

QUARTERLY INVESTMENT REVIEW

Opportunistic Income Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Opportunistic Income Fund (net)	1.32	6.47	6.47	6.55	4.02	4.28	4.64
Opportunistic Income Fund (gross)	1.45	6.99	6.99	7.06	4.52	4.76	5.07
Bloomberg U.S. Securitized+	1.68	8.49	8.49	4.97	0.22	1.61	1.28
Value Add	-0.36	-2.02	-2.02	+1.58	+3.81	+2.67	+3.36

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](http://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.

MAJOR PERFORMANCE DRIVERS

Securitized products posted broadly positive total and excess returns in the fourth quarter of 2025, with aggregate excess returns versus swaps modestly positive. Credit Risk Transfer (CRT) on residential mortgages gained between 0.5% and 1.2% in excess return, with senior M1 tranches at the lower end, and subordinate B1 tranches at the upper end of the range. Non-Agency Residential Mortgage-Backed Securities (RMBS) produced solid gains, adding 1.3%-2.4% of excess return, and 2.6%-2.9% in total, led by legacy prime fixed, Alt-A, and option-ARM bonds. Single-Family Rental (SFR) securitizations earned roughly 1.0% excess return and 1.7% total. Commercial Mortgage-Backed Securities (CMBS) delivered a 0.6% excess return, with BBB tranches outpacing AAAs, 1.0% versus 0.5%. Fixed-Rate Asset-Backed Securities (ABS) sectors advanced 0.3% in excess, while floating-rate ABS, including Student Loans, added 0.5%. Collateralized Loan Obligations (CLOs) gained 0.6% in excess, led by BBB and BB tranches at 0.9% and 0.7%, respectively. In terms of interest rates, the Fed cut the target rate by 25 bps in December. The 2-year Treasury rate fell by 14 bps, while the 10-year Treasury rate sold off by 2 bps, steepening the 2s-10s curve by 15 bps.

The GMO Opportunistic Income portfolio delivered positive absolute performance for the quarter, driven by positive contributions from Residential Mortgage-Backed Securities (RMBS), which added 31 bps, Commercial Mortgage-Backed Securities (CMBS) with 29 bps, Student Loans at 24 bps, and Small Balance Commercials contributed 14 bps. Collateralized Loan Obligations (CLOs) and consumer Asset-Backed Securities (ABS) together added 17 bps, while duration positions and relative value trades generated 3 bps and 7 bps, respectively. Positions in U.S. Treasuries provided an additional 27 bps, partly offset by a 7 bps drag from credit hedges.

Inception Date: 3-Oct-11

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) Credit Risk: the risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligation to pay principal and interest or otherwise to honor its obligations in a timely manner; (2) Market Risk-Asset-Backed Securities Risk: the market price of asset-backed securities, like that of other fixed income investments with complex structures, can decline for a variety of reasons, including investor uncertainty about their credit quality and the reliability of their payment streams. Payment streams associated with asset-backed securities held by the Fund depend on many factors (e.g., the cash flow generated by the assets backing the securities, deal structure, and creditworthiness of any credit-support provider), and a problem in any of these factors can lead to a reduction in the payment stream GMO expected the Fund to receive when the Fund purchased the asset-backed security; and (3) Illiquidity Risk: low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the Fund from selling particular securities or closing derivative positions at desirable prices. 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: 0.00%; Gross Expense Ratio: 0.01% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 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 June 30, 2025.**

# QUARTERLY INVESTMENT REVIEW

## MAJOR PERFORMANCE DRIVERS CONT.

The portfolio's interest rate duration stood at 2.2 years at quarter end, with spread duration largely unchanged at 0.9 years and spread carry at 93 bps. These metrics remained stable over the quarter, reflecting constructive risk positioning. The portfolio maintains a preference for high-quality structures, with a tilt toward senior tranches and shorter spread duration.

During the quarter, the portfolio increased risk in short AAA Collateralized Loan Obligations (CLOs), Commercial Mortgage-Backed Securities (CMBS), and Student Loans—particularly new legacy profiles—while also adding selectively in non-agency prime RMBS. Opportunistic trades also included incremental exposure to the mortgage basis via current coupon TBAs.

Entering 2026, the portfolio's credit quality continues to be tilted higher, with 73% of assets rated single-A or higher, including 46% in AAA-rated securitized credit and approximately 20% allocated to U.S. Treasury securities. Sector allocations are led by CMBS at 23%, followed by RMBS at 18%, Student Loans at 18%, CLOs at 7%, Small Balance Commercial at 5%, other ABS at 6%, and Autos at 2%.

# QUARTERLY INVESTMENT REVIEW

## PRODUCT OVERVIEW

The GMO Opportunistic Income Fund seeks capital appreciation and current income by investing in what we believe are the most attractively priced sectors and securities in the structured finance marketplace. The Structured Products team utilizes both top-down and bottom-up security selection methods to identify what we believe are the best opportunities from a pure risk/return perspective.

The structured finance asset class offers a range of opportunities due to both its inherently fragmented nature and the inefficiencies caused by market segmentation and structural anomalies. We believe that the marketplace's complexity, volatile historical performance, and very high number of discrete investment opportunities create considerable potential for alpha generation. Our relatively unconstrained approach to risk diversification, sub-sector allocation and security selection is designed to identify and benefit from those opportunities.

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

**Comparator Index(es):** The Bloomberg U.S. Securitized + Index is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan U.S. 3 Month Cash through 12/30/2016 and (ii) the Bloomberg U.S. Securitized thereafter.

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## 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

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