

QUARTERLY INVESTMENT REVIEW

Emerging Markets Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	3.04	3.04	-12.51	0.07	-4.75	-0.57	5.66
Gross of Fees (Class III)	3.27	3.27	-11.71	0.96	-3.90	0.37	6.80
MSCI Emerging Markets	3.96	3.96	-10.70	7.83	-0.88	2.02	4.82
MSCI Emerging Markets +	3.96	3.96	-10.70	7.83	-0.77	2.62	-
Value Added (vs. MSCI Emerging Markets)	-0.91	-0.91	-1.81	-7.76	-3.87	-2.59	0.84
Value Added (vs. MSCI Emerging Markets +)	-0.91	-0.91	-1.81	-7.76	-3.98	-3.18	5.66

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.

Russia was the largest detractor in the quarter, reflecting changes in the pricing methodology used for Russian securities.

Stock selection in South Africa was also a challenge, largely from Materials, including overweights toward Anglo American Platinum and Kumba Iron Ore.

Underweight positioning in India was a top contributor. It has been a tough start to 2023 for India, as questions have arisen about the overleveraged financial position of Adani Enterprises, a leading industrial conglomerate, and its potential impact on the banking system and planned infrastructure projects.

Mexico is benefiting from an increase in "friend-shoring" of supply chains with production hubs being set up in Mexico, along with healthy foreign direct investment. Our overweight position in Mexico, including Financials and Industrials, helped performance.

Portfolio weights, as a percent of equity, for the positions mentioned were: Anglo American Platinum (1.1%), Kumba Iron Ore (1.0%), and Adani Enterprises (0.0%)

Inception Date: 9-Dec-93

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. These and other risks (e.g., nationalization, expropriation or other confiscation of assets of non-U.S. issuers) tend to be greater for investments in companies tied economically to emerging countries, the economies of which tend to be more volatile than the economies of developed countries. (3) Currency Risk: Fluctuations in exchange rates can adversely affect the market value of the Fund's non-U.S. currency holdings and investments denominated in non-U.S. 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: 0.88%; Gross Expense Ratio: 0.89% 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 dated June 30, 2022.

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PRODUCT OVERVIEW

The GMO Emerging Markets Fund seeks total return in excess of that of its benchmark, the MSCI Emerging Markets Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments based on factors including, but not limited to, valuation, quality, patterns of price movement and volatility, macroeconomic factors, and ESG (environmental, social and governance) criteria. GMO expects the Strategy will have a value bias relative to its benchmark.

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. The MSCI Emerging Markets + Index is an internally maintained benchmark computed by GMO, comprised of (i) the S&P/IFCI Composite through 12/31/2018 and (ii) the MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. 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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