

# QUARTERLY INVESTMENT REVIEW

## Global Equity Allocation Fund

### RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	6.53	6.53	-3.41	13.68	4.04	5.91	7.37
Gross of Fees (Class III)	6.68	6.68	-2.86	14.32	4.63	6.51	7.97
MSCI ACWI +	7.31	7.31	-7.44	15.37	6.94	8.06	6.46
MSCI ACWI	7.31	7.31	-7.44	15.37	6.94	8.06	6.40
Value Added (vs. MSCI ACWI +)	-0.77	-0.77	4.02	-1.69	-2.90	-2.16	0.91
Value Added (vs. MSCI ACWI)	-0.77	-0.77	4.02	-1.69	-2.90	-2.16	0.97

### Major Performance Drivers

- Top-down asset allocation was negative for the quarter, driven by our overweighting to emerging equities.
- Security selection was also mildly negative for the quarter, hindered by the very challenging quarter for Value in Developed Markets.

Emerging equities, with an emphasis on undervalued stocks within attractively valued countries/sectors, represented 22.7% of the total portfolio weight on average during the quarter. Our overweight position in emerging equities was detrimental to relative performance as the MSCI Emerging Markets index returned 4.0%, well behind the MSCI ACWI return of 7.3%. Security selection was modestly positive, as the broad Emerging Market exposure returned 2.6%, which was also a little behind the MSCI Emerging Markets Value index return of 3.9%, but the Emerging Market ex-China portfolio returned 4.9%, well ahead of both the MSCI Emerging ex-China index return of 3.6% and the MSCI Emerging ex-China Value index return of 3.1%. An overweight position in Taiwan Semiconductor (Taiwan Information Technology) featured in the top five biggest individual contributors to relative performance at the total portfolio level.

U.S. equities accounted for 36.0% of the total portfolio on average through the quarter, made up of 3.0% in U.S. Small Cap Value equity, 5.1% in U.S. Small Cap Quality equity, 4.9% in broad U.S. equity, 11.8% in U.S. Opportunistic Value equity, and the remainder in the Quality and Quality Cyclical strategies. This left the portfolio 24.1% underweight U.S. equities in total, and this had limited impact on relative performance for the quarter as the MSCI USA index returned 7.6%, just a touch ahead of the MSCI ACWI index. Security selection in the U.S. was negative as Value lagged and mega-cap tech soared - in aggregate, our U.S. portfolio returned 6.2%. An overweight position in Meta (Communication Services) and an underweight position in Charles Schwab (Financials) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, in almost a mirror image of last quarter, underweight positions in Apple (Information Technology), NVIDIA (Information Technology), Tesla (Consumer Discretionary), and Microsoft (Information Technology) featured in the five biggest individual detractors from relative performance for the quarter.

Inception Date: 26-Nov-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](http://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: 0.59%; Gross Expense Ratio: 0.60%** 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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## Major Performance Drivers Cont.

Developed ex-U.S. equities accounted for an average weight of 40.3% of the portfolio for the quarter, including the dedicated Japan Value position and some exposure from the Quality and Quality Cyclical strategies. This overweight position in Developed ex-U.S. had a minor positive impact on relative performance as the MSCI World ex-U.S. index returned 8.0%, a little ahead of MSCI ACWI. Security selection within developed was also very modestly additive for the quarter. An overweight position in STMicroelectronics (France Information Technology) and Banco Bilbao (Spain Financials) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, an overweight position in Equinor (Norway Energy) featured in the five biggest detractors from relative performance for the quarter.

Portfolio weights, as a percent of equity, for the positions mentioned were: Taiwan Semiconductor (1.4%), Meta (1.2%), Charles Schwab (0.0%), Apple (0.8%), NVIDIA (0.0%), Tesla (0.0%), Microsoft (1.1%), STMicroelectronics (0.9%), Banco Bilbao (0.7%), and Equinor (0.7%).

## PRODUCT OVERVIEW

The GMO Global Equity Allocation Fund seeks total return greater than that of the MSCI All Country World Index. The Fund uses multi-year forecasts of returns among asset classes to build a portfolio that primarily provides exposure to non-U.S. and U.S. equity markets.

## IMPORTANT INFORMATION

**Benchmark(s):** The MSCI ACWI (All Country World) + Index is an internally maintained benchmark computed by GMO, comprised of (i) the GMO Global Equity Index, an internally maintained benchmark computed by GMO, comprised of 75% S&P 500 Index and 25% MSCI ACWI ex-U.S. Index (MSCI Standard Index Series, net of withholding tax) through 5/31/2008 and (ii) the MSCI ACWI 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. The MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed and emerging markets. 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. Please visit <https://www.gmo.com/americas/benchmark-disclaimers/> to review the complete benchmark disclaimer notice.

**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](http://www.gmo.com). Read the prospectus carefully before investing.**

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## 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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