

# GMO Alternative Allocation Fund

## Class I (GAAGX)

### Annual Shareholder Report - February 28, 2025



This annual shareholder report contains important information about GMO Alternative Allocation Fund for the period of March 1, 2024 to February 28, 2025. You can find additional information about the Fund at <https://www.gmo.com/americas/mutual-fund-documents/>. You can also request this information by contacting us at (617) 346-7646 (collect).

GMO Alternative SPC Ltd. is a 100% owned subsidiary of GMO Alternative Allocation Fund. As such, the amounts presented for GMO Alternative Allocation Fund are consolidated with its subsidiary.

**This report describes changes to the Fund that occurred during the reporting period.**

#### What were the Fund costs for the last year?

*(based on a hypothetical \$10,000 investment)*

Class Name	Costs of a \$10,000 investment	Costs paid as a percentage of a \$10,000 investment
Class I	\$224	2.25% <sup>1</sup>

<sup>1</sup> Includes interest and/or dividend expenses and/or borrowing costs to average daily net assets of 1.14%.

#### How did the Fund perform last year and what affected its performance?

Although GMO does not manage the Fund to, or control the Fund's risk relative to, any securities index or securities benchmark, a discussion of the Fund's performance relative to the FTSE 3-Month Treasury Bill Index is included for comparative purposes only.

Class I shares of GMO Alternative Allocation Fund returned -0.69% (net) for the fiscal year ended February 28, 2025, as compared with +5.26% for the FTSE-3 Month Treasury Bill Index.

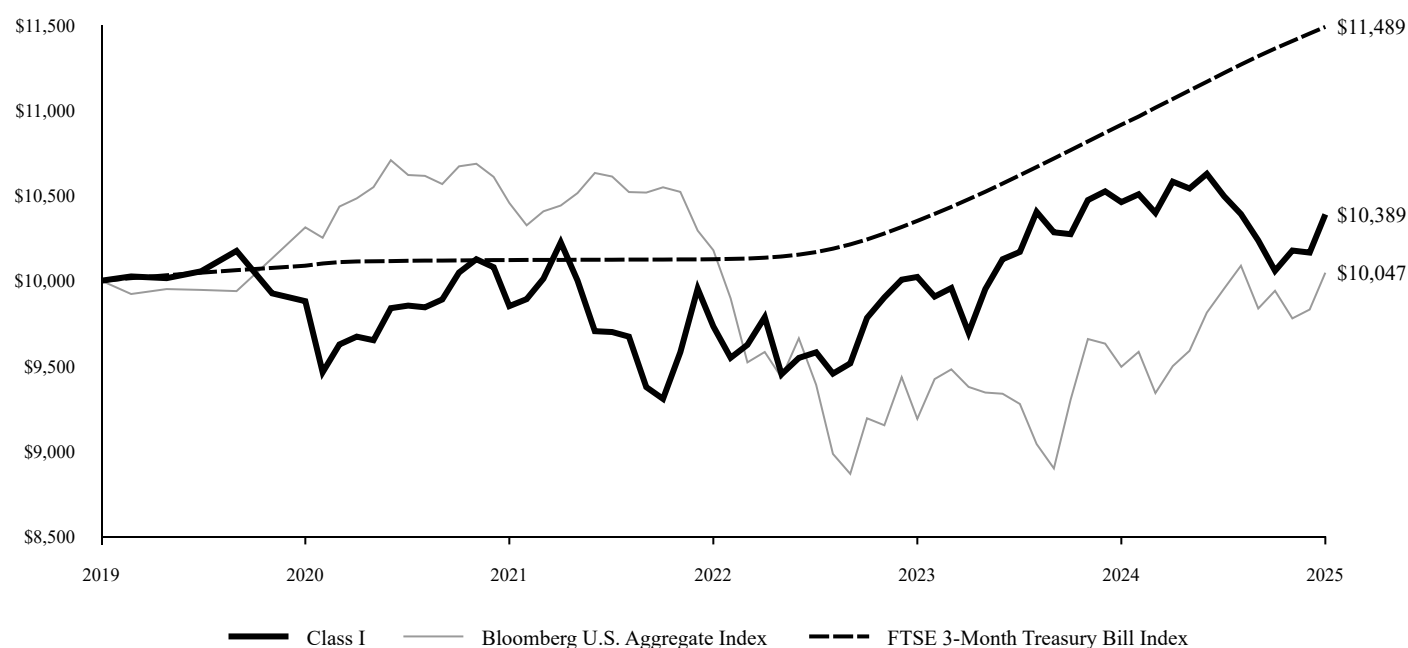
The three largest exposures in the Fund had mixed fortunes. Event-Driven had a very solid year and was the biggest contributor to total Fund returns. Equity Dislocation, which is broadly 100% long cheap global Value and 100% short expensive global Growth, was down modestly, which was a reasonable result in a challenging environment for Value. Systematic Global Macro had a tougher year, particularly in its commodity positioning, and was the biggest detractor from total Fund returns. Despite being smaller positions, strong performance from Put Selling and the Asset Allocation Long/Short strategy allowed them to contribute nicely to total returns, while the Fixed Income Absolute Return strategy and the combined credit strategies detracted modestly.

Towards the end of the period, the exposures in the Fund were broadened out to include more alpha sources, with the intention of improving both the level and consistency of returns.

The views expressed herein are exclusively those of Grantham, Mayo, Van Otterloo & Co. LLC 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.

## Fund Performance

Change in Value of a \$10,000 Investment



### Average Annual Total Returns

	1 Year	5 Years	9/4/2019 (commencement of operations)
Class I	(0.69%)	1.01%	0.70%
Bloomberg U.S. Aggregate Index	5.81%	(0.52%)	0.09%
FTSE 3-Month Treasury Bill Index	5.26%	2.64%	2.56%

**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 up to the most recent month-end, visit [www.gmo.com](http://www.gmo.com). Performance shown is net of all fees after reimbursement from GMO. 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. The performance information shown above only includes purchase premiums and/or redemption fees in effect as of February 28, 2025.

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.

The gross expense ratio of 2.32% for Class I is equal to the Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated June 30, 2024. The net expense ratio of 1.98% reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025 and may not be terminated prior to this date without the action or consent of the Trust's Board of Trustees. Elimination of this reimbursement will result in higher fees and lower performance.

**Key Fund Statistics**

Total Net Assets	\$708,252,130
Number of Portfolio Holdings	1,439
Portfolio Turnover Rate	1,129%*
Total Advisory Fees Paid, Net	\$1,614,725

\* The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The portfolio turnover rate including transactions in USTF during the period was 1,119%.

**What does the Fund invest in?**

Asset Class Summary	% of Total Net Assets	Top Ten Holdings**	% of Investments
Common Stocks	125.2	U.S. Treasury Floating Rate Notes, 4.34%, due 01/31/27	17.0
Debt Obligations	46.9	Uniform Mortgage-Backed Security, TBA, 6.00%, due 03/01/55	4.6
Short-Term Investments	10.9	U.S. Treasury Floating Rate Notes, 4.42%, due 07/31/26	3.6
GMO Implementation Funds*	3.5	Berkshire Hathaway, Inc., Class B	2.1
Investment Funds	2.1	Hess Corp.	2.0
Preferred Stocks	0.7	GMO U.S. Treasury Fund, Class VI (formerly Core Class)	2.0
Futures Contracts	0.4	Altegrity, Inc.	1.2
Rights/Warrants	0.1	Liberty Broadband Corp., Class C	1.1
Forward Currency Contracts	0.1	Frontier Communications Parent, Inc.	1.1
Written Options	(0.7)	Air Transport Services Group, Inc.	1.1
Swap Contracts	(0.9)		
Securities Sold Short	(85.0)		
Other	(3.3)		

\* Represents a fund utilized by GMO asset allocation funds and accounts and is not intended to serve as a standalone investment.

\*\* Excludes Short-Term Investments.

**Material Fund Changes**

This is a summary of certain changes of the Fund since March 1, 2024.

Effective January 31, 2025, the Fund's principal investment strategy was updated to utilize a number of new underlying strategies and to increase the leverage of the Fund's portfolio.

**Additional Information**

For additional information about the Fund, including the Fund's prospectus, financial statements, quarterly portfolio holdings and proxy voting information, please visit <https://www.gmo.com/americas/mutual-fund-documents/> or scan the QR code.

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