible opportunity we see today between deep value and expensive growth. The portfolio's performance is not a surprise, given that global value beat global growth handily in the first quarter. The largest wins came in IT, where short positions in software benefited from AI disruption fears. The portfolio also saw meaningful gains from strong security selection within Energy and Communication Services.

World Market Neutral: The decision to increase weight in Market Neutral in early January proved beneficial, with the portfolio gaining +4.2% for the quarter. Good performance within value and momentum was strong enough to overcome weakness in quality. The Healthcare and Consumer Discretionary sectors provided the largest contributions. It is worth noting that while Equity Dislocation and World Market Neutral both lean on value, they ultimately rely on different return drivers with very different portfolio construction methodologies. Both portfolios performed well over the period, yet they remain strong complements to one another with a trailing correlation of 0.38.

Systematic Global Macro was the largest detractor for the portfolio over the quarter, down -6.1%. Commodities and equities drove the losses, while currencies and rates provided some positive offsetting performance. The portfolio is net short equities overall and saw significant losses from shorting Korea early in the quarter. As markets rotated in March, the short equity positions provided a return to positive performance, however, short positions in commodities like soybean oil and heating oil were painful. The portfolio remains focused on its systematic approach, and is poised to take advantage of significant value dislocations across markets.

CLOSING THOUGHTS

ALTA delivered on its objectives despite a tumultuous first quarter in which both equities and bonds underperformed. This resilience reflects the portfolio's diversified approach of not being overly exposed to any one risk factor, nor overly reliant on a single alpha source. This balanced portfolio construction and alpha from teams around GMO reinforces our conviction that ALTA is an important building block for portfolios.

[2] The return objective is cash +4% - 6%

[3] Low correlation does not mean negative correlation. The portfolio is designed to be resilient to market shocks but not necessarily deliver positive returns every time equities markets crash.

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PRODUCT OVERVIEW

The GMO Alternative Allocation Fund aims to generate positive total return while enhancing portfolio diversification through low correlation to traditional risk assets. The Fund offers broad exposure across multiple asset classes liquid alternative categories, including merger arbitrage/event-driven, equity market neutral, global macro, relative value quality, and volatility. We believe the Fund's success is driven by the following key features:

The GMO Asset Allocation team allocates capital based on risk and opportunity at the portfolio level. This is especially true at valuation extremes, when investors need risk management the most. The underlying investment strategies dynamically alter exposures and risk levels in an alpha-proportional manner.

IMPORTANT INFORMATION

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

Comparator Index(es): The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area
**Representative Office