

# QUARTERLY INVESTMENT REVIEW

## SGM Major Markets Fund

### RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (d Share Class)	0.86	0.57	6.33	0.93	0.74	1.98	2.26
Gross of Fees (d Share Class)	1.11	1.08	7.41	1.95	1.76	2.96	3.09
FTSE 3-Mo. TBill+++	1.25	2.39	3.75	1.33	1.57	0.98	1.33
Value Added (vs. FTSE 3-Mo. TBill+++)	-0.40	-1.82	2.58	-0.40	-0.83	1.00	0.92

### Major Performance Drivers

The quarter saw a resurgence in equity markets, driven by a fresh renewal of interest in AI and technology related stocks. However, that positive mood was very confined. Chinese equities dropped sharply on continued growth concerns, which dragged on the performance of emerging markets. Bonds sold off over the quarter, as markets came to terms with the possibility of continued rate rises from the Fed to combat inflation. Many major central banks continued their rate hikes and economic concerns lingered in the background. Against this backdrop, commodities also drifted down over the quarter.

The portfolio had a positive trailing three months, driven by the strong returns from commodities and currencies in June with short yen and long soybeans being amongst the main contributors. Fixed income also added value, mainly from short U.S. bond positions as yields drifted higher with the Fed reaffirming its continued stance to fight inflation. Equities were a significant underperformer for the quarter, in part from the value reversal or renewed interest in technology stocks, which saw more expensive markets outperform across the globe.

Inception Date: 11-Apr-05

**Risks:** Risks associated with investing in the Fund may include those as follows. (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) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. (3) Currency Risk: Fluctuations in exchange rates can adversely affect the market value of the Fund's foreign currency holdings and investments denominated in foreign currencies. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit [www.gmo.com](http://www.gmo.com).

**Performance data quoted represents past performance and is not 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.** If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash. **Net Expense Ratio: 1.12%; Gross Expense Ratio: 1.30%** \*Effective October 3, 2011, the fund implemented a new investment strategy. ITD performance for the Blended Share Class reflects performance back to the fund's inception, which includes performance in the period prior to the fund's investment strategy change representing a different investment strategy than the one that the fund is currently pursuing. **Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2024. 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 June 30, 2023.**

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## PRODUCT OVERVIEW

The Fund's investment objective is long-term total return. The Fund takes both long and short positions in a range of global equity, bond, currency, commodity markets, and over-the-counter (OTC) markets using exchange-traded OTC futures, forward non-U.S. currency contracts, swaps on commodity and equity indices, and index options.

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

## IMPORTANT INFORMATION

**Benchmark(s):** The FTSE 3-Month Treasury Bill +++ Index is an internally maintained benchmark computed by GMO, comprised of (i) 50% J.P. Morgan U.S. 3 Month Cash Index and 50% Bloomberg Commodity Total Return Index through 10/31/2011 and (ii) FTSE 3-Month Treasury Bill Index thereafter.

**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](http://www.gmo.com). Read the prospectus carefully before investing.**

**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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO

SINGAPORE

SYDNEY

TOKYO\*