

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)	-0.69	6.71	16.58	3.18	3.11	3.63	-
Gross of Fees (Class III)	-0.55	7.16	17.23	3.77	3.69	4.17	-
GMO Global Asset Allocation Index	-3.32	6.06	13.52	2.71	4.52	5.49	-
Value Added (vs. GMO Global Asset Allocation Index)	2.62	0.65	3.06	0.47	-1.40	-1.86	0.00

Major Performance Drivers

- Top-down asset allocation was positive for the quarter. This was due primarily to the allocation to alternatives, which delivered a strong positive return as traditional assets faltered.
- Security selection was strongly positive for the quarter, driven by good relative returns across the equity book.

Equities represented an average of 62.3% of the portfolio during the quarter, including 7.8% in Emerging Markets, 7.1% in Emerging Markets ex-China, 13.1% in Developed ex-U.S., 3.1% in Quality, 5.1% in U.S., 2.1% in U.S. Small Cap Value, 3.2% in U.S. Small Cap Quality, 3.1% in Quality Cyclical, 6.8% in U.S. Opportunistic Value, 4.2% in Japan Value, and 6.9% in International Opportunistic Value.

The equity portfolio returned -0.4% for the quarter, ahead of the MSCI ACWI return of -3.4%. Top-down regional exposures had limited impact for the quarter as the U.S. moderately beat developed ex-U.S., but both lagged Emerging Markets. Security selection was positive for the quarter as Value significantly beat Growth except in the U.S. The Emerging Markets portfolio returned 0.5%, which was 340 bps ahead of the MSCI Emerging Market index, and Emerging Markets ex-China returned 0.4%, which was 370 bps ahead of the MSCI Emerging Markets ex-China index return of -3.3%. In Developed ex-U.S. markets, the portfolio posted -0.3% which was 380 bps ahead of the MSCI World ex-U.S. index, and International Opportunistic Value outperformed by 510 bps. In the U.S., the broad U.S. portfolio return of -2.6% bested the S&P Composite 1500 by 80 bps while U.S. Opportunistic Value outperformed by 240 bps, but Quality underperformed the S&P 500 by 70 bps. Quality Cyclical underperformed, while U.S. Small Value and U.S. Small Quality portfolios both outperformed very strongly. The Japan Value portfolio returned 1.9%, beating the TOPIX by 280 bps. Being slightly underweight to equities had no impact on relative performance as they performed broadly in line with the blended benchmark.

Alternatives represented 13.9% on average through the quarter, which was all invested in the Alternative Allocation Strategy. Alternative Allocation posted a return of 5.0% for the quarter, proving to be an excellent diversifier as both equities and bonds tumbled. Within the Alternative Allocation, Equity Dislocation, and Event-Driven bounced back very strongly after their tougher second quarter, with Systematic Global Macro and Fixed Income Absolute Return also contributing nicely. The credit strategies and asset allocation spread trades had limited impact this quarter and, unsurprisingly given the equity market drawdowns, put selling detracted modestly. Our position in alternatives added to relative performance as they outperformed the blended benchmark.

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: 0.68%; 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, 2024. 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, 2023.

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.

Fixed income represented 23.6% on average through the quarter, including 2.9% in asset-backed securities, 3.2% in emerging country debt, 11.7% in the Multi-Sector Fixed Income Strategy, and 5.6% in a U.S. Nominal Treasury position. Our fixed income strategies returned -3.1% for the quarter, more or less in line with the Barclays U.S. Aggregate index return of -3.2%. Asset-backed securities were up nicely, with a return of 1.0%, while Multi-Sector Fixed Income was down -2.0% while the U.S. Nominal Treasuries also had a difficult time. The U.S. 10-year nominal yield finished the quarter a significant 78 bps higher than where it started at 4.59%, which led to a challenging quarter for duration. Our emerging country debt portfolio returned -0.2%, which was nicely ahead of the EMBI Global Diversified index return of -2.2%. All the losses stemmed from the duration element as the benchmark's spread over Treasuries actually tightened by 2 bps over the course of the quarter, finishing at 431 bps. Our underweight to fixed income had limited impact on performance against the asset allocation benchmark.

PRODUCT OVERVIEW

The Fund seeks to achieve a total return greater than that of its benchmark of 65% MSCI All Country World Index and 35% Bloomberg U.S. Aggregate Index, over a complete market cycle, by allocating dynamically across asset classes.

The philosophy that underlies all of GMO's Asset Allocation investment strategies is the belief that, at times and in the short term, the pricing of asset classes can deviate from true intrinsic value, but mean reverts to appropriate valuation levels over the long term. GMO's proprietary 7-Year Asset Class Forecasts form the foundation of our investment process, providing a framework to assess the return opportunity embedded in different asset classes.

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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