

QUARTERLY INVESTMENT REVIEW

High Yield Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class VI)	-0.06	5.06	10.96	2.70	3.41	-	3.76
Gross of Fees (Class VI)	0.06	5.42	11.47	3.20	3.93	-	4.28
Markit iBoxx USD Liquid High Yield	0.37	5.30	9.84	1.30	2.45	-	2.71
Value Added (vs. Markit iBoxx USD Liquid High Yield)	-0.42	-0.24	1.12	1.39	0.96	-	1.05

Major Performance Drivers

The Markit iBoxx USD Liquid High Yield index returned 0.4% in Q3 2023. Credit spreads were marginally wider over the quarter, as were risk-free rates. These moves were offset by the accrued carry over the quarter.

Lower-quality bonds have continued to outperform higher-quality issues.

For the quarter, the High Yield portfolio underperformed relative to the benchmark. This was driven by all factor sleeves, with exposures to CDX HY and BB bonds contributing most negatively. The Short Volatility overlay contributed positively to performance over the quarter. At quarter end, the portfolio was invested in liquid portfolio products and high yield bonds.

Inception Date: 25-Jun-18

Risks: Risks associated with investing in the Fund may include those as follows. (1) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results. (2) Market Risk - Fixed Income: The market price of a fixed income investment can decline due to a number of market-related factors, including rising interest rates and widening credit spreads or decreased liquidity due to market uncertainty about the value of a fixed income investment (or class of fixed income investments). (3) Credit Risk: The risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligation to pay principal and interest or otherwise to honor its obligations in a timely manner. The market price of a fixed income investment will normally decline due to the issuer's, guarantor's, or obligor's failure to meet its payment obligations or in anticipation of such failure. 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: 0.46%; Gross Expense Ratio: 0.47% 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.

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PRODUCT OVERVIEW

The GMO High Yield Fund seeks to generate total return in excess of that of its benchmark, the Markit iBoxx USD Liquid High Yield Index, by applying a systematic, factor-based approach to portfolio construction. It is designed to capture alpha from top-down sources of risk premia, taking advantage of structural market inefficiencies, while maintaining a liquid portfolio. Our top-down, data-driven approach (in what is still largely a fundamentally managed asset class) brings a unique perspective that allows us to allocate capital across a range of high yield instruments in order to seek the best possible risk-adjusted returns over a full market cycle.

IMPORTANT INFORMATION

Benchmark(s): The Markit iBoxx USD Liquid High Yield Index is an independently maintained index consisting of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe.

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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