

GMO ALTERNATIVE ALLOCATION FUND

OVERVIEW

The GMO Alternative Allocation Fund seeks to generate positive total return by investing in a diversified portfolio of underlying alternative strategies, all run by GMO teams. Underlying strategies will include but are not limited to: merger arbitrage/event-driven, global macro, fixed income absolute return, asset allocation long/short, and market neutral equities, high yield, and systematic put writing strategies.

PORTFOLIO MANAGEMENT



Ben Inker, CFA

- Joined GMO in 1992
- 28 yrs industry experience
- B.A. from Yale University



B.J. Brannan, CFA

- Joined GMO in 2006
- 18 yrs industry experience
- M.B.A. from Boston University



Matt Kadnar, CFA

- Joined GMO in 2004
- 22 yrs industry experience
- B.S. from Boston College, and J.D. from St. Louis University School of Law

Performance Net of Fees (USD) - Share Class VI

TOTAL RETURN (%)

	Portfolio	FTSE 3-Mo. TBill
MTD	-0.41	0.01
QTD	-0.41	0.01
YTD	-0.41	0.01

ANNUAL TOTAL RETURN (%)

	Portfolio	FTSE 3-Mo. TBill
2020	-0.27	0.58
2019	2.76	1.43

Returns shown for periods greater than one year are on an annualized basis.

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.

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.

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.

Risks associated with investing in the Fund may include those as follows. (1) Management and Operational Risk: The risk that GMOs investment techniques will fail to produce desired results. (2) Leveraging Risk: The use derivatives and securities lending creates leverage. Leverage increases the Funds losses when the value of its investments (including derivatives) declines. (3) Derivatives and Short Sales Risk: The use of derivatives involves the risk that their value may not change as expected relative to changes in the value of the underlying assets, pools of assets, rates, currencies or indices. Derivatives also present other risks, including market risk, illiquidity risk, currency risk, credit risk, and counterparty risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus.

FACTS: Share Class VI

Fund Inception Date	May 1, 2019
Total Assets as of 01/31/21	\$477mm USD
Ticker Symbol	GAAVX
CUSIP	362014466
Net Expense Ratio	1.16
Gross Expense Ratio	1.43

Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2021. Elimination of this reimbursement will result in higher fees and lower performance.

The adjusted expense ratios, which reflects the net and gross expense ratios excluding dividend and interest expense on short sales, are as follows: Net Expense Ratio: 0.87 and Gross Expense Ratio: 1.14. Dividends paid on borrowed securities are an expense of short sales. Such expenses are required to be treated as a Fund expense for accounting purposes and are not payable to GMO. The Fund also receives income in connection with short sales, which is reflected in the Fund's net income but is not reflected as an offset to dividend expenses on short sales in the Fund's annual fund operating expenses table. Any interest expense amount or dividends paid on securities sold short will vary based on the extent of Fund's use of those investments. **Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2020.**

ANNUALIZED RETURNS (%) AS OF 12/31/2020



Inception Date: May 1, 2019

GMO ALTERNATIVE ALLOCATION FUND

SOURCES OF RETURN

Alpha Strategies

- Manager must have a view (alpha)
- In absence of view, expect cash returns
- Likely a more "permanent" allocation
- Strategies do not have structural beta

Systematic Global Macro

Fixed Income Absolute Return

Asset Allocation Long/Short

Fundamental Risk Premium Strategies

- Compensation for a risk that others do not want to bear
- A view is not required
- May be time varying; assess current return expectation
- Strategies have some structural beta

Event-Driven

Put Selling

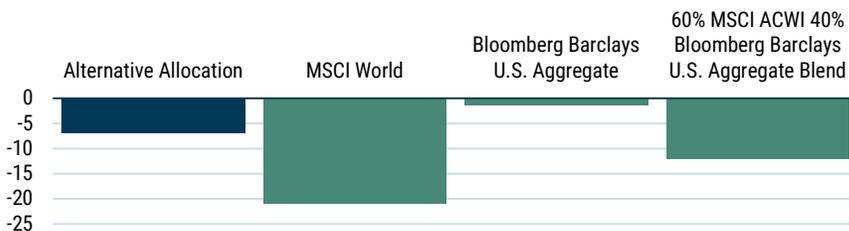
CORRELATION BETWEEN UNDERLYING CORE STRATEGIES

	<i>SGM Major Markets</i>	<i>Fixed Income Absolute Return</i>	<i>Asset Allocation Long/Short</i>	<i>Event-Driven</i>	<i>Put Selling</i>
SGM Major Markets	1.00				
Fixed Income Absolute Return	0.04	1.00			
Asset Allocation Long/Short	0.39	0.08	1.00		
Event-Driven	0.02	0.25	-0.13	1.00	
Put Selling	0.23	0.13	0.04	0.61	1.00

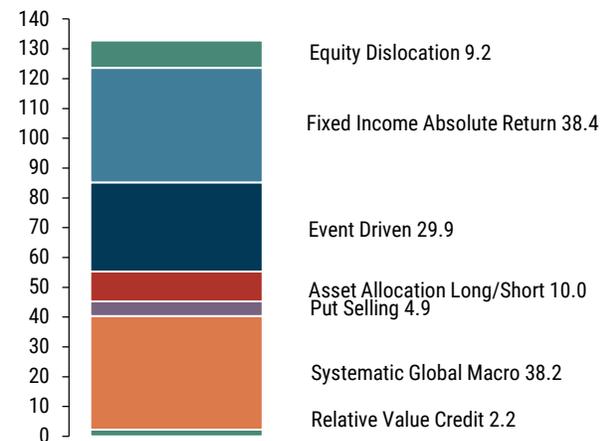
RISK/RETURN STATISTICS AS OF 01/31/2021

	<i>Alternative Allocation</i>
RETURN METRICS	
Beta to MSCI World	0.18
Beta to S&P 500	0.18
Beta to Bloomberg Barclays US Aggregate	0.24
Beta to 60/40	0.31
Standard Deviation	4.77

PORTFOLIO MAX DRAWDOWN AS OF 01/31/2021



PORTFOLIO ALLOCATIONS (%)



Weightings are as of the date indicated and are subject to change. The groups indicated above represent exposures determined pursuant to proprietary methodologies and are subject to change over time. Totals may vary due to rounding.

The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.



About GMO: Founded in 1977, GMO is a private partnership whose sole business is investment management. The firm manages global portfolios with offices and clients around the world. Investment offerings include equity, fixed income, multi-asset class, and alternative strategies. GMO is known for blended fundamental and quantitative investment research expertise and a long-term orientation toward value opportunities.