

# EMERGING MARKETS SELECT EQUITY FUND

## Investment Review: Quarter Ending December 31, 2022

### OVERVIEW

The GMO Emerging Domestic Opportunities Fund's investment objective is total return. The Fund begins with country and sector allocation and then uses fundamental analytical techniques to select individual companies whose prospects are linked to the internal ("domestic") development and growth of the world's non-developed markets ("emerging markets").

### PERFORMANCE (%)

Net of Fees, Class II, Fair Value, USD	+6.21
Gross of Fees, Class II, Local Close, USD	+6.32
MSCI Emerging Markets <sup>1</sup>	+9.70

### Major Performance Drivers

Emerging market equities posted a big quarter on the back of a jump in positive sentiment in China. Country returns varied, ranging from a 15.3% fall in Qatar to a 62.9% leap in Turkey. Sector returns were more clustered, varying from an increase of 4.2% in Energy to a rise of 13.8% in Communication Services.

Brazilian equities began the quarter well, boosted by a smooth election and expectations of a centrist policy from the new administration. Later in the period, they retracted when confronted by the size of the incoming government's spending plans. Our underweight in Brazil Financials contributed to performance.

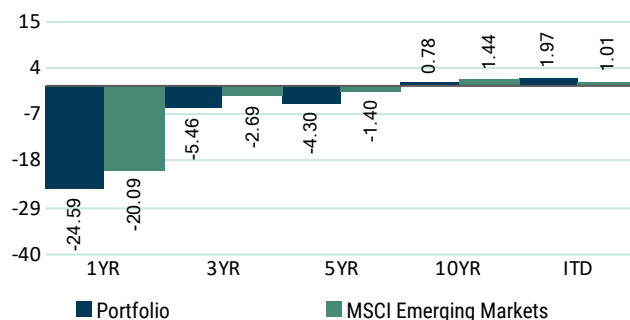
Sentiment in China initially took a hit as the focus of the country leadership was seen moving away from economic reform and toward geopolitical issues. The market turned around later as the government relaxed its zero Covid policy and announced a plan to support the property sector. Our overweight in China Industrials helped performance.

The stock market in India dropped as concern grew over expensive valuations, rising rates, and weakening global demand. Our overweight in India Consumer Discretionary detracted from performance.

Reports of above expected economic expansion boosted investor sentiment in Mexico. Toward the end of the quarter, sentiment took a hit from a proposed reform that was seen as weakening the power of the election commission. Our overweight in Mexico Financials added to performance.

**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). Gross Expense Ratio of 0.94% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2022.**

### ANNUALIZED RETURN (%) AS OF 12/31/2022



Inception date: 03/24/2011

Includes purchase premiums and redemption fees impact if applicable.

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**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 fund's prospectus. To obtain a prospectus please visit [www.gmo.com](http://www.gmo.com). Read the prospectus carefully before investing.**

Risks associated with investing in the Fund may include Market Risk-Equities, Non-U.S. Investment Risk, Currency Risk, Management and Operational Risk and Illiquidity Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

<sup>1</sup> 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.