

QUARTERLY INVESTMENT REVIEW

Resources Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	-0.49	-2.91	11.60	18.00	8.97	7.13	7.16
Gross of Fees (Class III)	-0.32	-2.38	12.41	18.83	9.75	7.92	7.95
MSCI ACWI Commodity Producers	6.55	3.66	22.68	26.16	5.72	3.42	3.09
Value Added (vs. MSCI ACWI Commodity Producers)	-7.05	-6.57	-11.08	-8.16	3.25	3.71	4.06

Major Performance Drivers

The third quarter saw sentiment drive change across a range of markets. Bond yields, particularly at the long end, rose significantly in seeming acceptance of "higher for longer" from global monetary policy makers. Oil prices rose significantly on supply concerns driven by production cuts from Saudi Arabia and Russia. Equity markets also ended the quarter on a downbeat note, not immune to these effects and to slower growth in China – the world's second largest economy. In this environment, the Resources portfolio was flat for the quarter, underperforming the MSCI Commodity Producers index, which was up.

Our Energy segment, at just over half the portfolio, was the largest detractor. A strong quarter for our Fossil Fuel producers was not enough to offset one of the most challenging quarters for Clean Energy. The Fossil Fuel outcome was buoyed by strong stock selection as the relative underweight to the sector hurt as oil prices rose. Four of the top five contributors this quarter – Kosmos, Galp, Petrobras, and Hess – came from our Fossil Fuel portfolio. Clean Energy, an off-benchmark position, was responsible for all of our relative underperformance in the third quarter. Solar energy took the biggest hit, due largely to negative revision in forward guidance by key industry players. But it wasn't just solar, both Biofuels and Wind followed suit, contributing to the overall drawdown. Notably, four of our top five detractors – SolarEdge, Darling Ingredients, SunRun, and Ameresco – all came from these energy transition critical areas. Taking a step back, over the past year our performance within Clean Energy has been significantly more resilient than broader Clean Energy indices but a broad-based sell-off can lead to questions about future viability of a sector. An undershoot on earnings for this quarter or revised down future earnings projections can easily be extrapolated. However, a setback in earnings over a few quarters cannot overshadow the sustained progress in the Clean Energy space. These are fundamentally robust companies experiencing rapid growth. Public policy incentives contained in the U.S. Inflation Reduction Act and the EU's Green Deal Industrial Plan (and many other similar policies around the world) are pushing the energy transition into a higher gear. As a result of this dislocation, many of the companies best placed to harness this secular tailwind are now available at more attractive valuations, particularly versus broader global equities, and we have harnessed this dislocation by adding to our Clean Energy positions over this quarter. Our most recent white paper is an important complement to this quarter's review and is available here: https://www.gmo.com/americas/research-library/turbulence-on-the-path-to-transformation_whitepaper/

Inception Date: 28-Dec-11

Risks: Risks associated with investing in the Fund may include: (1) Focused Investment Risk: The Fund invests its assets in the securities of a limited number of issuers, and a decline in the market price of a particular security held by the Fund may affect the Fund's performance more than if the Fund invested in the securities of a larger number of issuers. (2) Commodities Risk: Commodity prices can be extremely volatile, and exposure to commodities can cause the value of the Fund's shares to decline or fluctuate more than if the Fund had a broader range of investments. (3) 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. 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.

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: 0.72%; Gross Expense Ratio: 0.72% 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 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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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Major Performance Drivers Cont.

The Industrial Metals segment was the second largest detractor as metals, broadly, did not experience the same bullish quarter as traditional energy. Our Lithium producers faced the largest drawdown as the base commodity prices continued to fall from absolute highs earlier this year.

The Agriculture segment was the strongest performer, driven in part by double-digit returns in the Farming portfolio. In fact all sub-segments besides Precision Agriculture added positive absolute returns and significantly outperformed the benchmark.

The long-term supply/demand dynamics in natural resource markets favor high and rising prices. But the deeply discounted valuations still available in some parts of this sector mean that investors don't need commodity prices to rise in order to expect strong returns. Flat commodity prices could still lead to a healthy return from a resource equity portfolio.

Portfolio weights, as a percent of equity, for the positions mentioned were: Kosmos (6.6%), Galp (4.2%), Petrobras (3.7%), Hess (3.0%), SolarEdge (2.3%), Darling Ingredients (3.7%), SunRun (2.4%), Ameresco (1.7%).

PRODUCT OVERVIEW

The GMO Resources Fund seeks to generate total return by investing in equities in the natural resources sector. The Fund's benchmark is the MSCI All Country World Commodities Index.

GMO's Focused Equity team believes that the increasing demand for natural resources, driven primarily by population growth in and industrialization of emerging markets, coupled with the limited supply of these resources, favors an upward trend in resource prices over time. The Fund seeks to invest in the securities of companies that we believe will benefit from this expected long-term rise in natural resource prices.

IMPORTANT INFORMATION

Comparator Index(es): The MSCI ACWI (All Country World) Commodity Producers Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of listed large and mid capitalization commodity producers within the 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.

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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