

QUARTERLY INVESTMENT REVIEW

Emerging Markets Select Equity Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class II)	7.65	7.65	-10.03	4.51	-2.77	1.00	2.56
Gross of Fees (Class II)	7.84	7.84	-9.15	5.57	-1.77	2.06	3.64
MSCI Emerging Markets	3.96	3.96	-10.70	7.83	-0.88	2.02	1.31
Value Added (vs. MSCI Emerging Markets)	3.69	3.69	0.67	-3.33	-1.89	-1.02	1.24

Major Performance Drivers

Emerging markets started the year with high hopes for a shift in China's zero-Covid policy. However, banking crises in the U.S. and Switzerland prompted central banks to rethink the pace of rate hikes and their impact on the real economy, leading to a softening of commodity prices. Despite this, core inflation remained stubbornly high in many economies.

One bright spot in the market was the strong demand for electronics products, driving robust order books for semiconductor manufacturers such as Taiwan Semiconductor Manufacturing. Inventory has returned to healthier levels, and the market outlook is positive. Our overweight position in the Taiwan Information Technology sector contributed to performance.

China's gradual reopening and normalization of economic activities, combined with the renewed focus on the growth of the new government economics team, is driving up sentiment in China's consumer confidence, buoyed further by a stabilized property sector. Our overweight position in the China Consumer Discretionary sector added to performance.

Mexico, Vietnam, and Indonesia are benefiting from an increase in "friend-shoring" of supply chains. Indonesia is developing its electric vehicle supply chain, production hubs are being set up in Mexico, and factories are relocating to Vietnam; all are receiving healthy foreign direct investment. Our overweight positions in these countries helped performance.

The outlook for Chinese e-commerce platform players such as Alibaba and Tencent has improved as regulatory pressure has eased and potential value has been unlocked due to a breakup of the group. Our underweight positions in the China Communication Services sector detracted from performance.

Inception Date: 1-Mar-11

Risks: Risks associated with investing in the Fund may include those as follows. (1) 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. (2) Non-U.S. Investment Risk: The market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets), are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets. (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.

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: 0.81%; Gross Expense Ratio: 0.94%** Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2023. 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 sticker dated October 26, 2022..

The performance information (before and after taxes) for all periods prior to October 26, 2022, was achieved prior to the change in the Fund's investment objective and principal investment strategies, effective October 26, 2022.

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Major Performance Drivers Cont.

It was a bad start of the year for India as questions arose about the overleveraged financial position of Adani Enterprise, a leading industrial conglomerate, and its potential impact on the banking system. This detracted from the performance of our overweight position in the India Financials sector.

Portfolio weights, as a percent of equity, for the positions mentioned were: Alibaba (5.0%), Tencent (2.9%), and Adani Enterprise (0.0%).

PRODUCT OVERVIEW

GMO's Emerging Markets Select Equity Fund seeks to outperform the MSCI Emerging Markets index by identifying secular growth trends in emerging markets and investing in quality businesses with pricing power that will benefit from those trends. We believe that the best way to capture opportunities and manage risk in emerging markets today is by balancing quality and sustainable growth across both companies and countries, using a fundamental approach that combines top-down country and sector allocation with bottom-up security selection.

IMPORTANT INFORMATION

Benchmark(s): The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

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.

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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