

QUARTERLY INVESTMENT REVIEW

Global Asset Allocation Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	4.63	4.63	-2.16	7.63	2.54	3.84	-
Gross of Fees (Class III)	4.77	4.77	-1.61	8.24	3.11	4.38	-
GMO Global Asset Allocation Index	5.78	5.78	-6.28	8.94	5.11	5.90	-
Value Added (vs. GMO Global Asset Allocation Index)	-1.16	-1.16	4.12	-1.30	-2.56	-2.05	0.00

Major Performance Drivers

– Top-down asset allocation was negative for the quarter. This was due primarily to allocation within the equity portfolio, as the overweight exposure to Emerging Markets lagged, and the position in alternatives, which trailed rebounding traditional assets.

– Security selection was broadly flat for the quarter.

Equities represented an average of 57.7% of the portfolio during the quarter, including 7.6% in Emerging Markets, 6.7% in Emerging Markets ex-China, 17.4% in Developed ex-U.S., 2.8% in Quality, 4.8% in U.S., 2.0% in U.S. Small Cap Value, 3.0% in U.S. Small Cap Quality, 3.0% in Quality Cyclical, 6.6% in U.S. Opportunistic Value, and 3.9% in Japan Value.

The equity portfolio returned 6.1% for the quarter, behind the MSCI ACWI return of 7.3%. Our regional bias proved a headwind this quarter as Emerging Markets underperformed Developed, although this was very modestly offset by our positioning within Developed as the U.S. underperformed a little. The Emerging Markets portfolio returned 2.6%, which was 140 bps behind the MSCI Emerging Market index, and Emerging Markets ex-China returned 4.9%, which was 130 bps ahead of the MSCI Emerging Markets ex-China index return of 3.6%. In Developed ex-U.S. markets, the portfolio posted 7.2%, 80 bps behind the broad index return of 8.0% but 160 bps ahead of the MSCI World ex-U.S. Value index. In the U.S., the broad U.S. portfolio return of 6.7% trailed the S&P Composite 1500 by 50 bps while U.S. Opportunistic Value lagged by 470 bps, and Quality outperformed the S&P 500 by 130 bps. The Quality Cyclical, U.S. Small Value, and U.S. Small Quality portfolios also all outperformed. The Japan Value portfolio returned 5.8%, lagging the TOPIX by 30 bps. Being moderately underweight to equities had a minor negative impact on relative performance as they outperformed the blended benchmark.

Alternatives represented 13.4% on average through the quarter, which was all invested in the Alternative Allocation Strategy.

Inception Date: 28-Jun-96

Risks: Risks associated with investing in the Fund may include: (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) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results (3) 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. 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: 0.70%; Gross Expense Ratio: 0.73% 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.**

Performance information prior to June 30, 2002, was achieved prior to a change in the Funds principal investment strategies. From its inception until June 28, 2002, the GMO Global Asset Allocation Fund was named the GMO World Equity Allocation Fund and was benchmarked against the MSCI All Country World Index, primarily investing in equities. On June 28, 2002, the Fund changed principal investment strategies.

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Major Performance Drivers Cont.

The Alternative Allocation Strategy posted a return of 0.2% for the quarter, unsurprisingly proving unable to keep pace with resurgent equities. Within the Alternative Allocation Strategy, the credit, put selling, Event-Driven, and asset allocation spread trades all made positive contributions to performance, while Systematic Global Macro, Fixed Income Absolute Return, and Relative Value Credit had no material impact on returns this quarter. Equity Dislocation detracted 80 bps from performance, which was actually a solid result in a truly brutal quarter for Value. Our position in alternatives detracted from relative performance as they underperformed the blended benchmark.

Fixed income represented 26.3% on average through the quarter, including 2.9% in Asset-Backed Securities, 3.0% in Emerging Country Debt, 11.5% in the Multi-Sector Fixed Income strategy, 6.9% in a U.S. Nominal Treasury position, and 1.9% in High Yield.

Our fixed income strategies returned 3.0% for the quarter, in line with the Bloomberg U.S. Aggregate index return of 3.0%. Asset-Backed Securities were up nicely, with a return of 2.0%, while Multi-Sector Fixed Income was up 3.0% and the U.S. Nominal Treasuries also returned 3.0%. The U.S. 10-year nominal yield finished the quarter a significant 40 bps lower than where it started at 3.48%, as headway continued to be made in the battle against inflation and the mini financial crisis led the market to believe that the Fed will proceed cautiously with any rate rises from here. The High Yield exposure returned 3.8%, in line with the BofA Merrill Lynch U.S. High Yield benchmark's return of 3.7%. Our Emerging Country Debt portfolio returned 2.0%, which was also in line with the EMBI Global Diversified Index return of 1.9%. The benchmark's spread over Treasuries widened significantly over the course of the quarter, finishing at 493 bps. Our underweight to fixed income had a small positive impact on performance against the asset allocation benchmark.

PRODUCT OVERVIEW

The Fund seeks total return greater than that of an internally maintained index consisting of 65% MSCI ACWI and 35% Bloomberg U.S. Aggregate Index. GMO uses multi-year forecasts of returns among asset classes, together with an assessment of the relative risks of such asset classes, to determine the asset classes in which the Fund invests.

IMPORTANT INFORMATION

Benchmark(s): The GMO Global Asset Allocation Index is an internally maintained benchmark computed by GMO, comprised of (i) the MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) through 6/28/2002 and (ii) the GMO Global Asset Allocation (Blend) Index thereafter. 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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