

GMO Trust
Semiannual Report
August 31, 2018

Asset Allocation Bond Fund
Core Plus Bond Fund
Emerging Country Debt Fund
High Yield Fund
Opportunistic Income Fund
U.S. Treasury Fund

For a free copy of the Funds' proxy voting guidelines, shareholders may call 1-617-346-7646 (collect), visit GMO's website at www.gmo.com or visit the Securities and Exchange Commission's website at www.sec.gov. Information regarding how the Funds voted proxies relating to portfolio securities during the most recent 12-month period ended June 30 is available on GMO's website at www.gmo.com or on the Securities and Exchange Commission's website at www.sec.gov.

The Funds file their complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarter of each fiscal year on Form N-Q, which is available on the Commission's website at www.sec.gov. The Funds' Form N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. The Funds have a policy with respect to disclosure of portfolio holdings under which they may also make a complete schedule of portfolio holdings available on GMO's website at www.gmo.com.

This report is prepared for the general information of shareholders. It is authorized for distribution to prospective investors only when preceded or accompanied by a prospectus for the GMO Trust, which contains a complete discussion of the risks associated with an investment in these Funds and other important information. The GMO Trust prospectus can be obtained at www.gmo.com. The GMO Trust Statement of Additional Information includes additional information about the Trustees of GMO Trust and is available without charge, upon request, by calling 1-617-346-7646 (collect).

An investment in the Funds is subject to risk, including the possible loss of principal amount invested. There can be no assurance that the Funds will achieve their stated investment objectives. Please see the Funds' prospectus regarding specific principal risks for each Fund. General risks may include: market risk-fixed income investments, management and operational risk, market risk-asset backed securities, credit risk and derivatives risk.

The Funds are distributed by Funds Distributor LLC. Funds Distributor LLC is not affiliated with GMO.

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GMO Asset Allocation Bond Fund

(A Series of GMO Trust)

Investment Concentration Summary

August 31, 2018 (Unaudited)

<u>Asset Class Summary</u> ^{&}	<u>% of Total Net Assets</u>
Debt Obligations	94.0%
Mutual Funds	4.9
Short-Term Investments	3.9
Swap Contracts	0.1
Forward Currency Contracts	0.0 [^]
Other	(2.9)
	<u><u>100.0%</u></u>

& In the table above, derivative financial instruments, if any, are based on market values or unrealized appreciation/depreciation, in the case of forward currency contracts, rather than notional amounts.

[^] Rounds to 0.0%.

GMO Asset Allocation Bond Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value† / Shares	Description	Value (\$)
DEBT OBLIGATIONS — 94.0%		
U.S. Government — 86.4%		
36,951,627	U.S. Treasury Inflation Indexed Bond, 0.63%, due 04/15/23 ^(a)	36,729,527
23,549,384	U.S. Treasury Inflation Indexed Bond, 0.25%, due 01/15/25 ^(a)	22,816,921
66,923,303	U.S. Treasury Inflation Indexed Bond, 0.63%, due 01/15/26 ^(a)	66,229,364
54,644,884	U.S. Treasury Inflation Indexed Bond, 0.38%, due 01/15/27 ^(a)	52,830,504
29,743,889	U.S. Treasury Inflation Indexed Bond, 0.50%, due 01/15/28 ^(a)	28,915,088
61,063,430	U.S. Treasury Inflation Indexed Bond, 1.75%, due 01/15/28 ^(a)	66,209,028
60,941,392	U.S. Treasury Inflation Indexed Bond, 2.50%, due 01/15/29 ^(a)	70,995,721
1,500,000	U.S. Treasury Note, Variable Rate, USBM + 0.05%, 2.14%, due 10/31/19	1,500,926
17,500,000	U.S. Treasury Note, Variable Rate USBM + 0.00%, 2.09%, due 01/31/20	17,498,116
10,000,000	U.S. Treasury Note, Variable Rate USBM + 0.03%, 2.12%, due 04/30/20 ^(b)	10,001,461
	Total U.S. Government	<u>373,726,656</u>
U.S. Government Agency — 7.6%		
15,000,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR - 0.24%, 2.08%, due 03/06/19	15,000,862
18,000,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR - 0.21%, 2.13%, due 02/10/20	17,989,995
	Total U.S. Government Agency	<u>32,990,857</u>
	TOTAL DEBT OBLIGATIONS (COST \$410,707,887)	<u>406,717,513</u>
MUTUAL FUNDS — 4.9%		
United States — 4.9%		
Affiliated Issuers — 4.9%		
855,913	GMO U.S. Treasury Fund	<u>21,380,716</u>
	TOTAL MUTUAL FUNDS (COST \$21,380,716)	<u>21,380,716</u>
SHORT-TERM INVESTMENTS — 3.9%		
Foreign Government Obligations — 3.5%		
JPY 1,682,000,000	Japan Treasury Discount Bill, Zero Coupon, due 10/09/18	<u>15,139,938</u>

Shares	Description	Value (\$)
Money Market Funds — 0.4%		
1,516,027	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(c)	1,516,027
	TOTAL SHORT-TERM INVESTMENTS (COST \$16,748,995)	<u>16,655,965</u>
TOTAL INVESTMENTS — 102.8% (COST \$448,837,598)		
	Other Assets and Liabilities (net) — (2.8%)	<u>(12,205,686)</u>
	TOTAL NET ASSETS — 100.0%	<u><u>\$432,548,508</u></u>

A summary of outstanding financial instruments at August 31, 2018 is as follows:

Forward Currency Contracts

Settlement Date	Counter-party	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)
10/05/2018	JPM	AUD 1,380,000	USD 1,020,103	28,062
10/05/2018	MSCI	AUD 20,660,000	USD 15,168,572	316,717
09/04/2018	GS	CAD 7,646,590	USD 5,848,127	(11,329)
09/04/2018	JPM	CAD 2,353,942	USD 1,790,000	(13,787)
10/12/2018	MSCI	CHF 20,209,652	USD 20,494,216	(423,494)
09/19/2018	BCLY	EUR 610,000	USD 718,174	9,395
09/19/2018	GS	EUR 1,400,000	USD 1,635,131	8,424
09/19/2018	MSCI	EUR 2,800,000	USD 3,270,628	17,213
09/14/2018	JPM	GBP 10,370,000	USD 13,925,189	476,452
09/07/2018	GS	JPY 236,477,704	USD 2,140,000	11,416
09/07/2018	JPM	JPY 57,645,843	USD 520,000	1,118
09/07/2018	MSCI	JPY 313,660,277	USD 2,850,000	26,679
10/09/2018	MSCI	JPY 1,682,000,000	USD 15,302,316	127,822
10/05/2018	BCLY	NOK 14,870,681	USD 1,780,000	4,638
09/05/2018	BCLY	NZD 6,640,000	USD 4,663,829	270,804
09/05/2018	MSCI	NZD 690,000	USD 469,688	13,184
12/05/2018	MSCI	NZD 5,490,000	USD 3,637,921	4,913
11/05/2018	GS	SEK 35,468,263	USD 3,900,000	2,693
09/04/2018	BCLY	USD 790,000	CAD 1,030,409	(415)
09/04/2018	MSCI	USD 6,939,677	CAD 8,970,123	(66,020)
09/05/2018	JPM	USD 1,220,642	NZD 1,840,000	(3,298)
09/05/2018	MSCI	USD 3,637,152	NZD 5,490,000	(4,968)
09/07/2018	GS	USD 1,990,000	JPY 222,857,623	15,988
09/07/2018	JPM	USD 3,800,605	JPY 416,267,408	(53,696)
09/07/2018	MSCI	USD 1,380,000	JPY 153,452,936	1,261
09/14/2018	BCLY	USD 1,578,451	GBP 1,210,000	(9,216)
09/14/2018	GS	USD 2,546,609	GBP 1,980,000	21,231
09/14/2018	JPM	USD 1,115,790	GBP 860,000	(465)
09/14/2018	MSCI	USD 5,338,867	GBP 4,010,000	(138,342)
09/19/2018	GS	USD 2,790,096	EUR 2,430,000	33,404
09/19/2018	JPM	USD 559,050	EUR 480,000	(1,322)
10/05/2018	BCLY	USD 280,354	AUD 380,000	(7,183)
10/05/2018	JPM	USD 3,702,127	AUD 5,120,000	(21,512)
10/05/2018	JPM	USD 11,769,113	NOK 95,799,993	(331,865)
10/12/2018	BOA	USD 400,000	CHF 394,646	8,472

GMO Asset Allocation Bond Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Forward Currency Contracts — continued

Settlement Date	Counterparty	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)
10/12/2018	JPM	USD 4,530,000	CHF 4,366,729	(10,280)
11/05/2018	BCLY	USD 17,583,213	SEK 155,508,409	(495,711)
12/03/2018	GS	USD 3,683,279	CAD 4,801,338	2,004
				<u>\$(191,013)</u>

Reverse Repurchase Agreements⁽¹⁾

Average balance outstanding	\$(41,051,668)
Average interest rate	0.22%
Maximum balance outstanding	\$(41,051,668)

Average balance outstanding was calculated based on daily face value balances outstanding during the period that the Fund had entered into reverse repurchase agreements. Average interest rate was calculated based on interest received and/or paid during the period that the Fund had entered into reverse repurchase agreements. The Fund had no reverse repurchase agreements outstanding at the end of the period.

Swap Contracts

Centrally Cleared Interest Rate Swaps

Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
3 Month NZD Bank Bill Rate	2.37%	NZD 126,240,000	09/19/2023	Quarterly	1,459	184,958	183,499
2.37%	3 Month NZD Bank Bill Rate	NZD 31,178,500	09/19/2023	Semi-Annually	—	(46,653)	(46,653)
2.41%	3 Month NZD Bank Bill Rate	NZD 31,178,500	09/19/2023	Semi-Annually	—	(82,147)	(82,147)
1.72%	6 Month GBP LIBOR	GBP 16,041,000	06/21/2028	Semi-Annually	1,475	19,088	17,613
2.85%	6 Month AUD BBSW	AUD 3,336,000	09/19/2028	Semi-Annually	—	(34,042)	(34,042)
2.84%	6 Month AUD BBSW	AUD 12,512,000	09/19/2028	Semi-Annually	768	(120,356)	(121,124)
2.88%	6 Month AUD BBSW	AUD 8,129,000	09/19/2028	Semi-Annually	—	(98,813)	(98,813)
2.76%	6 Month AUD BBSW	AUD 50,952,000	09/19/2028	Semi-Annually	(41,250)	(225,023)	(183,773)
3 Month NZD Bank Bill Rate	3.16%	NZD 7,665,000	09/19/2028	Quarterly	—	146,041	146,041
3 Month NZD Bank Bill Rate	3.02%	NZD 5,525,000	09/19/2028	Quarterly	(819)	59,674	60,493
3 Month NZD Bank Bill Rate	2.88%	NZD 13,266,500	09/19/2028	Quarterly	—	36,895	36,895
3 Month NZD Bank Bill Rate	2.91%	NZD 13,266,500	09/19/2028	Quarterly	—	58,482	58,482
3 Month NZD Bank Bill Rate	2.92%	NZD 15,344,000	09/19/2028	Quarterly	15,981	76,557	60,576
2.90%	3 Month NZD Bank Bill Rate	NZD 3,199,000	09/19/2028	Quarterly	—	(12,057)	(12,057)
3 Month CAD LIBOR	2.71%	CAD 9,042,000	09/20/2028	Semi-Annually	4,687	52,518	47,831
3 Month CAD LIBOR	2.74%	CAD 8,105,000	09/20/2028	Semi-Annually	—	61,532	61,532
3 Month CAD LIBOR	2.77%	CAD 6,029,000	09/20/2028	Semi-Annually	—	59,007	59,007
3 Month CAD LIBOR	2.76%	CAD 11,427,000	09/20/2028	Semi-Annually	—	103,606	103,606
3 Month CAD LIBOR	2.70%	CAD 4,042,000	09/20/2028	Semi-Annually	—	21,258	21,258
3 Month CAD LIBOR	2.61%	CAD 11,242,000	09/20/2028	Semi-Annually	—	(11,828)	(11,828)
6 Month CHF LIBOR	0.45%	CHF 7,982,000	09/20/2028	Semi-Annually	—	40,583	40,583
6 Month CHF LIBOR	0.44%	CHF 5,692,000	09/20/2028	Semi-Annually	—	22,439	22,439
6 Month EURIBOR	0.98%	EUR 3,497,000	09/20/2028	Semi-Annually	—	38,340	38,340
6 Month EURIBOR	1.00%	EUR 3,660,000	09/20/2028	Semi-Annually	—	51,172	51,172
6 Month EURIBOR	1.00%	EUR 8,181,000	09/20/2028	Semi-Annually	5,262	110,190	104,928
6 Month EURIBOR	0.97%	EUR 6,000,000	09/20/2028	Semi-Annually	—	63,049	63,049

See accompanying notes to the financial statements.

GMO Asset Allocation Bond Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Centrally Cleared Interest Rate Swaps — continued

<u>Fund Pays</u>	<u>Fund Receives</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Periodic Payment Frequency</u>	<u>Premiums Paid/ (Received) (\$)</u>	<u>Value (\$)</u>	<u>Net Unrealized Appreciation/ (Depreciation) (\$)</u>
1.09%	6 Month EURIBOR	EUR 4,461,000	09/20/2028	Semi-Annually	—	(108,093)	(108,093)
0.93%	6 Month EURIBOR	EUR 2,999,000	09/20/2028	Semi-Annually	—	(16,828)	(16,828)
0.94%	6 Month EURIBOR	EUR 2,999,000	09/20/2028	Semi-Annually	—	(18,707)	(18,707)
1.01%	6 Month EURIBOR	EUR 2,788,000	09/20/2028	Semi-Annually	—	(39,298)	(39,298)
1.61%	6 Month GBP LIBOR	GBP 32,667,000	09/20/2028	Semi-Annually	—	(227,869)	(227,869)
1.58%	6 Month GBP LIBOR	GBP 3,900,000	09/20/2028	Semi-Annually	—	(15,878)	(15,878)
3 Month USD LIBOR	3.04%	USD 5,918,000	09/20/2028	Quarterly	(1,160)	60,857	62,017
3 Month USD LIBOR	2.99%	USD 9,800,000	09/20/2028	Quarterly	—	58,245	58,245
3 Month USD LIBOR	2.98%	USD 557,000	09/20/2028	Quarterly	—	2,431	2,431
3 Month USD LIBOR	2.99%	USD 6,688,000	09/20/2028	Quarterly	—	20,686	20,686
3 Month USD LIBOR	2.96%	USD 9,587,000	09/20/2028	Quarterly	—	30,082	30,082
2.92%	3 Month USD LIBOR	USD 5,093,000	09/20/2028	Quarterly	—	1,657	1,657
2.95%	3 Month USD LIBOR	USD 5,284,000	09/20/2028	Quarterly	—	(9,168)	(9,168)
2.94%	3 Month USD LIBOR	USD 4,757,000	09/20/2028	Quarterly	—	(6,585)	(6,585)
3.02%	3 Month USD LIBOR	USD 2,195,000	09/20/2028	Quarterly	—	(17,761)	(17,761)
2.77%	6 Month AUD BBSW	AUD 6,042,000	12/19/2028	Semi-Annually	—	(18,756)	(18,756)
2.83%	6 Month AUD BBSW	AUD 6,300,000	12/19/2028	Semi-Annually	—	(43,394)	(43,394)
3 Month SEK STIBOR	1.20%	SEK 22,165,000	12/19/2028	Quarterly	—	(503)	(503)
1.23%	3 Month SEK STIBOR	SEK 38,222,000	12/19/2028	Quarterly	—	(9,141)	(9,141)
6 Month EURIBOR	0.97%	EUR 3,642,000	12/20/2028	Semi-Annually	—	14,159	14,159
					<u>\$ (13,597)</u>	<u>\$ 230,606</u>	<u>\$ 244,203</u>

As of August 31, 2018, for the above contracts and/or agreements, the Fund had sufficient cash and/or securities to cover commitments or collateral requirements, if any, of the relevant broker or exchange.

Notes to Schedule of Investments:

- † Denominated in U.S. Dollar, unless otherwise indicated.
- (a) Indexed security in which price and/or coupon is linked to the price of a specific instrument or financial statistic (Note 2).
- (b) All or a portion of this security has been pledged to cover margin requirements on futures and/or cleared swap contracts, collateral on OTC swap contracts, forward currency contracts, and/or written options, if any (Note 4).
- (c) The rate disclosed is the 7 day net yield as of August 31, 2018.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO Core Plus Bond Fund
(A Series of GMO Trust)
Investment Concentration Summary
August 31, 2018 (Unaudited)

Asset Class Summary†	% of Total Net Assets
Debt Obligations	73.4%
Short-Term Investments	25.2
Mutual Funds	15.0
Swap Contracts	0.6
Loan Participations	0.1
Forward Currency Contracts	0.1
Rights/Warrants	0.0 [^]
Loan Assignments	0.0 [^]
Purchased Options	0.0 [^]
Written Options/Credit Linked Options	0.0 [^]
Futures Contracts	(0.0) [^]
Reverse Repurchase Agreements	(0.1)
Other	(14.3)
	100.0%

Country/Region Summary‡	% of Investments
United States	96.1%
New Zealand	17.0
Canada	11.6
Other Emerging	4.8 [¥]
Euro Region	4.1 [§]
Switzerland	3.4
Japan	0.2
Sweden	(0.4)
United Kingdom	(17.4)
Australia	(19.4)
	100.0%

† The table above incorporates aggregate indirect asset class exposure associated with investments in other funds of GMO Trust (“underlying funds”). Derivative financial instruments, if any, are based on market values or unrealized appreciation/depreciation, in the case of forward currency contracts, rather than notional amounts.

‡ The table above incorporates aggregate indirect country exposure associated with investments in the underlying funds. The table is normalized to 100%, therefore the absolute exposure presented for each country may not be representative of the true exposure of the Fund. The table excludes short-term investments. The table includes exposure through the use of certain derivative financial instruments and excludes exposure through certain currency linked derivatives such as forward currency contracts and currency options. The table is based on duration adjusted net exposures (both investments and derivatives), taking into account the market value of securities and the notional amounts of swaps and other derivative financial instruments. For example, U.S. asset-backed securities may represent a relatively small percentage due to their short duration, even though they represent a large percentage of market value (direct and indirect). Duration is based on GMO’s models. The greater the duration of a bond, the greater its contribution to the concentration percentage. Credit default swap exposures are factored into the duration adjusted exposure using the reference security and applying the same methodology to that security.

¥ “Other Emerging” is associated with investments in GMO Emerging Country Debt Fund and is comprised of emerging countries that each represents between (1.0)% and 1.0% of Investments.

§ “Euro Region” is comprised of derivative financial instruments attributed to the Eurozone and not a particular country.

[^] Rounds to 0.0%.

GMO Core Plus Bond Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value† / Shares	Description	Value (\$)	Shares / Par Value†	Description	Value (\$)
	DEBT OBLIGATIONS — 49.0%			Exchange-Traded Funds — 15.0%	
	United States — 49.0%		964,362	iShares iBoxx \$ Investment Grade Corporate Bond ETF	111,325,949
	Asset-Backed Securities — 3.0%			TOTAL MUTUAL FUNDS	<u>330,989,270</u>
322,361	Bear Stearns Commercial Mortgage Securities Trust, Series 05-PW10, Class AJ, Variable Rate, 5.78%, due 12/11/40	341,704		(COST \$334,127,572)	
16,740,000	Commercial Mortgage Trust, Series 13-WWP, Class A2, 144A, 3.42%, due 03/10/31	16,876,058		SHORT-TERM INVESTMENTS — 20.6%	
5,000,000	Commercial Mortgage Trust, Series 13-WWP, Class D, 144A, 3.90%, due 03/10/31	5,134,519		Foreign Government Obligations — 20.2%	
	Total Asset-Backed Securities	<u>22,352,281</u>			
	U.S. Government — 29.9%				
9,307,000	U.S. Treasury Bond, 3.75%, due 11/15/43	10,500,550	JPY 3,300,000,000	Japan Treasury Discount Bill, Zero Coupon, due 09/18/18	29,701,544
45,764,000	U.S. Treasury Bond, 3.38%, due 05/15/44 ^(a)	48,638,551	JPY 5,600,000,000	Japan Treasury Discount Bill, Zero Coupon, due 09/25/18	50,403,881
30,399,000	U.S. Treasury Note, 2.00%, due 02/28/21	29,902,641	JPY 1,611,500,000	Japan Treasury Discount Bill, Zero Coupon, due 10/22/18	14,506,082
51,233,000	U.S. Treasury Note, 1.75%, due 11/30/21	49,702,014	JPY 2,850,000,000	Japan Treasury Discount Bill, Zero Coupon, due 11/05/18	25,656,053
4,745,000	U.S. Treasury Note, 2.00%, due 02/15/23	4,597,646	JPY 3,300,000,000	Japan Treasury Discount Bill, Zero Coupon, due 11/19/18	29,708,821
36,868,000	U.S. Treasury Note, 2.50%, due 05/15/24	36,319,301		Total Foreign Government Obligations	<u>149,976,381</u>
27,877,000	U.S. Treasury Note, 2.00%, due 08/15/25	26,430,881		Money Market Funds — 0.4%	
16,615,000	U.S. Treasury Note, 2.25%, due 02/15/27	15,869,272	3,349,336	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(b)	3,349,336
	Total U.S. Government	<u>221,960,856</u>		TOTAL SHORT-TERM INVESTMENTS	<u>153,325,717</u>
				(COST \$154,033,241)	
	U.S. Government Agency — 16.1%			TOTAL INVESTMENTS — 114.2%	847,997,324
15,217,000	Federal Home Loan Mortgage Corp., TBA, 3.50%, due 02/15/48	15,126,620		(Cost \$857,469,112)	
36,871,000	Federal National Mortgage Association, TBA, 2.50%, due 05/25/32	35,850,702		Other Assets and Liabilities (net) — (14.2%)	<u>(105,687,078)</u>
8,706,000	Federal National Mortgage Association, TBA, 3.00%, due 06/25/47	8,418,207		TOTAL NET ASSETS — 100.0%	\$742,310,246
28,967,000	Federal National Mortgage Association, TBA, 4.00%, due 04/25/48	29,487,925			
30,389,000	Government National Mortgage Association, TBA, 3.50%, due 12/20/47	30,485,746			
	Total U.S. Government Agency	<u>119,369,200</u>			
	TOTAL DEBT OBLIGATIONS				
	(COST \$369,308,299)	<u>363,682,337</u>			
	MUTUAL FUNDS — 44.6%				
	United States — 44.6%				
	Affiliated Issuers — 29.6%				
1,481,448	GMO Emerging Country Debt Fund, Class IV	39,776,871			
6,095,739	GMO Opportunistic Income Fund, Class VI	162,817,183			
683,317	GMO U.S. Treasury Fund	17,069,267			
	Total Affiliated Issuers	<u>219,663,321</u>			

GMO Core Plus Bond Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

A summary of outstanding financial instruments at August 31, 2018 is as follows:

Forward Currency Contracts

Settlement Date	Counter-party	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)	Settlement Date	Counter-party	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)
10/05/2018	JPM	AUD 2,680,000	USD 1,981,070	54,498	10/05/2018	JPM	USD 2,451,213	AUD 3,390,000	(14,243)
10/05/2018	MSCI	AUD 43,640,000	USD 32,040,488	669,000	10/05/2018	JPM	USD 24,578,836	NOK 200,070,497	(693,073)
09/04/2018	GS	CAD 16,026,779	USD 12,250,747	(30,308)	10/12/2018	BOA	USD 1,850,000	CHF 1,825,236	39,184
09/04/2018	JPM	CAD 696,977	USD 530,000	(4,082)	10/12/2018	JPM	USD 2,050,000	CHF 1,976,113	(4,652)
10/12/2018	MSCI	CHF 41,118,217	USD 41,701,541	(857,278)	11/05/2018	BCLY	USD 34,912,812	SEK 308,590,214	(1,004,445)
09/19/2018	BCLY	EUR 1,170,000	USD 1,377,482	18,019	12/03/2018	GS	USD 9,412,314	CAD 12,269,422	5,122
09/19/2018	GS	EUR 2,780,000	USD 3,246,904	16,727					\$ 515,764
09/19/2018	MSCI	EUR 5,770,000	USD 6,739,831	35,472					
09/14/2018	JPM	GBP 15,860,000	USD 21,297,347	728,691					
09/07/2018	GS	JPY 486,215,840	USD 4,400,000	23,471					
09/07/2018	JPM	JPY 24,388,626	USD 220,000	473					
09/07/2018	MSCI	JPY 492,549,333	USD 4,470,000	36,462					
09/18/2018	JPM	JPY 3,300,000,000	USD 30,099,048	372,902					
09/25/2018	MSCI	JPY 5,600,000,000	USD 51,205,618	735,569					
10/22/2018	GS	JPY 1,611,500,000	USD 14,458,102	(94,149)					
11/05/2018	GS	JPY 2,850,000,000	USD 25,700,798	(61,728)					
11/19/2018	JPM	JPY 3,300,000,000	USD 30,085,854	226,584					
10/05/2018	BCLY	NOK 12,447,929	USD 1,490,000	3,882					
09/05/2018	BCLY	NZD 10,800,000	USD 7,585,589	440,307					
09/05/2018	JPM	NZD 1,280,000	USD 868,018	21,170					
09/05/2018	MSCI	NZD 2,820,000	USD 1,919,594	53,881					
12/05/2018	MSCI	NZD 13,710,000	USD 9,084,863	12,269					
11/05/2018	GS	SEK 16,369,968	USD 1,800,000	1,243					
09/04/2018	BCLY	USD 1,570,000	CAD 2,047,774	(825)					
09/04/2018	MSCI	USD 11,353,978	CAD 14,675,982	(108,015)					
09/05/2018	JPM	USD 789,437	NZD 1,190,000	(2,133)					
09/05/2018	MSCI	USD 9,082,944	NZD 13,710,000	(12,406)					
09/07/2018	GS	USD 4,000,000	JPY 447,954,744	32,133					
09/07/2018	JPM	USD 6,452,457	JPY 707,380,487	(85,179)					
09/07/2018	MSCI	USD 2,730,000	JPY 303,569,939	2,495					
09/14/2018	BCLY	USD 1,532,239	GBP 1,170,000	(14,880)					
09/14/2018	GS	USD 5,537,912	GBP 4,300,000	38,710					
09/14/2018	JPM	USD 2,400,246	GBP 1,850,000	(1,001)					
09/14/2018	MSCI	USD 3,593,523	GBP 2,700,000	(91,923)					
09/19/2018	GS	USD 5,749,926	EUR 5,010,000	71,363					
09/19/2018	JPM	USD 267,878	EUR 230,000	(633)					
10/05/2018	BCLY	USD 1,674,744	AUD 2,270,000	(42,910)					

Futures Contracts

Number of Contracts +	Type	Expiration Date	Notional Amount (\$)	Value/Net Unrealized Appreciation (Depreciation) (\$)
72	U.S. Long Bond (CBT)	December 2018	10,383,750	(50,722)
393	U.S. Treasury Note 2 Yr. (CBT)	December 2018	83,064,235	(20,116)
118	U.S. Treasury Note 5 Yr. (CBT)	December 2018	13,381,016	(14,918)
25	U.S. Treasury Note 10 Yr. (CBT)	December 2018	3,006,640	(5,312)
185	U.S. Treasury Ultra 10 Yr. (CBT)	December 2018	23,688,672	(60,984)
12	U.S. Ultra Bond (CBT)	December 2018	1,911,750	(12,574)
			<u>\$135,436,063</u>	<u>\$(164,626)</u>

+ Buys - Fund is long the futures contract.
Sales - Fund is short the futures contract.

Swap Contracts

Centrally Cleared Interest Rate Swaps

Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
2.85%	6 Month AUD BBSW	AUD 1,656,000	09/19/2028	Semi-Annually	—	(16,899)	(16,899)
2.84%	6 Month AUD BBSW	AUD 79,945,000	09/19/2028	Semi-Annually	4,905	(769,010)	(773,915)
2.88%	6 Month AUD BBSW	AUD 16,756,000	09/19/2028	Semi-Annually	—	(203,680)	(203,680)
2.76%	6 Month AUD BBSW	AUD 87,483,000	09/19/2028	Semi-Annually	(70,825)	(386,358)	(315,533)
2.77%	6 Month AUD BBSW	AUD 12,744,000	12/19/2028	Semi-Annually	—	(39,560)	(39,560)
2.83%	6 Month AUD BBSW	AUD 13,183,000	12/19/2028	Semi-Annually	—	(90,804)	(90,804)
3 Month CAD LIBOR	2.71%	CAD 41,705,000	09/20/2028	Semi-Annually	15,790	242,230	226,440
3 Month CAD LIBOR	2.74%	CAD 16,525,000	09/20/2028	Semi-Annually	—	125,455	125,455
3 Month CAD LIBOR	2.77%	CAD 10,885,000	09/20/2028	Semi-Annually	—	106,533	106,533
3 Month CAD LIBOR	2.76%	CAD 23,174,000	09/20/2028	Semi-Annually	—	210,114	210,114
3 Month CAD LIBOR	2.70%	CAD 6,033,000	09/20/2028	Semi-Annually	—	31,730	31,730

See accompanying notes to the financial statements.

GMO Core Plus Bond Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Centrally Cleared Interest Rate Swaps — continued

Fund Pays	Fund Receives	Notional Amount	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
3 Month CAD LIBOR	2.61%	CAD 22,873,000	09/20/2028	Semi-Annually	—	(24,065)	(24,065)
6 Month CHF LIBOR	0.45%	CHF 13,773,000	09/20/2028	Annually	—	70,027	70,027
6 Month CHF LIBOR	0.44%	CHF 13,107,000	09/20/2028	Annually	—	51,671	51,671
6 Month EURIBOR	0.98%	EUR 10,552,000	09/20/2028	Annually	—	115,689	115,689
6 Month EURIBOR	1.00%	EUR 5,896,000	09/20/2028	Annually	—	82,435	82,435
6 Month EURIBOR	1.00%	EUR 12,482,000	09/20/2028	Annually	8,028	168,120	160,092
6 Month EURIBOR	0.97%	EUR 20,000,000	09/20/2028	Annually	—	210,163	210,163
1.09%	6 Month EURIBOR	EUR 7,278,000	09/20/2028	Annually	—	(176,350)	(176,350)
0.93%	6 Month EURIBOR	EUR 7,086,000	09/20/2028	Annually	—	(39,762)	(39,762)
0.94%	6 Month EURIBOR	EUR 7,085,000	09/20/2028	Annually	—	(44,194)	(44,194)
1.01%	6 Month EURIBOR	EUR 5,806,000	09/20/2028	Annually	—	(81,838)	(81,838)
6 Month EURIBOR	0.97%	EUR 6,896,000	12/20/2028	Annually	—	26,809	26,809
1.72%	6 Month GBP LIBOR	GBP 22,061,000	06/21/2028	Semi-Annually	2,028	26,251	24,223
1.61%	6 Month GBP LIBOR	GBP 59,218,000	09/20/2028	Semi-Annually	—	(413,076)	(413,076)
1.58%	6 Month GBP LIBOR	GBP 39,100,000	09/20/2028	Semi-Annually	—	(159,186)	(159,186)
3 Month NZD Bank Bill Rate	2.37%	NZD 192,324,000	09/19/2023	Semi-Annually	2,223	281,779	279,556
2.37%	3 Month NZD Bank Bill Rate	NZD 32,188,500	09/19/2023	Semi-Annually	—	(48,164)	(48,164)
2.41%	3 Month NZD Bank Bill Rate	NZD 32,188,500	09/19/2023	Semi-Annually	—	(84,808)	(84,808)
3 Month NZD Bank Bill Rate	3.16%	NZD 12,070,000	09/19/2028	Semi-Annually	—	229,969	229,969
3 Month NZD Bank Bill Rate	3.02%	NZD 53,265,000	09/19/2028	Semi-Annually	(7,893)	575,304	583,197
3 Month NZD Bank Bill Rate	2.88%	NZD 13,696,000	09/19/2028	Semi-Annually	—	38,089	38,089
3 Month NZD Bank Bill Rate	2.91%	NZD 13,696,000	09/19/2028	Semi-Annually	—	60,375	60,375
3 Month NZD Bank Bill Rate	2.93%	NZD 35,924,000	09/19/2028	Semi-Annually	59,220	200,116	140,896
3 Month NZD Bank Bill Rate	2.92%	NZD 9,165,000	09/19/2028	Semi-Annually	9,545	45,728	36,183
3 Month SEK STIBOR	1.20%	SEK 44,195,000	12/19/2028	Annually	—	(1,004)	(1,004)
1.23%	3 Month SEK STIBOR	SEK 76,148,000	12/19/2028	Annually	—	(18,211)	(18,211)
3 Month USD LIBOR	3.04%	USD 14,243,000	09/20/2028	Semi-Annually	(2,792)	146,464	149,256
3 Month USD LIBOR	2.99%	USD 25,200,000	09/20/2028	Semi-Annually	—	149,773	149,773
3 Month USD LIBOR	2.98%	USD 1,215,000	09/20/2028	Semi-Annually	—	5,304	5,304
3 Month USD LIBOR	2.99%	USD 14,592,000	09/20/2028	Semi-Annually	—	45,134	45,134
3 Month USD LIBOR	2.96%	USD 19,519,000	09/20/2028	Semi-Annually	—	61,247	61,247
2.92%	3 Month USD LIBOR	USD 11,126,000	09/20/2028	Semi-Annually	—	3,620	3,620
2.95%	3 Month USD LIBOR	USD 11,347,000	09/20/2028	Semi-Annually	—	(19,687)	(19,687)
2.94%	3 Month USD LIBOR	USD 10,214,000	09/20/2028	Semi-Annually	—	(14,140)	(14,140)
3.02%	3 Month USD LIBOR	USD 5,131,000	09/20/2028	Semi-Annually	—	(41,517)	(41,517)
					<u>\$ 20,229</u>	<u>\$ 637,816</u>	<u>\$ 617,587</u>

As of August 31, 2018, for the above contracts and/or agreements, the Fund had sufficient cash and/or securities to cover commitments or collateral requirements, if any, of the relevant broker or exchange.

Notes to Schedule of Investments:

† Denominated in U.S. Dollar, unless otherwise indicated.

- (a) All or a portion of this security has been pledged to cover margin requirements on futures and/or cleared swap contracts, collateral on OTC swap contracts, forward currency contracts, and/or written options, if any (Note 4).
- (b) The rate disclosed is the 7 day net yield as of August 31, 2018.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO Emerging Country Debt Fund

(A Series of GMO Trust)

Investment Concentration Summary

August 31, 2018 (Unaudited)

Asset Class Summary†	% of Total Net Assets
Debt Obligations	89.2%
Short-Term Investments	7.5
Loan Participations	1.3
Rights/Warrants	0.8
Swap Contracts	0.3
Loan Assignments	0.2
Forward Currency Contracts	0.0 [^]
Purchased Options	0.0 [^]
Futures Contracts	0.0 [^]
Written Options/Credit Linked Options	(0.1)
Reverse Repurchase Agreements	(1.0)
Other	1.8
	100.0%

Country/Region Summary‡	% of Investments
Mexico	13.5%
Other Emerging	13.3 [•]
Russia	5.8
Turkey	5.8
Indonesia	5.6
Argentina	5.2
Brazil	5.1
Ukraine	3.3
Venezuela	3.3
Tunisia	2.9
China	2.4
Philippines	2.4
Pakistan	2.1
Colombia	2.0
Ecuador	2.0
Israel	2.0
Uruguay	1.9
Dominican Republic	1.8
Kazakhstan	1.8
South Africa	1.8
Costa Rica	1.5
Egypt	1.5
Chile	1.5
Croatia	1.3
Congo	1.2
Hungary	1.2
Ivory Coast	1.2
Bahrain	1.1
Saudi Arabia	1.1
Sri Lanka	1.1
Angola	1.0
Morocco	0.9
Peru	0.9
Other Developed	0.5 [□]
	100.0%

‡ The table above incorporates aggregate indirect country exposure associated with investments in the underlying funds. The table excludes short-term investments. The table includes exposure through the use of certain derivative financial instruments and excludes exposure through certain currency linked derivatives such as forward currency contracts and currency options. The table is based on duration adjusted net exposures (both investments and derivatives), taking into account the market value of securities and the notional amounts of swaps and other derivative financial instruments. For example, U.S. asset-backed securities may represent a relatively small percentage due to their short duration, even though they represent a large percentage of market value (direct and indirect). Duration is based on GMO's models. The greater the duration of a bond, the greater its contribution to the concentration percentage. Credit default swap exposures are factored into the duration adjusted exposure using a reference security and applying the same methodology to that security.

• "Other Emerging" is comprised of emerging countries that each represent between (1.0)% and 1.0% of Investments.

□ "Other Developed" is comprised of developed countries that each represent between (1.0)% and 1.0% of Investments.

^ Rounds to 0.0%.

† The table above incorporates aggregate indirect asset class exposure associated with investments in other funds of GMO Trust ("underlying funds"). Derivative financial instruments, if any, are based on market values or unrealized appreciation/depreciation, in the case of forward currency contracts, rather than notional amounts.

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)	
	DEBT OBLIGATIONS — 88.8%			Belarus — 0.1%		
	Albania — 1.0%			Foreign Government Obligations		
49,649,849	Republic of Albania Par Bond, Zero Coupon, due 08/31/25 ^{(a) (b)}	37,147,660	3,700,000	Republic of Belarus International Bond, Reg S, 6.20%, due 02/28/30	3,482,625	
	Angola — 0.5%			Belize — 0.5%		
18,100,000	Angolan Government International Bond, 144A, 9.38%, due 05/08/48	18,145,250	33,578,000	Republic of Belize, Reg S, Step Up, 4.94%, due 02/20/34	19,894,965	
	Argentina — 4.2%			Brazil — 2.6%		
	Foreign Government Obligations			Foreign Government Agency — 1.9%		
JPY 407,485,276	Republic of Argentina, 4.33%, due 12/31/33 ^(c)	2,539,716	GBP 12,895,000	Petrobras Global Finance BV, 6.63%, due 01/16/34	16,383,371	
EUR 8,008,646	Republic of Argentina Discount Bond, 7.82%, due 12/31/33	7,762,189	65,739,000	Petrobras Global Finance BV, 6.85%, due 06/05/2115	53,741,632	
40,308,593	Republic of Argentina Discount Bond, 8.28%, due 12/31/33	32,448,417			70,125,003	
10,786,557	Republic of Argentina Discount Bond, 8.28%, due 12/31/33	9,006,775		Foreign Government Obligations — 0.7%		
EUR 59,150,000	Republic of Argentina Par Bond, Step Up, 2.26%, due 12/31/38	37,418,806	16,897,000	Republic of Brazil, 7.13%, due 01/20/37	17,741,850	
EUR 112,130,000	Republic of Argentina Par Bond, Step Up, 2.26%, due 12/31/38	68,331,317	5,000,000	Republic of Brazil, 5.00%, due 01/27/45	3,875,000	
	Total Argentina	157,507,220	6,340,000	Republic of Brazil, 5.63%, due 02/21/47	5,300,240	
				Total Brazil	26,917,090	
	Armenia — 0.1%				97,042,093	
	Foreign Government Obligations			Cameroon — 0.1%		
2,195,000	Republic of Armenia, Reg S, 7.15%, due 03/26/25	2,310,238		Foreign Government Obligations		
	Azerbaijan — 0.8%			4,500,000	Republic of Cameroon International Bond, Reg S, 9.50%, due 11/19/25	4,590,000
	Foreign Government Agency — 0.6%				Chile — 1.0%	
12,650,000	Southern Gas Corridor CJSC, Reg S, 6.88%, due 03/24/26	13,677,813		Corporate Debt — 0.8%		
7,987,000	State Oil Company of the Azerbaijan Republic, Reg S, 6.95%, due 03/18/30	8,416,301	20,411,000	Empresa Nacional de Electricidad SA, 8.13%, due 02/01/97 ^(c)	26,456,738	
		22,094,114	3,600,000	Empresa Nacional del Petroleo, Reg. S, 4.50%, due 09/14/47	3,231,000	
	Foreign Government Obligations — 0.2%				29,687,738	
7,100,000	Republic of Azerbaijan International Bond, Reg S, 5.13%, due 09/01/29	6,789,375		Foreign Government Agency — 0.2%		
	Total Azerbaijan	28,883,489	7,300,000	Corp Nacional del Cobre de Chile, Reg S, 4.50%, due 08/01/47	7,026,250	
	Bahrain — 0.8%			Total Chile	36,713,988	
	Foreign Government Obligations			Colombia — 1.9%		
35,150,000	Bahrain Government International Bond, Reg S, 7.50%, due 09/20/47	30,800,187		Foreign Government Agency — 1.3%		
				43,011,000	Ecopetrol SA, 7.38%, due 09/18/43	48,441,139
					Foreign Government Obligations — 0.6%	
			647,000	Colombia Government International Bond, 8.38%, due 02/15/27	724,721	
			15,200,000	Colombia Government International Bond, 5.63%, due 02/26/44	16,476,800	

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)	
	Colombia — continued			El Salvador — 0.6%		
	Foreign Government Obligations — continued			Foreign Government Obligations		
3,800,000	Republic of Colombia, 11.85%, due 03/09/28 ^(b)	5,349,582	24,275,000	El Salvador Government International Bond, Reg S, 7.65%, due 06/15/35	23,668,125	
		22,551,103				
	Total Colombia	70,992,242		Ethiopia — 0.1%		
	Congo Republic (Brazzaville) — 1.7%			Foreign Government Obligations		
	Foreign Government Obligations		4,190,000	Federal Democratic Republic of Ethiopia, Reg S, 6.63%, due 12/11/24	4,085,250	
79,089,609	Republic of Congo, Reg S, Step Up, 6.00%, due 06/30/29 ^(c)	64,133,764				
	Costa Rica — 1.1%			Gabon — 0.4%		
	Foreign Government Agency — 0.1%			Foreign Government Obligations		
5,500,000	Instituto Costarricense de Electricidad, Reg S, 6.38%, due 05/15/43	4,593,875	15,300,000	Gabonese Republic, Reg S, 6.38%, due 12/12/24	13,903,875	
	Foreign Government Obligations — 1.0%					
37,631,000	Costa Rica Government International Bond, Reg S, 7.16%, due 03/12/45	36,549,109		Ghana — 1.0%		
	Total Costa Rica	41,142,984		Foreign Government Agency — 0.4%		
	Dominican Republic — 1.9%		14,700,626	Saderea, Ltd., Reg S, 12.50%, due 11/30/26	15,564,288	
	Asset-Backed Securities — 0.6%					
20,728,927	Autopistas Del Nordeste Ltd., Reg S, 9.39%, due 04/15/24	21,894,929		Foreign Government Obligations — 0.6%		
	Foreign Government Obligations — 1.3%		17,482,000	Republic of Ghana, Reg S, 10.75%, due 10/14/30 ^(e)	21,262,483	
17,687,000	Dominican Republic International Bond, Reg S, 8.63%, due 04/20/27	20,118,963		Total Ghana	36,826,771	
29,811,000	Dominican Republic International Bond, Reg S, 6.85%, due 01/27/45	30,034,582				
		50,153,545		Greece — 0.2%		
	Total Dominican Republic	72,048,474		Foreign Government Obligations		
	Ecuador — 1.6%		EUR 5,800,000	Hellenic Republic Government Bond, Reg S, Step Up, 3.00%, due 02/24/36	5,773,030	
	Foreign Government Obligations					
16,700,000	Ecuador Government International Bond, Reg S, 9.63%, due 06/02/27	15,823,250		Grenada — 0.2%		
31,400,000	Ecuador Government International Bond, 8.88%, due 10/23/27	28,495,500		Foreign Government Obligations		
20,100,000	Ecuador Government International Bond, 7.88%, due 01/23/28	17,185,500	7,628,287	Grenada Government International Bond, Reg S, Step Up, 7.00%, due 05/12/30	6,751,034	
	Total Ecuador	61,504,250				
	Egypt — 1.0%			Guatemala — 0.5%		
	Foreign Government Obligations			Foreign Government Obligations		
1,400,000	Egypt Government International Bond, Reg S, 8.50%, due 01/31/47	1,366,750	16,195,000	Republic of Guatemala, Reg S, 8.13%, due 10/06/34	20,243,750	
39,000,000	Egypt Government International Bond, 7.90%, due 02/21/48	35,880,000				
	Total Egypt	37,246,750		Honduras — 0.3%		
				Foreign Government Obligations		
				5,516,000	Honduras Government International Bond, Reg S, 7.50%, due 03/15/24	5,922,805
				6,646,000	Honduras Government International Bond, Reg S, 6.25%, due 01/19/27	6,795,535
					Total Honduras	12,718,340
				Hungary — 0.4%		
				Foreign Government Obligations		
			12,084,000	Hungary Government International Bond, 7.63%, due 03/29/41	16,962,915	

See accompanying notes to the financial statements.

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)	
	Indonesia — 3.5%			Jordan — 0.5%		
	Foreign Government Agency — 0.6%			Foreign Government Obligations		
14,400,000	Pertamina Persero PT, Reg S, 6.50%, due 05/27/41	15,778,512	6,887,000	Jordan Government International Bond, Reg S, 5.75%, due 01/31/27	6,404,910	
6,100,000	Perusahaan Listrik Negara PT, 144A, 6.15%, due 05/21/48	6,458,375	15,000,000	Jordan Government International Bond, Reg. S, 7.38%, due 10/10/47	13,762,500	
		<u>22,236,887</u>		Total Jordan	<u>20,167,410</u>	
	Foreign Government Obligations — 2.9%			Kazakhstan — 1.3%		
30,000,000	Indonesia Government International Bond, 4.35%, due 01/11/48	27,862,500		Foreign Government Agency — 0.4%		
43,091,000	Indonesia Government International Bond, Reg S, 6.63%, due 02/17/37	51,246,299	14,700,000	KazMunayGas National Co JSC, 144A, 6.38%, due 10/24/48	15,269,625	
28,780,000	Indonesia Government International Bond, Reg S, 5.25%, due 01/17/42	29,844,860		Foreign Government Obligations — 0.9%		
		<u>108,953,659</u>	28,499,000	Kazakhstan Government International Bond, Reg S, 6.50%, due 07/21/45	35,196,265	
Total Indonesia		<u>131,190,546</u>		Total Kazakhstan	<u>50,465,890</u>	
	Iraq — 0.4%			Kenya — 0.3%		
	Foreign Government Obligations			Foreign Government Obligations		
15,000,000	Republic of Iraq, Reg S, 5.80%, due 01/15/28	13,687,500	11,600,000	Kenya Government International Bond, Reg. S, 8.25%, due 02/28/48	10,759,000	
	Israel — 1.4%			Macedonia — 0.5%		
	Foreign Government Agency			Foreign Government Obligations		
7,243,000	Israel Electric Corp., Ltd., Reg S, 7.88%, due 12/15/26	8,836,460	EUR 7,300,000	Macedonia Government International Bond, Reg S, 2.75%, due 01/18/25	8,399,332	
JPY 2,500,000,000	Israel Electric Corp., Ltd., 4.10%, due 01/14/32 ^(c)	26,053,011	EUR 8,039,000	Macedonia Government International Bond, Reg S, 5.63%, due 07/26/23	10,700,679	
12,798,000	Israel Electric Corp., Ltd., Reg S, 8.10%, due 12/15/96	16,701,390		Total Macedonia	<u>19,100,011</u>	
	Total Israel	<u>51,590,861</u>		Mexico — 9.2%		
	Ivory Coast — 0.9%			Foreign Government Agency — 3.8%		
	Foreign Government Obligations			4,000,000	Petroleos Mexicanos, 6.38%, due 01/23/45	3,583,480
15,075,650	Ivory Coast Government International Bond, Reg S, Step Up, 5.75%, due 12/31/32	13,568,085	84,087,000	Petroleos Mexicanos, 6.75%, due 09/21/47	77,570,257	
EUR 19,500,000	Ivory Coast Government International Bond, Reg. S, 6.63%, due 03/22/48	20,484,335	68,851,000	Petroleos Mexicanos, Reg. S, 6.35%, due 02/12/48	60,795,433	
	Total Ivory Coast	<u>34,052,420</u>			<u>141,949,170</u>	
	Jamaica — 0.6%			Foreign Government Obligations — 5.4%		
	Foreign Government Agency — 0.1%		138,478,000	United Mexican States, 5.75%, due 10/12/2110	138,478,000	
4,000,000	National Road Operating & Construction Co., Ltd., Reg S, 9.38%, due 11/10/24 ^(c)	4,843,600	GBP 49,396,000	United Mexican States, 5.63%, due 03/19/2114	66,219,997	
	Foreign Government Obligations — 0.5%				<u>204,697,997</u>	
16,875,000	Jamaica Government International Bond, 7.88%, due 07/28/45	19,342,969		Total Mexico	<u>346,647,167</u>	
	Total Jamaica	<u>24,186,569</u>		Morocco — 0.6%		
				Foreign Government Agency		
			20,800,000	Office Cherifien des Phosphates SA, Reg S, 6.88%, due 04/25/44	22,568,000	

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Mozambique — 0.1%			Foreign Government Obligations — 0.1%	
	Foreign Government Obligations		5,000,000	Peru Par Bond, Series 30 Yr., Step Up, 4.00%, due 03/07/27 ^(b)	4,950,000
4,744,000	Mozambique International Bond, Reg S, 10.50%, due 01/18/23 ^(d)	3,990,890		Total Peru	43,601,778
	Nigeria — 0.4%			Philippines — 2.8%	
	Foreign Government Obligations			Foreign Government Agency	
10,750,000	Nigeria Government International Bond, Reg S, 7.63%, due 11/28/47	9,742,187	9,000,000	Bangko Sentral ng Pilipinas Bond, 8.60%, due 06/15/97 ^(c)	16,187,778
7,200,000	Nigeria Government International Bond, Reg S, 7.70%, due 02/23/38	6,678,000	23,300,000	Central Bank of Philippines, Series A, 8.60%, due 06/15/27	29,884,580
	Total Nigeria	16,420,187	42,012,000	National Power Corp., Global Bond, 9.63%, due 05/15/28	59,289,435
	Oman — 0.5%			Total Philippines	105,361,793
	Foreign Government Obligations			Qatar — 0.3%	
21,700,000	Oman Government International Bond, Reg S, 6.75%, due 01/17/48	20,289,500		Foreign Government Obligations	
	Pakistan — 1.1%		11,000,000	Qatar Government International Bond, 144A, 5.10%, due 04/23/48	11,302,500
	Foreign Government Obligations			Romania — 0.2%	
39,562,000	Islamic Republic of Pakistan, Reg S, 7.88%, due 03/31/36	35,684,924		Foreign Government Obligations	
6,000,000	Pakistan Government International Bond, Reg S, 6.88%, due 12/05/27	5,422,500	EUR 5,180,000	Romanian Government International Bond, Reg S, 3.88%, due 10/29/35	6,175,027
	Total Pakistan	41,107,424		Russia — 4.4%	
	Panama — 0.6%			Foreign Government Agency — 2.1%	
	Foreign Government Agency — 0.2%		13,575,000	Gazprom Neft OAO Via GPN Capital SA, Reg S, 4.38%, due 09/19/22	13,184,719
9,300,000	Aeropuerto Internacional de Tocumen SA, 144A, 6.00%, due 11/18/48	9,346,500	41,067,000	Gazprom OAO Via Gaz Capital SA, Reg S, 8.63%, due 04/28/34	50,307,075
	Foreign Government Obligations — 0.4%		15,700,000	Sberbank of Russia Via SB Capital SA, Reg S, 5.13%, due 10/29/22	15,386,000
7,851,000	Panama Government International Bond, 8.13%, due 04/28/34	10,530,154		Total Russia	78,877,794
4,252,000	Panama Government International Bond, 4.30%, due 04/29/53	4,103,180		Foreign Government Obligations — 2.3%	
	Total Panama	23,979,834	26,000,000	Russian Foreign Bond, 144A, 5.25%, due 06/23/47	24,700,000
	Paraguay — 0.2%		64,400,000	Russian Foreign Bond, Reg S, 5.25%, due 06/23/47	61,180,000
	Foreign Government Obligations			Total Russia	85,880,000
8,000,000	Republic of Paraguay, Reg S, 6.10%, due 08/11/44	8,720,000		Rwanda — 0.1%	
	Peru — 1.1%			Foreign Government Obligations	
	Foreign Government Agency — 1.0%		5,487,000	Rwanda International Government Bond, Reg S, 6.63%, due 05/02/23	5,466,424
14,304,000	Peru Enhanced Pass-Through Finance Ltd., Reg S, Zero Coupon, due 06/02/25 ^(c)	12,724,409		Saudi Arabia — 0.5%	
25,895,000	Petroleos del Peru SA, Reg S, 5.63%, due 06/19/47	25,927,369		Foreign Government Obligations	
	Total Peru	38,651,778	21,000,000	Saudi Government International Bond, 144A, 5.00%, due 04/17/49	20,763,750

See accompanying notes to the financial statements.

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Senegal — 0.2%			Tunisia — 1.9%	
	Foreign Government Obligations			Foreign Government Agency	
7,300,000	Senegal Government International Bond, Reg S, 6.75%, due 03/13/48	6,232,375	JPY 7,340,000,000	Banque Centrale de Tunisie SA, 4.30%, due 08/02/30 ^(c)	53,509,135
	South Africa — 1.3%		JPY 2,500,000,000	Banque Centrale de Tunisie SA, 4.20%, due 03/17/31 ^(c)	17,775,178
	Foreign Government Agency — 0.3%			Total Tunisia	71,284,313
3,500,000	Eskom Holdings SOC, Ltd., 144A, 8.45%, due 08/10/28	3,495,387		Turkey — 4.2%	
ZAR 163,000,000	Eskom Holdings SOC, Ltd., Zero Coupon, due 12/31/32	1,560,412		Foreign Government Agency — 0.4%	
	4,975,000 Eskom Holdings SOC, Ltd., Reg S, 7.13%, due 02/11/25	4,695,156	3,600,000	Export Credit Bank of Turkey, 144A, 6.13%, due 05/03/24	2,736,000
ZAR 27,300,000	Transnet, Ltd., 13.50%, due 04/18/28	2,083,755	5,000,000	TC Ziraat Bankasi AS, Reg S, 5.13%, due 09/29/23	3,712,500
		11,834,710	12,200,000	Turkiye Vakiflar Bankasi TAO, Reg s, 5.75%, due 01/30/23 ^(c)	8,723,000
	Foreign Government Obligations — 1.0%				15,171,500
21,700,000	Republic of South Africa Government International Bond, 5.65%, due 09/27/47	19,313,000		Foreign Government Obligations — 3.8%	
19,900,000	Republic of South Africa Government International Bond, 6.30%, due 06/22/48	18,805,500	30,744,000	Republic of Turkey, 6.75%, due 05/30/40	24,057,180
		38,118,500	83,302,000	Republic of Turkey, 6.00%, due 01/14/41	59,977,440
	Total South Africa	49,953,210	3,600,000	Republic of Turkey, 6.63%, due 02/17/45	2,740,500
	Sri Lanka — 0.9%		84,513,000	Republic of Turkey, 5.75%, due 05/11/47	58,947,817
	Foreign Government Obligations				145,722,937
11,000,000	Sri Lanka Government International Bond, 144A, 6.75%, due 04/18/28	10,587,500		Total Turkey	160,894,437
1,425,000	Sri Lanka Government International Bond, Reg S, 6.13%, due 06/03/25	1,362,656		Ukraine — 2.2%	
14,280,000	Sri Lanka Government International Bond, Reg S, 6.83%, due 07/18/26	14,047,950		Foreign Government Agency — 0.3%	
7,144,000	Sri Lanka Government International Bond, Reg S, 6.20%, due 05/11/27	6,706,430	8,189,000	Oschadbank Via SSB #1 Plc, Reg S, Step Up, 9.63%, due 03/20/25	8,137,819
	Total Sri Lanka	32,704,536	3,700,000	Ukreximbank Via Biz Finance Plc, Reg S, 9.75%, due 01/22/25	3,672,250
	Suriname — 0.4%				11,810,069
	Foreign Government Obligations			Foreign Government Obligations — 1.9%	
16,178,000	Republic of Suriname, Reg S, 9.25%, due 10/26/26 ^(c)	15,955,552	6,019,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/21	5,966,334
	Trinidad And Tobago — 0.4%		6,019,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/22	5,913,667
	Foreign Government Agency		6,585,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/23	6,387,450
6,736,000	Petroleum Company of Trinidad and Tobago Ltd., Reg S, 9.75%, due 08/14/19	6,567,600	8,585,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/24	8,241,600
7,292,000	Trinidad Generation UnLtd, Reg S, 5.25%, due 11/04/27	7,142,514	6,585,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/25	6,181,669
	Total Trinidad And Tobago	13,710,114	6,019,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/26	5,537,480

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Ukraine — continued			United States — continued	
	Foreign Government Obligations — continued			U.S. Government — continued	
6,869,000	Ukraine Government International Bond, Reg S, 7.75%, due 09/01/27	6,250,790	100,000,000	U.S. Treasury Note, USBM + 0.00%, 2.09%, due 01/31/20	99,989,232
33,100,000	Ukraine Government International Bond, Reg S, 7.38%, due 09/25/32	28,052,250			566,860,841
		72,531,240		Total United States	590,497,912
	Total Ukraine	84,341,309			
	United States — 15.6%			Uruguay — 1.4%	
	Asset-Backed Securities — 0.5%		52,218,000	Foreign Government Obligations	
3,916,051	Countrywide Home Equity Loan Trust, Series 05-F, Class 2A, AMBAC, Variable Rate, 1 mo. LIBOR + .24%, 2.30%, due 12/15/35 ◆	3,418,986		Uruguay Government International Bond, 5.10%, due 06/18/50	53,197,087
2,078,992	Countrywide Home Equity Loan Trust, Series 05-H, Class 2A, FGIC, Variable Rate, 1 mo. LIBOR + .24%, 2.30%, due 12/15/35 ◆	2,020,914			
2,664,973	Countrywide Home Equity Loan Trust, Series 06-D, Class 2A, XLCA, Variable Rate, 1 mo. LIBOR + .20%, 2.26%, due 05/15/36 ◆	2,504,094		Venezuela — 3.4%	
10,237,145	Morgan Stanley IXIS Real Estate Capital Trust, Series 06-2, Class A3, Variable Rate, 1 mo. LIBOR + .15%, 2.21%, due 11/25/36 ◆	5,124,629		Foreign Government Agency — 1.4%	
10,373,640	Morgan Stanley IXIS Real Estate Capital Trust, Series 06-2, Class A4, Variable Rate, 1 mo. LIBOR + .22%, 2.28%, due 11/25/36 ◆	5,226,485	111,465,000	Electricidad de Caracas Finance BV, Reg S, 8.50%, due 04/10/18 ^(d)	11,146,500
5,596,171	Wamu Asset-Backed Certificates, Series 07-HE2, Class 2A4, Variable Rate, 1 mo. LIBOR + .36%, 2.42%, due 04/25/37 ◆	3,042,590	176,000,000	Petroleos de Venezuela SA, Reg S, 6.00%, due 05/16/24 ^(d)	32,780,000
		21,337,698	61,967,000	Petroleos de Venezuela SA, Reg S, 6.00%, due 11/15/26 ^(d)	11,154,060
					55,080,560
	Corporate Debt — 0.1%			Foreign Government Obligations — 2.0%	
385,402	AMBAC Assurance Corp., 144A, 5.10%, due 06/07/20	522,220	7,000,000	Venezuela Government International Bond, 9.38%, due 01/13/34 ^(d)	1,877,181
1,755,213	AMBAC LSNI LLC, 144A 3 mo. LIBOR + 5.00%, 7.34%, due 02/12/23	1,777,153	19,028,000	Venezuela Government International Bond, Reg S, 7.75%, due 10/13/19 ^{(d) (e)}	4,780,785
		2,299,373	55,350,000	Venezuela Government International Bond, Reg S, 6.00%, due 12/09/20 ^(d)	13,525,293
	U.S. Government — 15.0%		172,793,000	Venezuela Government International Bond, Reg S, 9.00%, due 05/07/23 ^(d)	42,007,067
77,930,300	U.S. Treasury Inflation Indexed Note, 0.13%, due 01/15/22 ^(f)	76,288,589	51,500,000	Venezuela Government International Bond, Reg S, 11.95%, due 08/05/31 ^(d)	13,325,625
45,000,000	U.S. Treasury Note 3 mo. USD LIBOR + 0.05%, 1.25%, due 11/30/18 ^(g)	44,906,666			75,515,951
200,000,000	U.S. Treasury Note, 1.50%, due 12/31/18	199,563,206		Total Venezuela	130,596,511
68,000,000	U.S. Treasury Note, 1.25%, due 01/31/19	67,723,750		Vietnam — 0.6%	
27,000,000	U.S. Treasury Note, 1.38%, due 02/28/19	26,881,875		Foreign Government Agency — 0.5%	
51,500,000	U.S. Treasury Note, USBM + 0.03%, 2.12%, due 04/30/20	51,507,523	25,105,000	Debt and Asset Trading Corp., Reg S, 1.00%, due 10/10/25	17,247,261
				Foreign Government Obligations — 0.1%	
			6,428,000	Socialist Republic of Vietnam, Series 30 Yr., Variable Rate, 6 Mo. LIBOR +0.81%, 3.13%, due 03/13/28 ^(c)	5,528,080
				Total Vietnam	22,775,341
				Zambia — 0.2%	
				Foreign Government Obligations	
			11,300,000	Zambia Government International Bond, Reg S, 8.97%, due 07/30/27 ^(e)	8,136,000
				TOTAL DEBT OBLIGATIONS (COST \$3,600,965,233)	<u>3,361,150,241</u>

See accompanying notes to the financial statements.

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value† / Shares	Description	Value (\$)
	LOAN ASSIGNMENTS — 0.2%			Iraq — continued	
	Indonesia — 0.0%				
	408,070 Republic of Indonesia Loan Agreement, dated September 14, 1994, 6 mo. LIBOR + 0.75%, 1.25%, due 12/16/19 ^(b)	378,036	JPY 2,753,142,613	Republic of Iraq Paris Club Loan Agreement (Participation with Deutsche Bank), 2.57%, due 01/01/28 ^(c)	14,806,902
EUR	540,685 Republic of Indonesia, Indonesia Paris Club Debt, 4.00%, due 06/01/21 ^(c)	566,620	JPY 359,728,676	Republic of Iraq Paris Club Loan Agreement (Participation with Deutsche Bank), 2.57%, due 01/01/28 ^(c)	1,934,691
		<u>944,656</u>		Total Iraq	<u>18,452,182</u>
	Kenya — 0.2%			Russia — 0.0%	
	7,300,000 Republic of Kenya Loan Agreement, 9.17%, due 04/10/25 ^(c)	<u>7,300,000</u>	EUR 76,893,500	Russian Foreign Trade Obligations (Participation with GML International Ltd.) ^{(c)(d)}	<u>3</u>
	TOTAL LOAN ASSIGNMENTS (COST \$8,339,796)	<u>8,244,656</u>		TOTAL LOAN PARTICIPATIONS (COST \$73,207,865)	<u>50,837,131</u>
	LOAN PARTICIPATIONS — 1.4%			MUTUAL FUNDS — 2.6%	
	Angola — 0.8%			United States — 2.6%	
	19,112,500 Republic of Angola Loan Agreement (Participation with Development Bank of Southern Africa), 6 mo. LIBOR + 6.25%, 6.60%, due 12/13/23 ^(c)	17,392,375	568,012	Affiliated Issuers — 2.6%	
	13,714,938 Republic of Angola Loan Agreement (Participation with Development Bank of Southern Africa), 6 mo. LIBOR + 6.25%, 6.60%, due 12/20/23 ^(c)	<u>12,480,593</u>	3,251,005	GMO Opportunistic Income Fund, Class VI	15,171,593
	Total Angola	<u>29,872,968</u>		GMO U.S. Treasury Fund	<u>81,210,113</u>
	Egypt — 0.0%			TOTAL MUTUAL FUNDS (COST \$93,156,925)	<u>96,381,706</u>
CHF	65,516 Paris Club Loan Agreement (Participation with Standard Chartered Bank), Zero Coupon, due 01/03/24 ^(b)	<u>60,406</u>		RIGHTS/WARRANTS — 0.8%	
	Indonesia — 0.1%			Argentina — 0.5%	
	2,346,716 Republic of Indonesia Loan Agreement (Participation with Deutsche Bank), 6 mo. LIBOR + 0.88%, 3.33%, due 09/29/19 ^(c)	2,173,998	JPY 740,189,000	Republic of Argentina GDP Linked, Expires 12/15/35 ^{(c)(f)}	403,968
	299,626 Republic of Indonesia Loan Agreement (Participation with Deutsche Bank), 6 mo. LIBOR + 0.88%, 2.41%, due 10/14/19 ^(c)	<u>277,574</u>	EUR 335,089,675	Republic of Argentina GDP Linked, Expires 12/15/35 ^(f)	<u>19,496,386</u>
	Total Indonesia	<u>2,451,572</u>		Total Argentina	<u>19,900,354</u>
	Iraq — 0.5%			Nigeria — 0.1%	
EUR	1,063,115 Republic of Iraq Paris Club Loan Agreement (Participation with Credit Suisse), 4.50%, due 12/30/27 ^(b)	884,541	28,000	Central Bank of Nigeria Oil Warrants, Expires 11/15/20 ^{(c)(f)}	<u>1,624,000</u>
JPY	152,901,473 Republic of Iraq Paris Club Loan Agreement (Participation with Deutsche Bank), 2.57%, due 01/01/28 ^(c)	826,048	14,446,000	Ukraine — 0.2%	
				Government of Ukraine GDP Linked, Expires 05/31/40 ^(f)	<u>7,764,725</u>
				Uruguay — 0.0%	
				4,000,000 Banco Central Del Uruguay Value Recovery Rights, VRRB, Expires 01/02/21 * ^{(b)(f)}	<u>—</u>
				Venezuela — 0.0%	
				1,080,062 Republic of Venezuela Oil Warrants, Expires 04/15/20 ^{(c)(f)}	<u>1,620,093</u>
				TOTAL RIGHTS/WARRANTS (COST \$55,515,266)	<u>30,909,172</u>

GMO Emerging Country Debt Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Shares / Par Value†	Description	Value (\$)
SHORT-TERM INVESTMENTS — 5.2%		
Money Market Funds — 0.8%		
31,342,999	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(b)	31,342,999
U.S. Government — 4.4%		
47,000,000	U.S. Treasury Bill, 1.73%, due 10/04/18 ⁽ⁱ⁾	46,924,212
53,000,000	U.S. Treasury Bill, 1.88%, due 10/25/18 ⁽ⁱ⁾	52,850,584
35,500,000	U.S. Treasury Bill, 1.96%, due 11/08/18 ⁽ⁱ⁾	35,369,242
23,000,000	U.S. Treasury Bill, 2.04%, due 12/06/18 ⁽ⁱ⁾	22,875,968
10,000,000	U.S. Treasury Bill, 2.18%, due 01/31/19 ⁽ⁱ⁾	9,909,565
	Total U.S. Government	167,929,571
	TOTAL SHORT-TERM INVESTMENTS (COST \$199,257,843)	199,272,570
	TOTAL INVESTMENTS — 99.0% (Cost \$4,030,442,928)	3,746,795,476
	Other Assets and Liabilities (net) — 1.0%	36,618,449
	TOTAL NET ASSETS — 100.0%	\$3,783,413,925

A summary of outstanding financial instruments at August 31, 2018 is as follows:

Forward Currency Contracts

Settlement Date	Counter-party	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)
09/19/2018	MSCI	EUR 55,027,600	USD 64,276,727	338,289
09/19/2018	JPM	GBP 12,000,000	USD 15,953,232	387,307
09/18/2018	JPM	USD 13,682,449	JPY 1,500,000,000	(170,564)
				<u>\$ 555,032</u>

Reverse Repurchase Agreements

Face Value	Description	Value (\$)
USD 8,699,070	JP Morgan Securities, Inc., 1.65%, dated 07/03/18 (collateral: Republic of Ghana, Reg S, 10.75%, 10/14/30), to be repurchased on demand at face value plus accrued interest.	(8,699,070)
USD 11,796,571	JP Morgan Securities, Inc., 1.65%, dated 07/03/18 (collateral: Republic of Suriname, Reg S, 9.25%, 10/26/26), to be repurchased on demand at face value plus accrued interest.	(11,796,571)
USD 7,113,084	JP Morgan Securities, Inc., 1.65%, dated 07/03/18 (collateral: Zambia Government International Bond, Reg S, 8.97%, 07/30/27), to be repurchased on demand at face value plus accrued interest.	(7,113,084)
USD 6,948,507	JP Morgan Securities, Inc., 1.30%, dated 08/23/18 (collateral: Turkiye Vakiflar Bankasi TAO, Reg S, 5.75%, due 01/30/23), to be repurchased on demand at face value plus accrued interest.	(6,948,507)
USD 2,375,834	JP Morgan Securities, Inc., 1.00%, dated 07/19/18 (collateral: Venezuela Government International Bond, Reg S, 7.75%, due 10/13/19), to be repurchased on demand at face value plus accrued interest.	(2,375,834)
		<u>\$(36,933,066)</u>
	Average balance outstanding	\$(22,440,014)
	Average interest rate	(1.97)%
	Maximum balance outstanding	\$(70,329,039)

Average balance outstanding was calculated based on daily face value balances outstanding during the period that the Fund had entered into reverse repurchase agreements. Average interest rate was calculated based on interest received and/or paid during the period that the Fund had entered into reverse repurchase agreements.

GMO Emerging Country Debt Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Credit Linked Options

	Principal / Notional Amount	Expiration Date	Descriptions	Premiums (\$)	Value (\$)
Put Sold	USD 24,000,000	03/10/2020	Lebanon Gap Credit Linked Put Option, Fund receives premium of 0.50% (OTC) (CP-DB) ^(b)	(361,333)	(305,746)
Put Sold	USD 9,746,000	01/24/2024	Republic of Philippines Credit Linked Put Option, Fund receives premium of 0.25% (OTC) (CP-DB) ^(b)	(13,848)	23,480
Put Sold	USD 45,000,000	01/20/2021	Republic of Philippines Credit Linked Put Option, Fund receives premium of 0.25% (OTC) (CP-DB) ^(b)	(472,813)	108,414
Put Sold	USD 46,000,000	04/13/2021	Lebanon Gap Credit Linked Put Option, Fund receives premium of 0.50% (OTC) (CP-DB) ^(b)	(947,472)	(1,067,938)
Put Sold	USD 100,000,000	04/15/2024	Banco do Brasil Credit Linked Put Option, Fund receives premium of 0.44% (OTC) (CP-DB) ^(b)	(2,598,444)	(1,596,442)
Put Sold	USD 50,797,000	04/15/2024	Banco do Brasil Credit Linked Put Option, Fund receives premium of 0.30% (OTC) (CP-DB) ^(b)	(707,789)	(230,655)
				<u>\$(5,101,699)</u>	<u>\$(3,068,887)</u>

Swap Contracts

Centrally Cleared Credit Default Swaps

Reference Entity	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Buy Protection[^]: CDX-EMS29V1-5Y	USD 282,000,000	1.00%	1.39%	N/A	06/20/2023	Quarterly	\$7,670,400	\$16,168,752	\$8,498,352

OTC Credit Default Swaps

Reference Entity	Counterparty	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Buy Protection[^]: CDX-EM21	BCLY	USD 20,222,950	5.00%	5.00%	N/A	06/20/2019	Quarterly	(504,450)	(495,462)	8,988
Republic of Brazil	JPM	USD 50,000,000	1.00%	0.19%	N/A	06/20/2019	Quarterly	1,008,872	156,387	(852,485)
Republic of Croatia	JPM	USD 44,000,000	1.00%	0.84%	N/A	06/20/2019	Quarterly	3,659,820	(284,514)	(3,944,334)
Commonwealth of Bahamas	DB	EUR 51,746,000	1.00%	1.72%	N/A	12/20/2020	Quarterly	7,730,397	985,856	(6,744,541)
Commonwealth of Bahamas	DB	EUR 66,982,145	1.00%	4.33%	N/A	06/20/2025	Quarterly	9,635,537	3,114,978	(6,520,559)
United States of Mexico	GS	USD 20,000,000	1.00%	2.00%	N/A	09/20/2031	Quarterly	2,640,655	1,925,127	(715,528)
Sell Protection[^]: Commonwealth of Bahamas	DB	USD 61,270,000	1.00%	1.92%	61,270,000 USD	12/20/2020	Quarterly	(7,515,364)	(1,232,797)	6,282,567
Republic of Malaysia	JPM	USD 10,000,000	1.00%	1.02%	10,000,000 USD	12/20/2022	Quarterly	(826,278)	64,449	890,727
Commonwealth of Bahamas	DB	USD 3,487,000	1.00%	2.05%	3,487,000 USD	06/20/2023	Quarterly	(641,463)	(155,845)	485,618
Commonwealth of Bahamas	DB	USD 6,975,000	1.00%	2.05%	6,975,000 USD	06/20/2023	Quarterly	(1,263,915)	(311,735)	952,180
Republic of Croatia	JPM	USD 40,000,000	1.00%	1.07%	40,000,000 USD	06/20/2023	Quarterly	(6,395,816)	(35,254)	6,360,562

GMO Emerging Country Debt Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

OTC Credit Default Swaps — continued

Reference Entity	Counterparty	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Peoples Republic of Malaysia	JPM	USD 20,000,000	1.00%	3.24%	20,000,000 USD	03/20/2024	Quarterly	(932,016)	(69,776)	862,240
Peoples Republic of China	JPM	USD 4,873,000	1.00%	3.85%	4,873,000 USD	06/20/2024	Quarterly	3,073	69,149	66,076
Peoples Republic of China	JPM	USD 60,000,000	1.00%	0.73%	60,000,000 USD	06/20/2024	Quarterly	(2,413,417)	851,408	3,264,825
Republic of Brazil	JPM	USD 27,250,000	1.00%	0.73%	27,250,000 USD	06/20/2024	Quarterly	(2,095,396)	(2,986,537)	(891,141)
Peoples Republic of China	GS	USD 25,000,000	1.00%	0.81%	25,000,000 USD	03/20/2025	Quarterly	(744,727)	279,261	1,023,988
Commonwealth of Bahamas	DB	USD 89,694,857	1.00%	4.60%	89,694,857 USD	06/20/2025	Quarterly	(10,800,222)	(3,875,726)	6,924,496
Indonesia	GS	USD 36,208,000	1.00%	1.65%	36,208,000 USD	06/20/2025	Quarterly	(3,153,880)	(1,385,130)	1,768,750
Indonesia	GS	USD 10,000,000	1.00%	1.65%	10,000,000 USD	06/20/2025	Quarterly	(961,768)	(382,548)	579,220
Peoples Republic of China	GS	USD 22,436,000	1.00%	0.83%	22,436,000 USD	06/20/2025	Quarterly	(590,310)	227,557	817,867
Republic of Brazil	BOA	USD 4,873,000	1.00%	3.51%	4,873,000 USD	12/20/2025	Quarterly	(726,704)	(711,759)	14,945
Russia	GS	USD 2,436,000	1.00%	2.03%	2,436,000 USD	12/20/2025	Quarterly	(238,041)	(154,901)	83,140
Russia	GS	USD 8,487,000	1.00%	2.13%	8,487,000 USD	12/20/2026	Quarterly	(1,059,663)	(653,385)	406,278
Republic of Brazil	JPM	USD 40,000,000	1.00%	3.85%	40,000,000 USD	03/20/2030	Quarterly	(5,674,358)	(8,875,031)	(3,200,673)
								<u>\$(21,859,434)</u>	<u>\$(13,936,228)</u>	<u>\$ 7,923,206</u>

[^] Buy Protection - Fund pays a premium and buys credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) receive from the seller of protection an amount equal to notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

Sell Protection - Fund receives a premium and sells credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

- (1) As of August 31, 2018, implied credit spreads in absolute terms, calculated using a model, and utilized in determining the market value of credit default swap contracts on the reference security, serve as an indicator of the current status of the payment/performance risk and reflect the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection. Wider (i.e., higher) credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the contract.
- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection if a credit event occurs as defined under the terms of that particular swap contract.

OTC Cross-Currency Basis Swaps

Fund Pays	Fund Receives	Counterparty	Notional Amount	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
3 Month USD LIBOR plus a spread of (0.35)%	3 Month USD LIBOR	JPM	EUR 122,436,000	09/11/2020	Quarterly	<u>\$—</u>	<u>\$4,242,662</u>	<u>\$4,242,662</u>

GMO Emerging Country Debt Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

OTC Cross-Currency Interest Rate Swaps

<u>Fund Pays</u>	<u>Fund Receives</u>	<u>Counterparty</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Periodic Payment Frequency</u>	<u>Premiums Paid/ (Received) (\$)</u>	<u>Value (\$)</u>	<u>Net Unrealized Appreciation/ (Depreciation) (\$)</u>
(0.22)%	3 Month USD LIBOR	GS	JPY 14,852,761,000	04/28/2025	Quarterly	—	(1,076,320)	(1,076,320)
1.17%	3 Month USD LIBOR	JPM	GBP 53,411,000	03/10/2026	Quarterly	—	4,314,492	4,314,492
1.26%	3 Month USD LIBOR	JPM	EUR 1,462,000	09/04/2035	Annual	—	(33,671)	(33,671)
						<u>\$—</u>	<u>\$ 3,204,501</u>	<u>\$ 3,204,501</u>

Centrally Cleared Interest Rate Swaps

<u>Fund Pays</u>	<u>Fund Receives</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Periodic Payment Frequency</u>	<u>Premiums Paid/ (Received) (\$)</u>	<u>Value (\$)</u>	<u>Net Unrealized Appreciation/ (Depreciation) (\$)</u>
(1.53)%	EUR EURIBOR	EUR 18,000,000	03/20/2048	Annual	—	(351,788)	(351,788)
					<u>\$—</u>	<u>\$(351,788)</u>	<u>\$(351,788)</u>

As of August 31, 2018, for the above contracts and/or agreements, the Fund had sufficient cash and/or securities to cover commitments or collateral requirements, if any, of the relevant broker or exchange.

Notes to Schedule of Investments:

† Denominated in U.S. Dollar, unless otherwise indicated.

* Non-income producing security.

◆ These securities are primarily backed by subprime mortgages.

- (a) Security is backed by U.S. Treasury Bonds.
- (b) Investment valued at fair value using methods determined in good faith by the Trustees of GMO Trust or persons acting at their direction pursuant to procedures approved by the Trustees. Investment valued using significant unobservable inputs (Note 2).
- (c) Investment valued using significant unobservable inputs (Note 2).
- (d) Security is in default.
- (e) All or a portion of this security has been pledged to cover collateral requirements on reverse repurchase agreements (Note 2).
- (f) Indexed security in which price and/or coupon is linked to the price of a specific instrument or financial statistic (Note 2).

- (g) All or a portion of this security has been pledged to cover margin requirements on futures and/or cleared swap contracts, collateral on OTC swap contracts, forward currency contracts, and/or written options, if any (Note 4).
- (h) The rate disclosed is the 7 day net yield as of August 31, 2018.
- (i) The rate shown represents yield-to-maturity.
- (j) Reverse repurchase agreements have an open maturity date and can be closed by either party on demand.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO High Yield Fund
(A Series of GMO Trust)
Investment Concentration Summary
August 31, 2018 (Unaudited)

Asset Class Summary^{&}	% of Total Net Assets
Debt Obligations	75.5%
Short-Term Investments	21.4
Mutual Funds	0.6
Swap Contracts	0.4
Forward Currency Contracts	0.1
Futures Contracts	0.0 [^]
Other	2.0
	100.0%

Industry Group Summary^(a)	% of Investments
Communications	20.2%
Consumer Cyclical	15.3
Energy	13.4
Consumer Non-Cyclical	12.4
Technology	8.6
Capital Goods	8.1
Basic Industry	6.9
Finance Companies	3.7
Electric	3.1
Banking	2.7
Insurance	2.7
Transportation	1.2
Industrial Other	0.6
REITS	0.5
Financial Other	0.3
Cash/Cash Equivalents	0.3
	100.0%

& In the table above, derivative financial instruments, if any, are based on market values or unrealized appreciation/depreciation, in the case of forward currency contracts, rather than notional amounts.

^(a) The table excludes short-term investments and mutual funds, if any. The table includes exposure through the use of certain derivative financial instruments and excludes exposures through certain currency linked derivatives such as forward currency contracts. The table takes in account the market values of securities and the notional amounts of swaps. The table is not normalized, thus the table may not total to 100%.

[^] Rounds to 0.0%.

GMO High Yield Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
DEBT OBLIGATIONS — 75.5%			United States — continued		
Canada — 0.9%			Corporate Debt — continued		
	Corporate Debt — 0.9%		150,000	Arconic, Inc., 6.15%, due 08/15/20	156,000
500,000	Canbriam Energy Inc, 144A, 9.75%, due 11/15/19	500,000	750,000	Arconic, Inc., 6.75%, due 01/15/28	766,875
1,400,000	Teck Resources Ltd, 6.13%, due 10/01/35	1,484,000	2,875,000	CCO Holdings LLC / CCO Holdings Capital Corp., 5.25%, due 09/30/22	2,894,766
	Total Canada	1,984,000	900,000	CenturyLink, Inc., 5.80%, due 03/15/22	919,980
	France — 0.6%		1,125,000	CF Industries, Inc., 4.95%, due 06/01/43	987,750
	Corporate Debt — 0.6%		1,625,000	CommScope Technologies LLC, 144A, 5.00%, due 03/15/27	1,580,312
1,250,000	Credit Agricole SA, 144A, Variable Rate, 3 mo. USD LIBOR + 6.98%, 8.38%, due 10/29/49	1,303,887	900,000	DCP Midstream Operating LP, 144A, 6.75%, due 09/15/37	969,750
	Germany — 0.5%		500,000	Edgewell Personal Care Co., 4.70%, due 05/19/21	503,750
	Corporate Debt — 0.5%		1,000,000	Embarq Corp., 8.00%, due 06/01/36	975,000
1,208,000	Deutsche Bank AG, 4.50%, due 04/01/25	1,129,707	1,550,000	EMC Corp., 3.38%, due 06/01/23	1,462,386
	Hong Kong — 0.4%		1,625,000	Energy Transfer Equity LP, 5.50%, due 06/01/27	1,704,219
	Corporate Debt — 0.4%		750,000	Ensco Plc, 5.75%, due 10/01/44	545,625
750,000	Studio City Co Ltd, 144A, 5.88%, due 11/30/19	762,000	375,000	Equinix, Inc., REIT, 5.38%, due 01/01/22	386,175
	Ireland — 0.5%		1,250,000	Equinix, Inc., REIT, 5.75%, due 01/01/25	1,287,500
	Corporate Debt — 0.5%		750,000	Freeport-McMoRan, Inc., 3.88%, due 03/15/23	721,875
1,130,000	Park Aerospace Holdings Ltd, 144A, 5.50%, due 02/15/24	1,161,075	1,250,000	Frontier Communications Corp., 8.50%, due 04/15/20	1,262,500
	Italy — 0.7%		750,000	Genworth Holdings, Inc., 7.70%, due 06/15/20	780,000
	Corporate Debt — 0.7%		1,125,000	Goodyear Tire & Rubber Co. (The), 5.00%, due 05/31/26	1,056,094
500,000	Telecom Italia Capital SA, 7.20%, due 07/18/36	533,750	2,375,000	HCA, Inc., 4.50%, due 02/15/27	2,351,250
1,100,000	Intesa Sanpaolo SPA, 144A, 5.02%, due 06/26/24	994,756	875,000	KB Home, 8.00%, due 03/15/20	925,312
	Total Italy	1,528,506	1,000,000	L Brands, Inc., 6.75%, due 07/01/36	815,000
	United Kingdom — 1.5%		2,250,000	LifePoint Health, Inc., 5.88%, due 12/01/23	2,357,460
	Corporate Debt — 1.5%		500,000	Mack-Cali Realty LP, REIT, 4.50%, due 04/18/22	488,073
1,000,000	Avon Products Inc, 7.00%, due 03/15/23	857,500	250,000	Magellan Health, Inc., 4.40%, due 09/22/24	244,214
500,000	Virgin Media Secured Finance Plc, 5.25%, due 01/15/21	511,875	600,000	Murphy Oil Corp., 4.45%, due 12/01/22	598,597
2,000,000	Virgin Media Secured Finance Plc, 144A, 5.25%, due 01/15/26	1,945,400	750,000	Navient Corp., 5.50%, due 01/25/23	741,555
	Total United Kingdom	3,314,775	542,000	Nuance Communications, Inc., 144A, 5.38%, due 08/15/20	542,000
	United States — 70.4%		500,000	NuStar Logistics LP, 5.63%, due 04/28/27	498,125
	Corporate Debt — 19.9%		500,000	Oceaneering International, Inc., 4.65%, due 11/15/24	475,431
900,000	Allegheny Technologies, Inc., 5.95%, due 01/15/21	913,500	625,000	Sirius XM Radio, Inc., 144A, 5.38%, due 07/15/26	623,438
500,000	Ally Financial, Inc., 8.00%, due 11/01/31	611,250	500,000	Sprint Capital Corp., 8.75%, due 03/15/32	552,500
1,625,000	Antero Resources Corp., 5.63%, due 06/01/23	1,672,206	2,450,000	Standard Industries, Inc., 144A, 5.38%, due 11/15/24	2,462,250
			1,125,000	Steel Dynamics, Inc., 5.25%, due 04/15/23	1,142,212
			1,500,000	T-Mobile USA, Inc., 5.38%, due 04/15/27	1,507,800
			250,000	Talen Energy Supply LLC, 4.60%, due 12/15/21	216,875

GMO High Yield Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Shares / Par Value†	Description	Value (\$)	
	United States — continued			MUTUAL FUNDS — 0.6%		
	Corporate Debt — continued			United States — 0.6%		
875,000	Targa Resources Partners LP / Targa Resources Partners Finance Corp., 6.75%, due 03/15/24	918,750		Affiliated Issuers — 0.6%		
750,000	Transocean, Inc., 6.80%, due 03/15/38	617,813	52,717	GMO U.S. Treasury Fund	1,316,876	
500,000	USG Corp., 144A, 4.88%, due 06/01/27	506,105				
625,000	VeriSign, Inc., 4.75%, due 07/15/27	602,344		TOTAL MUTUAL FUNDS (COST \$1,316,876)	1,316,876	
750,000	Williams Cos., Inc. (The), 8.75%, due 03/15/32	1,005,000				
500,000	Wyndham Destinations, Inc., 4.15%, due 04/01/24	494,000		SHORT-TERM INVESTMENTS — 21.4%		
900,000	Yum! Brands, Inc., 5.35%, due 11/01/43	776,250		Foreign Government Obligations — 21.4%		
	Total Corporate Debt	43,619,867		JPY 1,731,000,000	Japan Treasury Discount Bill, Zero Coupon, due 09/10/18	15,579,420
	U.S. Government — 16.5%			JPY 1,731,000,000	Japan Treasury Discount Bill, Zero Coupon, due 10/01/18	15,580,542
19,750,000	U.S. Treasury Note, Variable Rate, USBM + 0.03%, 2.12%, due 04/30/20 ^(a)	19,752,885		JPY 1,731,000,000	Japan Treasury Discount Bill, Zero Coupon, due 11/05/18	15,582,677
16,300,000	U.S. Treasury Note, Variable Rate, USBM + 0.04%, 2.13%, due 07/31/20	16,298,132				46,742,639
	Total U.S. Government	36,051,017			Money Market Funds — 0.0%	
	U.S. Government Agency — 34.0%			57,470	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(b)	57,470
54,000,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR - 0.22%, 2.12%, due 02/01/19	54,014,069			TOTAL SHORT-TERM INVESTMENTS (COST \$46,896,434)	46,800,109
3,300,000	Federal Home Loan Banks, Variable Rate, 1 mo. USD LIBOR - 0.11%, 1.96%, due 05/28/19	3,299,509			TOTAL INVESTMENTS — 97.5% (Cost \$212,683,523)	213,294,635
17,000,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR - 0.14%, 2.20%, due 12/26/19	17,009,238			Other Assets and Liabilities (net) — 2.5%	5,422,213
	Total U.S. Government Agency	74,322,816			TOTAL NET ASSETS — 100.0%	\$218,716,848
	Total United States	153,993,700				
	TOTAL DEBT OBLIGATIONS (COST \$164,470,213)	165,177,650				

A summary of outstanding financial instruments at August 31, 2018 is as follows:

Forward Currency Contracts

Settlement Date	Counter-party	Currency Sold	Currency Purchased	Net Unrealized Appreciation (Depreciation) (\$)
09/10/2018	GS	JPY 1,731,000,000	USD 15,707,875	123,891
10/01/2018	BCLY	JPY 1,731,000,000	USD 15,735,291	127,828
11/05/2018	GS	JPY 1,731,000,000	USD 15,609,853	(37,492)
				<u>\$214,227</u>

Futures Contracts

Number of Contracts+	Type	Expiration Date	Notional Amount (\$)	Value/Net Unrealized Appreciation (Depreciation) (\$)
178	U.S. Treasury Note 10 Yr. (CBT)	December 2018	21,407,281	6,683
77	U.S. Treasury Note 2 Yr. (CBT)	December 2018	16,274,672	3,736
377	U.S. Treasury Note 5 Yr. (CBT)	December 2018	42,751,211	8,341
			<u>\$80,433,164</u>	<u>\$18,760</u>
45	U.S. Long Bond (CBT)	December 2018	\$ 6,489,844	\$ 6,906

+ Buys - Fund is long the futures contract.
Sales - Fund is short the futures contract.

GMO High Yield Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Swap Contracts

Centrally Cleared Credit Default Swaps

Reference Entity	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Sell Protection[^]: CDX.NA.HYS.30.V1-5Y	USD 81,470,000	5.00%	3.30%	81,470,000 USD	06/20/2023	Quarterly	\$5,080,795	\$5,629,088	\$548,293

OTC Credit Default Swaps

Reference Entity	Counterparty	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Buy Protection[^]: Sears Roebuck										
Acceptance Corp.	GS	USD 240,000	5.00%	23.52%	N/A	06/20/2022	Quarterly	57,204	66,225	9,021
Sears Roebuck										
Acceptance Corp.	GS	USD 360,000	5.00%	23.52%	N/A	06/20/2022	Quarterly	85,806	99,338	13,532
								<u>\$143,010</u>	<u>\$165,563</u>	<u>\$22,553</u>

- [^] Buy Protection - Fund pays a premium and buys credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) receive from the seller of protection an amount equal to notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- Sell Protection - Fund receives a premium and sells credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (1) As of August 31, 2018, implied credit spreads in absolute terms, calculated using a model, and utilized in determining the market value of credit default swap contracts on the reference security, serve as an indicator of the current status of the payment/performance risk and reflect the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection. Wider (i.e., higher) credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the contract.
- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection if a credit event occurs as defined under the terms of that particular swap contract.

OTC Total Return Swaps

Fund Pays	Fund Receives	Counterparty	Notional Amount	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
1 Month USD LIBOR	Total Return on iBoxx High Yield Corp. ETF	BOA	USD 22,438,630	09/14/2018	At Maturity	—	98,263	98,263
1 Month USD LIBOR	Total Return on iBoxx High Yield Corp. ETF	CITI	USD 39,311,346	09/14/2018	At Maturity	—	167,237	167,237
1 Month USD LIBOR	Total Return on iBoxx High Yield Corp. ETF	CITI	USD 7,845,532	09/21/2018	At Maturity	—	20,747	20,747
1 Month USD LIBOR	Total Return on iBoxx High Yield Corp. ETF	CITI	USD 6,346,528	09/21/2018	At Maturity	—	8,765	8,765
						<u>\$—</u>	<u>\$295,012</u>	<u>\$295,012</u>

As of August 31, 2018, for the above contracts and/or agreements, the Fund had sufficient cash and/or securities to cover commitments or collateral requirements, if any, of the relevant broker or exchange.

GMO High Yield Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

Notes to Schedule of Investments:

- † Denominated in U.S. Dollar, unless otherwise indicated.
- (a) All or a portion of this security has been pledged to cover margin requirements on futures and/or cleared swap contracts, collateral on securities sold short, OTC swap contracts, forward currency contracts, and/or written options, if any (Note 4).
 - (b) The rate disclosed is the 7 day net yield as of August 31, 2018.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO Opportunistic Income Fund

(A Series of GMO Trust)

Investment Concentration Summary

August 31, 2018 (Unaudited)

<u>Asset Class Summary</u> ^{&}	<u>% of Total Net Assets</u>
Debt Obligations	89.6%
Mutual Funds	4.5
Short-Term Investments	3.5
Swap Contracts	2.2
Purchased Options	0.0 [^]
Futures Contracts	0.0 [^]
Written Options	(0.0) [^]
Other	0.2
	<u><u>100.0%</u></u>

<u>Industry Sector Summary</u>	<u>% of Debt Obligations</u>
Student Loans – Private	22.1%
Small Balance Commercial Mortgages	16.6
Commercial Mortgage-Backed Securities	14.1
Collateralized Loan Obligations	13.7
Residential Mortgage-Backed Securities – Other	11.0
Student Loans – Federal Family Education Loan Program	5.2
Mutual Funds	4.8
Auto Retail Subprime	2.5
Residential Mortgage-Backed Securities – Prime	2.1
Residential Mortgage-Backed Securities – Alt-A	2.1
CMBS Collateralized Debt Obligations	2.1
U.S. Government Agency	1.8
Residential Mortgage-Backed Securities – Subprime	1.4
Time Share	0.5
	<u><u>100.0%</u></u>

& In the table above, derivative financial instruments, if any, are based on market values or unrealized appreciation/depreciation, in the case of forward currency contracts, rather than notional amounts.

[^] Rounds to 0.0%.

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
DEBT OBLIGATIONS — 89.6%			Asset-Backed Securities — continued		
Asset-Backed Securities — 87.9%			Collateralized Loan Obligations — continued		
Auto Retail Subprime — 2.3%			6,006,000	BlueMountain CLO Ltd., Series 14-3A, Class BR, 144A, Variable Rate, 3 mo. LIBOR + 2.10%, 4.44%, due 10/15/26	6,010,541
1,524,850	CarFinance Capital Auto Trust, Series 14-1A, Class D, 144A, 4.90%, due 04/15/20	1,525,980	4,504,500	Carlyle Global Market Strategies CLO Ltd., Series 14-5A, Class BR, 144A, Variable Rate, 3 mo. LIBOR + 2.05%, 4.39%, due 10/16/25	4,504,491
1,073,840	CarFinance Capital Auto Trust, Series 13-2A, Class E, 144A, 7.86%, due 10/15/20	1,073,885	8,573,000	CIFC Funding Ltd., Series 15-2A, Class AR, 144A, Variable Rate, 3 mo. LIBOR + 0.78%, 3.12%, due 04/15/27	8,538,159
4,130,000	CFC LLC, Series 14-2A, Class E, 144A, 5.36%, due 11/15/21	4,156,202	3,001,600	CIFC Funding Ltd., Series 12-2RA, Class A1, 144A, Variable Rate, 3 mo. LIBOR + 0.80%, 3.15%, due 01/20/28	2,979,532
6,265,989	CPS Auto Receivables Trust, Series 14-B, Class D, 144A, 4.62%, due 05/15/20	6,315,214	9,875,050	Crown Point CLO II Ltd., Series 13-2A, Class A3LR, 144A, Variable Rate, 3 mo. LIBOR + 1.75%, 4.09%, due 12/31/23	9,873,549
1,049,647	CPS Auto Receivables Trust, Series 15-C, Class D, 144A, 4.63%, due 08/16/21	1,066,382	4,263,000	Halcyon Loan Advisors Funding Ltd., Series 12-1A, Class B, 144A, Variable Rate, 3 mo. LIBOR + 3.00%, 5.31%, due 08/15/23	4,269,586
2,250,000	Exeter Automobile Receivables Trust, Series 14-2A, Class D, 144A, 4.93%, due 12/15/20	2,261,868	1,444,096	JFIN Revolver CLO Ltd., Series 14-2A, Class C, 144A, Variable Rate 3 mo. LIBOR + 2.75%, 5.07%, due 02/20/22	1,446,487
2,159,341	Exeter Automobile Receivables Trust, Series 14-1A, Class D, 144A, 5.53%, due 02/16/21	2,161,360	1,465,400	Madison Park Funding XII Ltd, Series 14-12A, Class CR, 144A, Variable Rate, 3 mo. LIBOR + 2.35%, 4.70%, due 07/20/26	1,466,360
5,377,425	Flagship Credit Auto Trust, Series 14-1, Class D, 144A, 4.83%, due 06/15/20	5,399,973	13,689,000	Saratoga Investment CLO Ltd., Series 13-1A, Class CR, 144A, Variable Rate, 3 mo. LIBOR + 3.36%, 5.71%, due 10/20/25	13,716,145
1,400,000	Flagship Credit Auto Trust, Series 14-1, Class E, 144A, 5.71%, due 08/16/21	1,407,024	5,180,434	Symphony CLO II Ltd., Series 06-2A, Class C, 144A, Variable Rate, 3 mo. LIBOR + 1.50%, 3.81%, due 10/25/20	5,182,480
	Total Auto Retail Subprime	<u>25,367,888</u>	2,156,750	Symphony CLO VIII LP, Series 12-8A, Class CR, 144A, Variable Rate, 3 mo. LIBOR + 3.05%, 5.39%, due 01/09/23	2,160,755
CMBS Collateralized Debt Obligations — 2.0%			2,944,550	Vibrant Clo III Ltd., Series 15-3A, Class BR, 144A, Variable Rate, 3 mo. LIBOR + 2.95%, 5.30%, due 04/20/26	2,948,664
2,852,541	ARCap 2005-1 Resecuritization Trust, Series 05-1A, Class A, 144A, 5.45%, due 12/21/42	2,883,750	1,568,784	Voya CLO Ltd., Series 14-3A, Class A2A, 144A, Variable Rate, 3 mo. LIBOR + 1.90%, 4.24%, due 07/25/26	1,569,457
8,586,000	ARCap 2005-1 Resecuritization Trust, Series 05-1A, Class B, 144A, 5.55%, due 12/21/42	3,687,229	13,519,825	Zais CLO 1 Ltd., Series 14-1A, Class A1, 144A, Variable Rate, 3 mo. LIBOR + 1.4%, 3.74%, due 04/15/26	13,522,056
5,297,096	Capitalsource Real Estate Loan Trust, Series 06-1A, Class B, 144A, Variable Rate, 3 mo. LIBOR + .39%, 2.72%, due 01/20/37 ^(a)	5,230,882	2,762,417	Zais CLO 1 Ltd., Series 14-1A, Class A2, 144A, Variable Rate, 3 mo. LIBOR + 1.85%, 4.19%, due 04/15/26	2,755,981
8,612,402	GS Mortgage Securities Corp., Series 06-CC1, Class A, 144A, Variable Rate, 5.50%, due 03/21/46	7,923,413		Total Collateralized Loan Obligations	<u>139,934,885</u>
1,347,718	Sorin Real Estate CDO IV Ltd., Series 06-4A, Class C, 144A, Variable Rate, 3 mo. LIBOR + .53%, 2.87%, due 10/28/46	1,342,298	Commercial Mortgage-Backed Securities — 13.2%		
	Total CMBS Collateralized Debt Obligations	<u>21,067,572</u>	3,144,747	Commercial Mortgage Trust, Series 05-C6, Class G, 144A, Variable Rate, 5.85%, due 06/10/44	2,356,889
Collateralized Loan Obligations — 12.9%			4,175,780	Core Industrial Trust, Series 15-TEXW, Class C, 144A, 3.73%, due 02/10/34	4,186,033
18,135,165	ACIS CLO Ltd., Series 15-6A, Class A1, 144A, Variable Rate, 3 mo. LIBOR + 1.59%, 3.93%, due 05/01/27	18,157,816	1,454,200	Core Industrial Trust, Series 15-TEXW, Class D, 144A, Variable Rate, 3.98%, due 02/10/34	1,454,843
37,489,650	Arrowpoint CLO Ltd., Series 15-4A, Class A, 144A, Variable Rate, 3 mo. LIBOR + 1.55%, 3.88%, due 04/18/27	37,583,112			
1,705,200	Atrium VIII, Series 8A, Class CR, 144A, Variable Rate, 3 mo. LIBOR+ 2.50%, 4.85%, due 10/23/24	1,706,540			
1,543,140	BFNS LLC, Series 17-1A, Class X, 144A, Variable Rate, 3 mo. LIBOR + 0.98 %, 3.32%, due 01/25/29	1,543,174			

See accompanying notes to the financial statements.

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Asset-Backed Securities — continued			Asset-Backed Securities — continued	
	Commercial Mortgage-Backed Securities — continued			Residential Mortgage-Backed Securities —	
				Other — 10.3%	
3,550,200	Core Industrial Trust, Series 15-TEXW, Class E, 144A, Variable Rate, 3.98%, due 02/10/34	3,511,504	1,329,214	ACE Securities Corp. Home Equity Loan Trust, Series 06-ASL1, Class A, Variable Rate, 1 mo. LIBOR + .28%, 2.34%, due 02/25/36	706,857
5,151,600	Core Industrial Trust, Series 15-WEST, Class C, 144A, 3.49%, due 02/10/37	5,040,047	20,896,391	American Home Mortgage Investment Trust, Series 06-2, Class 4A, Variable Rate, 1 mo. LIBOR + .36%, 2.42%, due 02/25/36	3,703,342
23,260,500	Core Industrial Trust, Series 15-WEST, Class E, 144A, Variable Rate, 4.37%, due 02/10/37	22,839,350	5,860,949	BCMST Trust, Series 99-A, Class M1, Variable Rate, 6.79%, due 03/15/29	5,425,681
2,665,373	Credit Suisse First Boston Mortgage Securities Corp., Series 05-C2, Class AMFL, Variable Rate, 1 mo. LIBOR + .25%, 2.31%, due 04/15/37	2,546,156	8,834,023	BCMST Trust, Series 99-B, Class A4, Variable Rate, 7.30%, due 12/15/29	3,321,509
1,223,732	Credit Suisse First Boston Mortgage Securities Corp., Series 05-C2, Class AMFX, 4.88%, due 04/15/37	1,208,757	2,928,137	BCMST Trust, Series 00-A, Class A4, Variable Rate, 8.29%, due 06/15/30	1,194,581
10,742,760	GS Mortgage Securities Corp., Series 16-RENT, Class E, 144A, Variable Rate, 4.20%, due 02/10/29	10,582,975	754,330	Bear Stearns Mortgage Funding Trust, Series 07-SL2, Class 1A, Variable Rate, 1 mo. LIBOR + .32%, 2.38%, due 02/25/37	709,119
10,459,601	GS Mortgage Securities Corp., Series 16-GS2, Class D, 144A, 2.75%, due 05/10/49	8,550,965	5,579,386	Conseco Finance Securitizations Corp., Series 01-3, Class M1, Variable Rate, 7.15%, due 05/01/33	5,267,650
4,264,000	GS Mortgage Securities Trust, Series 11-GC3, Class F, 144A, Variable Rate, 5.00%, due 03/10/44	3,681,544	7,708,818	Conseco Financial Corp., Series 97-6, Class M1, Variable Rate, 7.21%, due 01/15/29	7,704,215
16,659,820	GS Mortgage Securities Trust, Series 11-GC3, Class D, 144A, Variable Rate, 5.83%, due 03/10/44	16,955,490	3,097,697	Conseco Financial Corp., Series 98-6, Class M1, Variable Rate, 6.63%, due 06/01/30	2,875,439
15,187,775	Hyatt Hotel Portfolio Trust, Series 17-HYT2, Class G, 144A, Variable Rate, 1 mo. LIBOR + 4.15%, 6.21%, due 08/09/32	15,273,285	2,262,212	Countrywide Home Equity Loan Trust, Series 07-E, Class A, FSA, Variable Rate, 1 mo. LIBOR + .15%, 2.21%, due 06/15/37	2,065,896
2,432,859	JP Morgan Chase Commercial Mortgage Securities Trust, Series 04-CB9, Class F, 144A, Variable Rate, 5.47%, due 06/12/41	2,311,216	687,818	GMACM Home Equity Loan Trust, Series 04-HE3, Class A3, FSA, Variable Rate, 1 mo. LIBOR + .50%, 2.56%, due 10/25/34	643,827
5,389,564	JP Morgan Chase Commercial Mortgage Securities Trust, Series 04-C3, Class H, 144A, Variable Rate, 6.01%, due 01/15/42	5,405,760	9,112,807	GMACM Home Equity Loan Trust, Series 07-HE3, Class 2A1, Variable Rate, 7.00%, due 09/25/37	9,213,568
1,488,623	Morgan Stanley Dean Witter Capital I Trust, Series 01-TOP3, Class E, 144A, Variable Rate, 7.86%, due 07/15/33	1,572,598	7,309,036	Home Equity Loan Trust, Series 05-HS1, Class A14, Step Up, 5.61%, due 09/25/35	4,119,261
8,543,000	Union Station District of Columbia, Series 2018-USDC, Class E, 144A, 4.49%, due 05/09/38	8,304,480	31,563,134	Home Equity Mortgage Loan Asset-Backed Trust, Series 06-A, Class A, Variable Rate, 1 mo. LIBOR + .26%, 2.32%, due 06/25/36	3,943,915
8,270,894	WaMu Commercial Mortgage Securities Trust, Series 07-SL3, Class G, 144A, Variable Rate, 3.80%, due 03/23/45	8,260,775	16,133,972	Home Loan Trust, Series 07-H11, Class A4, Step Up, 5.93%, due 03/25/37	9,644,282
3,434,000	Wells Fargo Commercial Mortgage Trust, Series 13-BTC, Class D, 144A, Variable Rate, 3.67%, due 04/16/35	3,328,835	4,308,431	Master Second Lien Trust, Series 06-1, Class A, Variable Rate, 1 mo. LIBOR + .32%, 2.38%, due 03/25/36	866,925
8,563,000	Wells Fargo Commercial Mortgage Trust, Series 13-BTC, Class F, 144A, Variable Rate, 3.67%, due 04/16/35	7,952,250	732,284	Mellon Re-REMIC Pass-Through Trust, Series 04-TBC1, Class A, 144A, Variable Rate, 1 mo. LIBOR + .25%, 2.31%, due 02/26/34	692,299
8,471,000	West Town Mall Trust, Series 17-KNOX, Class E, 144A, Variable Rate, 4.49%, due 07/05/30	8,066,434	14,421,908	New Century Home Equity Loan Trust, Series 06-S1, Class A2A, Variable Rate, 1 mo. LIBOR + .20%, 2.26%, due 03/25/36	1,223,221
	Total Commercial Mortgage-Backed Securities	<u>143,390,186</u>	8,226,552	New Century Home Equity Loan Trust, Series 06-S1, Class A1, Variable Rate, 1 mo. LIBOR + .34%, 2.40%, due 03/25/36	697,622
			21,932,893	New Century Home Equity Loan Trust, Series 06-S1, Class A2B, Variable Rate, 1 mo. LIBOR + .40%, 2.46%, due 03/25/36	1,859,793

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Asset-Backed Securities — continued			Asset-Backed Securities — continued	
	Residential Mortgage-Backed Securities —			Residential Mortgage-Backed Securities —	
	Other — continued			Subprime — 1.4%	
1,916,669	Nomura Asset Acceptance Corp. Alternative Loan Trust, Series 05-S3, Class M1, Variable Rate, 1 mo. LIBOR + .90%, 2.96%, due 08/25/35	2,161,726	1,788,863	Asset Backed Funding Certificates, Step Up, 4.81%, due 06/25/35	1,831,877
8,613,755	Oakwood Mortgage Investors, Inc., Series 99-C, Class A2, 7.48%, due 08/15/27	8,427,485	2,578,393	BCAP LLC, Series 14-RR2, Class 11A3, 144A, Variable Rate, 2.36%, due 05/26/37	2,496,824
1,592,175	Oakwood Mortgage Investors, Inc., Series 98-A, Class B1, Variable Rate, 7.50%, due 05/15/28	1,678,737	4,697,831	Bear Stearns Asset-Backed Securities, Inc., Series 07-AQ1, Class A1, Variable Rate, 1 mo. LIBOR + .11%, 2.17%, due 04/25/31	6,273,195
2,828,176	Oakwood Mortgage Investors, Inc., Series 98-D, Class M1, 144A, 7.42%, due 01/15/29	2,865,943	2,224,728	Credit Suisse First Boston Mortgage Securities Corp., Series 02-22, Class 2M2, Variable Rate, due 06/25/32	2,291,211
5,998,408	Oakwood Mortgage Investors, Inc., Series 99-E, Class A1, Variable Rate, 7.61%, due 03/15/30	5,512,756	1,703,513	Meritage Mortgage Loan Trust, Series 05-2, Class M2, Variable Rate, 1 mo. LIBOR + .75%, 2.81%, due 11/25/35	1,727,462
11,023,673	Oakwood Mortgage Investors, Inc., Series 00-D, Class A4, Variable Rate, 7.40%, due 07/15/30	5,424,388		Total Residential Mortgage-Backed Securities — Subprime	14,620,569
1,436,566	Oakwood Mortgage Investors, Inc., Series 01-D, Class A4, Variable Rate, 6.93%, due 09/15/31	1,248,100			
1,951,412	PHH Mortgage Trust, Series 07-1SL, Class M2, 144A, Step Up, 7.00%, due 12/25/27	2,230,946		Residential Mortgage-Backed Securities —	
18,913,849	Residential Funding Mortgage Securities II, Series 06-HI4, Class A4, Step Up, 6.22%, due 09/25/36	14,928,071	2,061,073	Alt-A — 2.0%	
1,503,492	SACO I Trust, Series 05-10, Class 2A1, Variable Rate, 1 mo. LIBOR + .52%, 2.58%, due 01/25/36	1,503,499	2,522,050	Adjustable Rate Mortgage Trust, Series 05-1, Class 5M1, Variable Rate, 1 mo. LIBOR + 1.05%, 3.11%, due 05/25/35	2,067,117
	Total Residential Mortgage-Backed Securities — Other	111,860,653	2,532,862	Alternative Loan Trust, Series 06-7CB, Class 1A1, Variable Rate, 1 mo. LIBOR + .70%, 2.76%, due 05/25/36	1,576,293
			2,532,862	Alternative Loan Trust, Series 06-28CB, Class A1, Variable Rate, 1 mo. LIBOR + .70%, 2.76%, due 10/25/36	1,695,007
	Residential Mortgage-Backed Securities —		5,166,936	Bear Stearns ARM Trust, Series 07-1, Class 2A1, Variable Rate, 3.87%, due 02/25/47	5,273,426
	Prime — 2.0%		3,788,505	Bear Stearns Asset Backed Securities I Trust, Series 04-AC5, Class A1, Step Up, 5.75%, due 10/25/34	3,878,452
2,217,405	Bear Stearns ARM Trust, Series 05-6, Class 3A1, Variable Rate, 4.38%, due 08/25/35	2,178,775	7,092,284	Citigroup Mortgage Loan Trust, Inc., Series 06-AR5, Class 2A2A, Variable Rate, 3.88%, due 07/25/36	5,277,865
2,122,321	Bear Stearns ARM Trust, Series 05-9, Class A1, Variable Rate, U.S. Treasury Yield 1 Year CMT + 2.30%, 4.73%, due 10/25/35	2,147,053	1,807,477	JP Morgan Resecuritization Trust, Series 09-10, Class 7A1, 144A, Variable Rate, 6.05%, due 02/26/37	1,866,852
1,295,603	Citigroup Mortgage Loan Trust, Series 05-3, Class 2A2, Variable Rate, 4.35%, due 08/25/35	1,299,447		Total Residential Mortgage-Backed Securities — Alt-A	21,635,012
3,090,279	IndyMac INDA Mortgage Loan Trust, Series 06-AR3, Class 1A1, Variable Rate, 3.80%, due 12/25/36	2,961,610			
2,319,796	IndyMac INDA Mortgage Loan Trust, Series 07-AR1, Class 1A1, Variable Rate, 3.75%, due 03/25/37	2,248,059		Small Balance Commercial Mortgages — 15.6%	
3,443,553	RFMSI Trust, Series 05-SA4, Class 2A2, Variable Rate, 4.57%, due 09/25/35	3,431,759	8,448,000	Barclays Commercial Mortgage Trust, Series 18-CHRS, Class E, 144A, Variable Rate, 4.41%, due 08/05/38	7,363,540
2,262,785	WaMu Mortgage Pass-Through Certificates, Series 05-AR10, Class 1A3, Variable Rate, 4.11%, due 09/25/35	2,301,515	638,897	Bayview Commercial Asset Trust, Series 04-1, Class M1, 144A, Variable Rate, 1 mo. LIBOR + 0.56%, 2.90%, due 04/25/34	625,195
1,968,499	WaMu Mortgage Pass-Through Certificates, Series 06-AR19, Class 2A, Variable Rate, COFI + 1.25, 2.18%, due 01/25/47	1,909,843	355,303	Bayview Commercial Asset Trust, Series 04-1, Class M2, 144A, Variable Rate, 1 mo. LIBOR + 1.20%, 3.86%, due 04/25/34	353,268
3,222,489	Washington Mutual Mortgage Pass-Through Certificates WMALT, Series 07-5, Class A6, 6.00%, due 06/25/37	3,224,386	619,141	Bayview Commercial Asset Trust, Series 04-1, Class B, 144A, Variable Rate, 1 mo. LIBOR + 1.90%, 4.91%, due 04/25/34	621,140
	Total Residential Mortgage-Backed Securities — Prime	21,702,447			

See accompanying notes to the financial statements.

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Asset-Backed Securities — continued			Asset-Backed Securities — continued	
	Small Balance Commercial Mortgages — continued			Small Balance Commercial Mortgages — continued	
6,135,214	Bayview Commercial Asset Trust, Series 05-2A, Class A1, 144A, Variable Rate, 1 mo. LIBOR + .31%, 2.37%, due 08/25/35	5,831,218	7,540,867	Lehman Brothers Small Balance Commercial, Series 06-2A, Class M1, 144A, Variable Rate, 1 mo. LIBOR + .29%, 2.35%, due 09/25/36	7,500,100
3,296,700	Bayview Commercial Asset Trust, Series 05-4A, Class A2, 144A, Variable Rate, 1 mo. LIBOR + .39%, 2.45%, due 01/25/36	3,095,320	2,585,627	Lehman Brothers Small Balance Commercial, Series 06-3A, Class 1A, 144A, Variable Rate, 1 mo. LIBOR + .20%, 2.26%, due 12/25/36	2,565,984
1,880,236	Bayview Commercial Asset Trust, Series 06-1A, Class M1, 144A, Variable Rate, 1 mo. LIBOR + .38%, 2.44%, due 04/25/36	1,771,061	4,300,000	Lehman Brothers Small Balance Commercial, Series 07-2A, Class M1, 144A, Variable Rate, 1 mo. LIBOR + .40%, 2.46%, due 06/25/37	4,104,353
2,578,414	Bayview Commercial Asset Trust, Series 06-2A, Class A1, 144A, Variable Rate, 1 mo. LIBOR + .23%, 2.29%, due 07/25/36	2,491,660	4,441,609	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 05-1A, Class A, 144A, Variable Rate, 1 mo. LIBOR + .25%, 2.31%, due 02/25/30	4,367,123
5,274,178	Bayview Commercial Asset Trust, Series 06-2A, Class A2, 144A, Variable Rate, 1 mo. LIBOR + .28%, 2.34%, due 07/25/36	5,112,189	1,744,539	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 05-2A, Class M1, 144A, Variable Rate, 1 mo. LIBOR + .40%, 2.46%, due 09/25/30	1,733,895
7,493,056	Bayview Commercial Asset Trust, Series 06-3A, Class A1, 144A, Variable Rate, 1 mo. LIBOR + .25%, 2.31%, due 10/25/36	7,140,938	2,002,843	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 05-2A, Class M2, 144A, Variable Rate, 1 mo. LIBOR + .52%, 2.58%, due 09/25/30	1,973,530
895,763	Bayview Commercial Asset Trust, Series 06-3A, Class A2, 144A, Variable Rate, 1 mo. LIBOR + .30%, 2.36%, due 10/25/36	855,667	5,445,606	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 06-1A, Class M3, 144A, Variable Rate, 1 mo. LIBOR + .53%, 2.59%, due 04/25/31	5,238,332
2,691,555	Bayview Commercial Asset Trust, Series 07-3, Class A1, 144A, Variable Rate, 1 mo. LIBOR + .24%, 2.30%, due 07/25/37	2,566,571	2,022,599	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 06-1A, Class B, 144A, Variable Rate, 1 mo. LIBOR + 1.00%, 3.06%, due 04/25/31	1,923,102
11,402,507	Bayview Commercial Asset Trust, Series 07-2A, Class A1, 144A, Variable Rate, 1 mo. LIBOR + .27%, 2.33%, due 07/25/37	10,973,774	2,554,500	Lehman Brothers Small Balance Commercial Mortgage Trust, Series 06-2A, Class M2, 144A, Variable Rate, 1 mo. LIBOR + .39%, 2.45%, due 09/25/36	2,453,854
6,071,136	Bayview Commercial Asset Trust, Series 07-2A, Class A2, 144A, Variable Rate, 1 mo. LIBOR + .32%, 2.38%, due 07/25/37	5,709,478	2,563,200	Morgan Stanley Capital I Trust, Series 12-STAR, Class C, 144A, 3.85%, due 08/05/34	2,567,046
2,448,365	Bayview Commercial Asset Trust, Series 07-6A, Class A3B, 144A, Variable Rate, 1 mo. LIBOR + .85%, 2.91%, due 12/25/37	2,422,782	854,400	Morgan Stanley Capital I Trust, Series 12-STAR, Class D, 144A, 4.06%, due 08/05/34	855,110
20,953,338	Bayview Commercial Asset Trust, Series 07-6A, Class A3A, 144A, Variable Rate, 1 mo. LIBOR + 1.25%, 3.31%, due 12/25/37	20,925,061	1,773,858	Velocity Commercial Capital Loan Trust, Series 16-2, Class AFL, Variable Rate, 1 mo. LIBOR + 1.80%, 3.86%, due 10/25/46	1,788,172
3,300,000	Core Industrial Trust, Series 15-WEST, Class D, 144A, Variable Rate, 4.37%, due 02/10/37	3,329,187	9,503,550	WaMu Commercial Mortgage Securities Trust, Series 07-SL2, Class C, 144A, Variable Rate, 3.37%, due 12/27/49	9,501,429
21,022,087	GE Business Loan Trust, Series 06-1X, Class A, Variable Rate, 1 mo. LIBOR + .20%, 2.26%, due 05/15/34	20,394,517	3,430,400	WaMu Commercial Mortgage Securities Trust, Series 07-SL2, Class D, 144A, Variable Rate, 3.74%, due 12/27/49	3,438,414
2,358,239	GE Business Loan Trust, Series 06-2A, Class A, 144A, Variable Rate, 1 mo. LIBOR + 0.18%, 2.24%, due 11/15/34	2,316,208	2,585,664	WaMu Commercial Mortgage Securities Trust, Series 07-SL2, Class E, 144A, Variable Rate, 3.90%, due 12/27/49	2,582,718
5,326,826	GE Business Loan Trust, Series 07-1A, Class A, 144A, Variable Rate, 1 mo. LIBOR + .17%, 2.23%, due 04/15/35	5,222,966		Total Small Balance Commercial Mortgages	168,285,397
4,271,986	GE Business Loan Trust, Series 07-1A, Class D, 144A, Variable Rate, 1 mo. LIBOR + 1.00%, 3.06%, due 04/16/35	3,877,957			
2,692,701	Lehman Brothers Small Balance Commercial, Series 06-1A, Class M1, 144A, Variable Rate, 1 mo. LIBOR + .31%, 2.37%, due 04/25/31	2,692,538			

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Asset-Backed Securities — continued			Asset-Backed Securities — continued	
	Student Loans — Federal Family Education Loan Program — 4.9%			Student Loans — Private — continued	
8,238,923	AccessLex Institute, Series 04-2, Class A3, Variable Rate, 3 mo. LIBOR + .19%, 2.53%, due 10/25/24	8,139,661	18,577	National Collegiate Student Loan Trust, Series 06-1, Class A4, Variable Rate 1 mo. LIBOR + 0.25%, 2.31%, due 03/27/28	18,573
18,185,119	AccessLex Institute, Series 04-2, Class B, Variable Rate, 3 mo. LIBOR + .70%, 3.04%, due 01/25/43	16,363,714	1,371,631	National Collegiate Student Loan Trust, Series 06-3, Class A4, Variable Rate, 1 mo. LIBOR + .27%, 2.33%, due 03/26/29	1,354,224
16,255,656	AccessLex Institute, Series 07-1, Class A4, Variable Rate 3 mo. LIBOR + 0.06%, 2.40%, due 01/25/23	15,961,541	3,050,355	National Collegiate Student Loan Trust, Series 05-2, Class A4, Variable Rate, 1 mo. LIBOR + .27%, 2.33%, due 09/25/29	3,026,762
5,357,926	Collegiate Funding Services Education Loan Trust, Series 05-B, Class B, Variable Rate, 3 mo. LIBOR + .32%, 2.66%, due 03/28/35 ^(a)	5,036,451	16,597,764	National Collegiate Student Loan Trust, Series 07-1, Class A3, Variable Rate 1 mo. LIBOR + 0.24%, 2.30%, due 07/25/30	16,369,621
6,648,426	KeyCorp Student Loan Trust, Series 04-A, Class 1A2, Variable Rate, 3 mo. LIBOR + 0.24%, 2.58%, due 10/27/42	6,514,498	8,685,000	National Collegiate Student Loan Trust, Series 06-4, Class A4, Variable Rate, 1 mo. LIBOR + .31%, 2.37%, due 05/25/32	7,980,486
1,255,232	South Carolina Student Loan Corp., Series 14-1, Class A1, Variable Rate, 1 mo. LIBOR + .75%, 2.83%, due 05/01/30	1,260,751	12,960,000	National Collegiate Student Loan Trust, Series 06-1, Class A5, Variable Rate, 1 mo. LIBOR + .35%, 2.41%, due 03/25/33	12,297,877
	Total Student Loans — Federal Family Education Loan Program	53,276,616	12,763,500	National Collegiate Student Loan Trust, Series 05-2, Class A51, Variable Rate, 1 mo. LIBOR + 0.37%, 2.43%, due 06/25/33	11,944,895
	Student Loans — Private — 20.8%		8,514,000	National Collegiate Student Loan Trust, Series 07-1, Class A4, Variable Rate, 1 mo. LIBOR + 0.31%, 2.37%, due 10/25/33	7,460,726
6,408,127	Access Group, Inc., Series 05-A, Class B, Variable Rate, 3 mo. LIBOR + .80%, 3.14%, due 07/25/34	6,174,823	25,000	National Collegiate Student Loan Trust, Series 07-3, Class A3A4, Variable Rate, 5.16%, due 03/25/38 ^(a)	23,000
2,082,902	Access Group, Inc., Series 03-A, Class A2, Variable Rate, 3 mo. USBM +1.20%, 3.28%, due 07/01/38	2,083,319	75,000	National Collegiate Student Loan Trust, Series 07-4, Class A3A7, Variable Rate, 5.50%, due 03/25/38 ^(a)	70,500
6,063,317	KeyCorp Student Loan Trust, Series 05-A, Class 2B, Variable Rate, 3 mo. LIBOR + 0.73%, 3.07%, due 09/27/38	6,030,903	10,865,000	SLM Private Credit Student Loan Trust, Series 03-A, Class A3, Variable Rate, 4.28%, due 06/15/32 ^(a)	10,862,827
31,059,920	KeyCorp Student Loan Trust, Series 06-A, Class 2B, Variable Rate, 3 mo. LIBOR + .48%, 2.82%, due 12/27/41	30,561,064	5,500,000	SLM Private Credit Student Loan Trust, Series 03-C, Class A3, Variable Rate, 4.34%, due 09/15/32 ^(a)	5,499,450
3,123,725	KeyCorp Student Loan Trust, Series 04-A, Class 2C, Variable Rate, 3 mo. LIBOR + 0.80%, 3.14%, due 04/28/42	3,037,153	3,509,557	SLM Private Credit Student Loan Trust, Series 03-C, Class C, Variable Rate, 3 mo. LIBOR + 1.60%, 3.94%, due 09/15/32	1,199,540
5,622,500	KeyCorp Student Loan Trust, Series 04-A, Class 2D, Variable Rate, 3 mo. LIBOR + 1.25%, 3.59%, due 07/28/42	4,702,163	9,000,000	SLM Private Credit Student Loan Trust, Series 04-B, Class A4, Variable Rate, 3 mo. LIBOR + .43%, 2.77%, due 09/15/33	8,651,794
2,407,810	L2L Education Loan Trust, Series 06-1A, Class B, 144A, Variable Rate, 1 mo. LIBOR + 0.50%, 2.56%, due 10/15/28	2,325,450	4,881,794	SLM Private Credit Student Loan Trust, Series 05-A, Class B, Variable Rate, 3 mo. LIBOR + .28%, 2.62%, due 12/15/38	4,821,541
18,250,000	National Collegiate Commutation Trust, Series 07-3, Class A3R4, 144A, Variable Rate, 5.16%, due 03/31/38 ^(a)	8,942,500	29,081,181	SLM Private Credit Student Loan Trust, Series 06-A, Class A5, Variable Rate, 3 mo. LIBOR + .29%, 2.63%, due 06/15/39	28,391,474
7,147,991	National Collegiate Commutation Trust, Series 07-3, Class A3L, 144A, Variable Rate 1 mo. LIBOR + .84%, 2.92%, due 03/31/38	2,793,583	19,660,920	SLM Private Credit Student Loan Trust, Series 05-B, Class A4, Variable Rate, 3 mo. LIBOR + .33%, 2.67%, due 06/15/39	19,200,033
5,300,541	National Collegiate Student Loan Trust, Variable 1 mo. LIBOR + .38%, 2.44%, due 10/25/33	5,117,217	2,672,291	SLM Private Credit Student Loan Trust, Series 06-C, Class C, Variable Rate, 3 mo. LIBOR + .39%, 2.73%, due 12/15/39	2,100,851
870,416	National Collegiate Student Loan Trust, Series 06-2, Class A3, Variable Rate, 1 mo. LIBOR + .21%, 2.27%, due 11/25/27	868,284			

See accompanying notes to the financial statements.

GMO Opportunistic Income Fund
(A Series of GMO Trust)
Schedule of Investments — (Continued)
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value†	Description	Value (\$)	Par Value†	Description	Value (\$)
	Asset-Backed Securities — continued			U.S. Government Agency — continued	
	Student Loans — Private — continued		3,525,000	Agency for International Development Floater (Support of Tunisia), Variable Rate, 6 mo. LIBOR, 2.54%, due 07/01/23 ^(c)	3,435,320
11,296,810	South Carolina Student Loan Corp., Series 15-A, Class A, Variable Rate, 1 mo. LIBOR + 1.50%, 3.56%, due 01/25/36	11,403,409		Total U.S. Government Agency	15,891,462
	Total Student Loans — Private	225,314,042		TOTAL DEBT OBLIGATIONS (COST \$953,762,170)	970,479,663
	Time Share — 0.5%			MUTUAL FUNDS — 4.5%	
533,206	BXG Receivables Note Trust, Series 12-A, Class B, 144A, 3.99%, due 12/02/27	529,473		United States — 4.5%	
1,942,050	BXG Receivables Note Trust, Series 13-A, Class B, 144A, 4.00%, due 12/04/28	1,931,469		Affiliated Issuers — 4.5%	
1,125,036	Marriott Vacation Club Owner Trust, Series 12-1A, Class B, 144A, Variable Rate, 3.50%, due 05/20/30	1,118,713	1,952,608	GMO U.S. Treasury Fund	48,776,146
1,770,700	Westgate Resorts LLC, Series 17-1A, Class A, 144A, 3.05%, due 12/20/30	1,752,870		TOTAL MUTUAL FUNDS (COST \$48,776,146)	48,776,146
	Total Time Share	5,332,525		SHORT-TERM INVESTMENTS — 3.5%	
	Total Asset-Backed Securities	951,787,792		Money Market Funds — 0.7%	
	U.S. Government — 0.2%		7,129,966	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(d)	7,129,966
2,800,000	U.S. Treasury Note, Variable Rate, USBM + 0.03%, 2.12%, due 04/30/20 ^(b)	2,800,409		Repurchase Agreements — 2.8%	
	U.S. Government Agency — 1.5%		29,978,268	Barclays Bank plc Repurchase Agreement, dated 8/31/18, maturing on 9/4/18 with a maturity value of \$29,984,830 and an effective yield of 1.97%, collateralized by a U.S. Treasury Note with maturity date 05/15/25 and a market value of \$30,581,994.	29,978,268
95,586	Agency for International Development Floater (Support of Jamaica), Variable Rate, 3 mo. LIBOR + .30%, 2.33%, due 10/01/18 ^(c)	95,499		TOTAL SHORT-TERM INVESTMENTS (COST \$37,108,234)	\$ 37,108,234
6,418,750	Agency for International Development Floater (Support of Morocco), Variable Rate, 6 mo. LIBOR - .02%, 2.52%, due 02/01/25 ^(c)	6,202,825			
6,375,000	Agency for International Development Floater (Support of Morocco), Variable Rate, 6 mo. LIBOR + .15%, 2.69%, due 10/29/26 ^(c)	6,157,818			

PURCHASED OPTIONS — 0.0%

Description	Counterparty	Exercise Rate	Expiration Date	Principal/Notional Amount	Floating Rate Index	Pay/Receive Floating Rate	Value (\$)
Options on Credit Default Swaps — Puts — 0.0%							
CDX.NA.HYS.30.V1-5Y	MSCS	106.00%	09/19/18	USD 21,120,000	Fixed Spread	Pay	31,941
CDX.NA.HYS.30.V1-5Y	BOA	106.50%	09/19/18	USD 25,344,000	Fixed Spread	Pay	75,115
CDX.NA.HYS.30.V1-5Y	BCLY	106.00%	09/19/18	USD 21,115,000	Fixed Spread	Pay	31,934
CDX.NA.IGS.30.V1-5Y	MSCS	62.50%	09/19/18	USD 84,480,000	Fixed Spread	Pay	60,818
CDX.NA.IGS.30.V1-5Y	GS	62.50%	09/19/18	USD 84,460,000	Fixed Spread	Pay	60,804
	Total Options on Credit Default Swaps — Puts						260,612
	TOTAL PURCHASED OPTIONS (COST \$314,869)						260,612
	TOTAL INVESTMENTS — 97.6%						1,056,624,655
	(Cost \$1,039,961,419)						
	Other Assets and Liabilities (net) — 2.4%						26,277,007
	TOTAL NET ASSETS — 100.0%						\$1,082,901,662

GMO Opportunistic Income Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

A summary of outstanding financial instruments at August 31, 2018 is as follows:

Futures Contracts

Number of Contracts +	Type	Expiration Date	Notional Amount (\$)	Value/Net Unrealized Appreciation (Depreciation) (\$)
Buys				
652	U.S. Treasury Note 2 Yr. (CBT)	December 2018	137,806,313	31,636
1,130	U.S. Treasury Note 5 Yr. (CBT)	December 2018	128,140,235	25,000
178	U.S. Treasury Ultra 10 Yr. (CBT)	December 2018	22,792,344	(4,442)
			<u>\$288,738,892</u>	<u>\$52,194</u>

+ Buys - Fund is long the futures contract.
Sales - Fund is short the futures contract.

Written Options

Description	Counterparty	Exercise Rate	Expiration Date	Principal/Notional Amount	Floating Rate Index	Pay/Receive Floating Rate	Value (\$)
Written Options on Credit Default Swaps — Puts							
CDX-NA.HYS.30.V1-5Y	BOA	101.00%	09/19/18	USD (21,027,500)	Fixed Spread	Pay	(3,195)
CDX-NA.IGS.30.V1-5Y	MSCS	85.00%	09/19/18	USD (84,130,000)	Fixed Spread	Pay	(4,541)
CDX-NA.IGS.30.V1-5Y	BOA	85.00%	09/19/18	USD (84,130,000)	Fixed Spread	Pay	(4,541)
CDX-NA.HYS.30.V1-5Y	MSCS	101.00%	10/17/18	USD (21,120,000)	Fixed Spread	Pay	(15,585)
CDX-NA.IGS.30.V1-5Y	MSCS	85.00%	10/17/18	USD (84,480,000)	Fixed Spread	Pay	(24,548)
TOTAL WRITTEN OPTIONS ON CREDIT DEFAULT SWAPS — PUTS (Premiums \$163,443)							<u>(52,410)</u>

Swap Contracts

Centrally Cleared Credit Default Swaps

Reference Entity	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Buy Protection [^] :									
CDX.NA.HYS.27.V1-5Y	USD 25,022,200	5.00%	2.54%	N/A	12/20/2021	Quarterly	(1,825,591)	(1,824,776)	815
Sell Protection [^] :									
CDX.NA.IGS.28.V1-5Y	USD 17,200,000	1.00%	0.49%	17,200,000 USD	06/20/2022	Quarterly	300,982	316,721	15,739
							<u>\$(1,524,609)</u>	<u>\$(1,508,055)</u>	<u>\$16,554</u>

GMO Opportunistic Income Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

OTC Credit Default Swaps

Reference Entity	Counterparty	Notional Amount	Annual Premium	Implied Credit Spread ⁽¹⁾	Maximum Potential Amount of Future Payments by the Fund Under the Contract ⁽²⁾	Expiration Date	Periodic Payment Frequency	Premiums Paid/ (Received) (\$)	Value (\$)	Net Unrealized Appreciation/ (Depreciation) (\$)
Buy Protection [^] :										
CDX.NA.HYS.25.V1-5Y	BOA	USD 4,400,000	5.00%	0.50%	N/A	12/20/2020	Quarterly	369,771	(428,013)	(797,784)
CDX.NA.HYS.25.V1-5Y	JPM	USD 4,343,000	5.00%	0.69%	N/A	12/20/2020	Quarterly	(26,058)	(422,468)	(396,410)
CDX.NA.HYS.25.V1-5Y	JPM	USD 8,543,000	5.00%	0.69%	N/A	12/20/2020	Quarterly	(847,893)	(831,026)	16,867
CDX.NA.IGS.25.V1-5Y	BOA	USD 4,400,000	1.00%	2.49%	N/A	12/20/2020	Quarterly	710,600	(29,153)	(739,753)
CDX.NA.IGS.25.V1-5Y	CITI	USD 4,300,000	1.00%	0.71%	N/A	12/20/2020	Quarterly	547,891	(28,490)	(576,381)
CDX.NA.HYS.27.V2-5Y	GS	USD 8,580,000	5.00%	1.78%	N/A	12/20/2021	Quarterly	21,450	(874,793)	(896,243)
CDX.NA.HYS.27.V2-5Y	JPM	USD 4,300,000	5.00%	1.78%	N/A	12/20/2021	Quarterly	(11,825)	(438,416)	(426,591)
D.R. HORTON INC	BCLY	USD 17,200,000	1.00%	1.78%	N/A	06/20/2022	Quarterly	(165,250)	(308,782)	(143,532)
CDX.NA.HYS.29.V1-5Y	JPM	USD 6,425,250	5.00%	3.35%	N/A	12/20/2022	Quarterly	(282,711)	(423,623)	(140,912)
CDX.NA.HYS.29.V1-5Y	MSCS	USD 3,450,800	5.00%	3.35%	N/A	12/20/2022	Quarterly	(188,414)	(227,515)	(39,101)
Navient Corp.	BCLY	USD 2,576,400	5.00%	0.64%	N/A	12/20/2022	Quarterly	(208,665)	(250,201)	(41,536)
Navient Corp.	BCLY	USD 2,576,400	5.00%	2.49%	N/A	12/20/2022	Quarterly	(198,694)	(250,201)	(51,507)
Navient Corp.	BCLY	USD 3,435,200	5.00%	2.49%	N/A	12/20/2022	Quarterly	(264,646)	(333,602)	(68,956)
CMBX.NA.AS.7	BOA	USD 4,505,000	1.00%	0.71%	N/A	01/17/2047	Monthly	47,352	(81,474)	(128,826)
CMBX.NA.AS.7	DB	USD 16,677,794	1.00%	0.62%	N/A	01/17/2047	Monthly	197,705	(301,620)	(499,325)
CMBX.NA.AS.7	GS	USD 4,400,000	1.00%	0.62%	N/A	01/17/2047	Monthly	112,812	(79,575)	(192,387)
CMBX.NA.AS.7	MSCS	USD 13,270,000	1.00%	0.62%	N/A	01/17/2047	Monthly	205,782	(239,990)	(445,772)
CMBX.NA.AA.8	CSI	USD 8,892,000	1.50%	1.40%	N/A	10/17/2057	Monthly	247,717	(46,305)	(294,022)
CMBX.NA.AS.8	MSCS	USD 3,384,000	1.00%	0.72%	N/A	10/17/2057	Monthly	140,432	(53,060)	(193,492)
CMBX.NA.AS.8	CGMI	USD 8,892,000	1.00%	0.72%	N/A	10/17/2057	Monthly	73,095	(139,424)	(212,519)
CMBX.NA.BBB-.8	CGMI	USD 4,223,000	3.00%	4.80%	N/A	10/17/2057	Monthly	392,728	376,128	(16,600)
CMBX.NA.BBB-.8	GS	USD 4,224,000	3.00%	4.80%	N/A	10/17/2057	Monthly	400,908	376,217	(24,691)
CMBX.NA.BBB-.8	GS	USD 8,650,000	3.00%	4.80%	N/A	10/17/2057	Monthly	1,299,082	770,425	(528,657)
CMBX.NA.AAA.9	DB	USD 4,292,500	0.50%	0.45%	N/A	09/17/2058	Monthly	(5,380)	(15,081)	(9,701)
CMBX.NA.AAA.9	DB	USD 21,462,500	0.50%	0.45%	N/A	09/17/2058	Monthly	(23,012)	(75,403)	(52,391)
CMBX.NA.AAA.9	GS	USD 874,200	0.50%	0.45%	N/A	09/17/2058	Monthly	48,015	(3,071)	(51,086)
CMBX.NA.BBB-.9	DB	USD 4,400,000	3.00%	4.42%	N/A	09/17/2058	Monthly	950,085	352,982	(597,103)
CMBX.NA.BBB-.9	MSCS	USD 8,528,000	3.00%	4.42%	N/A	09/17/2058	Monthly	974,545	684,143	(290,402)
CMBX.NA.BBB-.9	DB	USD 4,263,000	3.00%	4.42%	N/A	09/17/2058	Monthly	517,160	341,991	(175,169)
CMBX.NA.BBB-.9	GS	USD 1,760,000	3.00%	4.42%	N/A	09/17/2058	Monthly	346,611	141,193	(205,418)
CMBX.NA.BBB-.10	GS	USD 2,551,200	3.00%	4.12%	N/A	11/17/2059	Monthly	236,632	179,718	(56,914)
Sell Protection [^] :										
CDX.NA.HYS.27.V3-5Y	JPM	USD 8,543,000	5.00%	0.64%	8,543,000 USD	12/20/2021	Quarterly	1,230,192	1,190,271	(39,921)
CDX.NA.HYS.27.V3-5Y	JPM	USD 12,672,000	5.00%	0.64%	12,672,000 USD	12/20/2021	Quarterly	1,795,622	1,765,553	(30,069)
CDX.NA.HYS.27.V2-5Y	GS	USD 12,870,000	5.00%	0.64%	12,870,000 USD	12/20/2021	Quarterly	1,657,013	1,793,140	136,127
CDX.NA.HYS.27.V2-5Y	JPM	USD 8,600,000	5.00%	0.64%	8,600,000 USD	12/20/2021	Quarterly	1,143,800	1,198,213	54,413
CDX.NA.HYS.27.V3-5Y	BOA	USD 8,545,000	5.00%	2.49%	8,545,000 USD	12/20/2021	Quarterly	1,369,764	1,190,550	(179,214)
CDX.NA.HYS.29.V1-5Y	BOA	USD 25,885,000	5.00%	2.49%	25,885,000 USD	12/20/2022	Quarterly	4,283,968	3,829,000	(454,968)
CDX.NA.HYS.29.V1-5Y	MSCS	USD 10,233,600	5.00%	1.35%	10,233,600 USD	12/20/2022	Quarterly	1,547,320	1,513,790	(33,530)
CDX.NA.HYS.29.V1-5Y	JPM	USD 42,835,000	5.00%	0.40%	42,835,000 USD	12/20/2022	Quarterly	9,136,706	7,832,831	(1,303,875)
CDX.NA.HYS.29.V1-5Y	BOA	USD 5,115,600	5.00%	1.37%	5,115,600 USD	12/20/2022	Quarterly	742,274	756,718	14,444
CDX.NA.HYS.29.V1-5Y	MSCS	USD 21,567,500	5.00%	0.40%	21,567,500 USD	12/20/2022	Quarterly	4,121,549	3,943,845	(177,704)
								<u>\$32,646,033</u>	<u>\$22,355,422</u>	<u>\$(10,290,611)</u>

[^] Buy Protection - Fund pays a premium and buys credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) receive from the seller of protection an amount equal to notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

Sell Protection - Fund receives a premium and sells credit protection. If a credit event occurs the Fund will, depending on the terms of the particular swap contract, either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

GMO Opportunistic Income Fund
(A Series of GMO Trust)

Schedule of Investments — (Continued)
August 31, 2018 (Unaudited)

- (1) As of August 31, 2018, implied credit spreads in absolute terms, calculated using a model, and utilized in determining the market value of credit default swap contracts on the reference security, serve as an indicator of the current status of the payment/performance risk and reflect the likelihood or risk of default for the reference entity. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection. Wider (i.e., higher) credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the contract.
- (2) The maximum potential amount the Fund could be required to pay as a seller of credit protection if a credit event occurs as defined under the terms of that particular swap contract.

Centrally Cleared Interest Rate Swaps

<u>Fund Pays</u>	<u>Fund Receives</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Periodic Payment Frequency</u>	<u>Premiums Paid/ (Received) (\$)</u>	<u>Value (\$)</u>	<u>Net Unrealized Appreciation/ (Depreciation) (\$)</u>
1.27%	3 Month USD LIBOR	USD 10,495,000	03/10/2021	Quarterly	—	403,154	403,154
2.55%	3 Month USD LIBOR	USD 21,181,000	03/16/2021	Quarterly	144,649	156,077	11,428
2.10%	3 Month USD LIBOR	USD 8,447,000	11/24/2021	Quarterly	149,033	201,071	52,038
2.59%	3 Month USD LIBOR	USD 3,584,000	02/09/2022	Quarterly	462	33,621	33,159
2.90%	3 Month USD LIBOR	USD 7,624,000	06/22/2022	Quarterly	—	(9,313)	(9,313)
2.06%	3 Month USD LIBOR	USD 11,981,000	11/10/2022	Quarterly	163,222	384,135	220,913
2.15%	3 Month USD LIBOR	USD 8,477,000	10/13/2024	Quarterly	164,029	345,830	181,801
2.00%	3 Month USD LIBOR	USD 19,668,000	04/16/2025	Quarterly	(91,173)	1,072,950	1,164,123
1.65%	3 Month USD LIBOR	USD 9,022,000	05/19/2026	Quarterly	252,588	794,875	542,287
2.88%	3 Month USD LIBOR	USD 7,356,000	06/04/2028	Quarterly	—	23,934	23,934
3.00%	3 Month USD LIBOR	USD 6,581,000	07/30/2028	Quarterly	—	(47,727)	(47,727)
					<u>\$782,810</u>	<u>\$3,358,607</u>	<u>\$2,575,797</u>

OTC Total Return Swaps

<u>Fund Pays</u>	<u>Fund Receives</u>	<u>Counterparty</u>	<u>Notional Amount</u>	<u>Expiration Date</u>	<u>Periodic Payment Frequency</u>	<u>Premiums Paid/ (Received) (\$)</u>	<u>Value (\$)</u>	<u>Net Unrealized Appreciation/ (Depreciation) (\$)</u>
Total Return on iBoxx USD								
Liquid Leverage Loans Index	3 Month USD LIBOR	JPM	USD 40,000,000	12/20/2018	Quarterly	—	(218,064)	(218,064)
Total Return on iBoxx USD								
Liquid Leverage Loans Index	3 Month USD LIBOR	MSCS	USD 25,000,000	12/20/2018	Quarterly	—	(143,837)	(143,837)
						<u>\$—</u>	<u>\$(361,901)</u>	<u>\$(361,901)</u>

As of August 31, 2018, for the above contracts and/or agreements, the Fund had sufficient cash and/or securities to cover commitments or collateral requirements, if any, of the relevant broker or exchange.

Notes to Schedule of Investments:

- † Denominated in U.S. Dollar, unless otherwise indicated.
- (a) Investment valued using significant unobservable inputs (Note 2).
- (b) All or a portion of this security has been pledged to cover margin requirements on futures and/or cleared swap contracts, collateral on OTC swap contracts, forward currency contracts, and/or written options, if any (Note 4).
- (c) Investment valued at fair value using methods determined in good faith by the Trustees of GMO Trust or persons acting at their direction pursuant to procedures approved by the Trustees. Investment valued using significant unobservable inputs (Note 2).
- (d) The rate disclosed is the 7 day net yield as of August 31, 2018.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO U.S. Treasury Fund
(A Series of GMO Trust)
Investment Concentration Summary
August 31, 2018 (Unaudited)

<u>Asset Class Summary</u>	<u>% of Total Net Assets</u>
Short-Term Investments	102.2%
Other	(2.2)
	<u><u>100.0%</u></u>

GMO U.S. Treasury Fund
(A Series of GMO Trust)
Schedule of Investments
(showing percentage of total net assets)
August 31, 2018 (Unaudited)

Par Value† / Shares	Description	Value (\$)
SHORT-TERM INVESTMENTS — 102.2%		
U.S. Government — 78.4%		
1,000,000	U.S. Treasury Bill, 0.64%, due 09/06/18 ^(a)	999,895
28,024,000	U.S. Treasury Bill, 1.65%, due 09/27/18 ^(a)	27,989,937
56,815,300	U.S. Treasury Bill, 1.73%, due 10/04/18 ^(a)	56,723,685
109,426,900	U.S. Treasury Bill, 1.80%, due 10/11/18 ^(a)	109,206,185
7,562,000	U.S. Treasury Bill, 2.18%, due 01/31/19 ^(a)	7,493,613
19,127,500	U.S. Treasury Bill, 2.18%, due 02/07/19 ^(a)	18,946,291
22,241,200	U.S. Treasury Note, 0.75%, due 10/31/18	22,196,719
44,482,500	U.S. Treasury Note, 1.00%, due 11/30/18	44,364,083
31,137,700	U.S. Treasury Note, 1.25%, due 11/30/18	31,073,117
22,241,200	U.S. Treasury Note, 1.50%, due 12/31/18	22,192,626
17,793,000	U.S. Treasury Note, 0.75%, due 02/15/19	17,674,148
22,241,200	U.S. Treasury Note, Variable Rate, USBM + 0.05%, 2.14%, due 10/31/19	22,254,924
101,108,700	U.S. Treasury Note, Variable Rate, USBM + 0.00%, 2.09%, due 01/31/20	101,097,813
145,902,600	U.S. Treasury Note, Variable Rate, USBM + 0.03%, 2.12%, due 04/30/20	145,923,913
22,241,200	U.S. Treasury Note, Variable Rate USBM + 0.04%, 2.13%, due 07/31/20	22,238,651
	TOTAL U.S. GOVERNMENT (COST \$650,322,827)	<u>650,375,600</u>
U.S. Government Agency — 18.0%		
22,240,000	Federal Home Loan Banks, 0.88%, due 10/01/18	22,218,227
11,120,000	Federal Home Loan Banks, Variable Rate, 1 mo. USD LIBOR — .09%, 1.98%, due 01/14/19	11,120,737
44,480,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR — .16%, 2.18%, due 01/28/19	44,503,203
11,120,000	Federal Home Loan Banks, Variable Rate, 1 mo. USD LIBOR — .08%, 1.99%, due 04/26/19	11,120,579
24,470,000	Federal Home Loan Banks, Variable Rate, 3 mo. USD LIBOR — .16%, 2.18%, due 02/07/20	24,473,942
35,590,000	Federal Home Loan Banks, Variable Rate 3 mo. USD LIBOR — .23%, 2.11%, due 05/04/20	35,569,854
	TOTAL U.S. GOVERNMENT AGENCY (COST \$149,010,286)	<u>149,006,542</u>
Money Market Funds — 0.1%		
1,277,616	State Street Institutional Treasury Plus Money Market Fund-Premier Class, 1.88% ^(b)	<u>1,277,616</u>

Par Value†	Description	Value (\$)
Repurchase Agreements — 5.7%		
47,000,628	Barclays Bank plc Repurchase Agreement, dated 8/31/18, maturing on 9/4/18 with a maturity value of \$47,010,916 and an effective yield of 1.97%, collateralized by a U.S. Treasury Note with maturity date 05/15/25 and a market value of \$47,947,163.	<u>47,000,628</u>
	TOTAL SHORT-TERM INVESTMENTS (COST \$847,611,357)	<u>847,660,386</u>
	TOTAL INVESTMENTS — 102.2% (Cost \$847,611,357)	847,660,386
	Other Assets and Liabilities (net) — (2.2%)	<u>(18,477,042)</u>
	TOTAL NET ASSETS — 100.0%	<u>\$829,183,344</u>

Notes to Schedule of Investments:

- † Denominated in U.S. Dollar, unless otherwise indicated.
(a) The rate shown represents yield-to-maturity.
(b) The rate disclosed is the 7 day net yield as of August 31, 2018.

For a listing of definitions of acronyms, counterparty abbreviations and currency abbreviations used throughout the Schedule of Investments as well as the derivative tables, if any, please refer to page 38.

GMO Trust Funds

Schedule of Investments — (Continued) August 31, 2018 (Unaudited)

Portfolio Abbreviations:

144A - Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional investors.

AMBAC - Insured as to the payment of principal and interest by AMBAC Assurance Corporation.

AUD BBSW - Bank Bill Swap Reference Rate denominated in Australian Dollars.

CAD LIBOR - London Interbank Offered Rate denominated in Canadian Dollars.

CDO - Collateralized Debt Obligation

CHF LIBOR - London Interbank Offered Rate denominated in Swiss Francs.

CJSC - Closed Joint-Stock Company

CLO - Collateralized Loan Obligation

CMBS - Commercial Mortgage Backed Security

CMT - Constant Maturity Treasury

COFI - Cost of Funds Index

CP - Counterparty

ETF - Exchange-Traded Fund

EURIBOR - Euro Interbank Offered Rate

FGIC - Insured as to the payment of principal and interest by Financial Guaranty Insurance Corporation.

FSA - Insured as to the payment of principal and interest by Financial Security Assurance.

GBP LIBOR - London Interbank Offered Rate denominated in British Pounds.

GDP - Gross Domestic Product

JSC - Joint-Stock Company

LIBOR - London Interbank Offered Rate

NZD Bank Bill Rate - Bank Bill Rate denominated in New Zealand Dollars.

OTC - Over-the-Counter

Reg S - Security exempt from registration under Regulation S of the Securities Act of 1933, which exempts from registration securities offered and sold outside the United States. Security may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act of 1933.

REIT - Real Estate Investment Trust

SEK STIBOR - Stockholm Interbank Offered Rate denominated in Swedish Krona

TBA - To Be Announced-Delayed Delivery Security

USBM - U.S. Treasury 3 Month Bill Money Market Yield.

USD LIBOR - London Interbank Offered Rate denominated in United States Dollars.

VRRB - Variable Rate Reduction Bond

XLCA - Insured as to the payment of principal and interest by XL Capital Assurance Inc.

The rates shown on variable rate notes are the current interest rates at August 31, 2018, which are subject to change based on the terms of the security.

Counterparty Abbreviations:

BCLY - Barclays Bank plc

BOA - Bank of America, N.A.

CITI - Citibank N.A.

CGMI - Citigroup Global Markets Inc.

CSI - Credit Suisse International

DB - Deutsche Bank AG

GS - Goldman Sachs International

JPM - JPMorgan Chase Bank, N.A.

MSCI - Morgan Stanley & Co. International PLC

MSCS - Morgan Stanley Capital Services LLC

Currency Abbreviations:

AUD - Australian Dollar

CAD - Canadian Dollar

CHF - Swiss Franc

EUR - Euro

GBP - British Pound

JPY - Japanese Yen

NOK - Norwegian Krone

NZD - New Zealand Dollar

SEK - Swedish Krona

USD - United States Dollar

ZAR - South African Rand

GMO Trust Funds

Statements of Assets and Liabilities — August 31, 2018 (Unaudited)

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund
Assets:			
Investments in affiliated issuers, at value (Notes 2 and 10) ^(a)	\$ 21,380,716	\$ 219,663,321	\$ 96,381,706
Investments in unaffiliated issuers, at value (Note 2) ^(b)	423,373,478	628,334,003	3,650,413,770
Foreign currency, at value (Note 2) ^(c)	—	10	—
Cash	—	65	252
Receivable for investments sold	79,618,699	48,842,593	—
Receivable for Fund shares sold	—	—	64,230,445
Receivable for closed swap contracts (Note 4)	418,197	200,654	—
Dividends and interest receivable	725,534	1,208,990	50,818,474
Unrealized appreciation on open forward currency contracts (Note 4)	1,401,890	3,639,627	725,596
Receivable for variation margin on open futures contracts (Note 4)	—	54,547	—
Receivable for variation margin on open cleared swap contracts (Note 4)	170,817	—	419,388
Due from broker (Note 2)	2,010,378	5,318,333	8,651,776
Receivable for open OTC swap contracts (Note 4)	—	—	16,231,326
Interest receivable for open OTC swap contracts (Note 4)	—	—	959,118
Receivable for expenses reimbursed and/or waived by GMO (Note 5)	21,137	103,084	5,857
Receivable for options (Note 4) ^(d)	—	—	131,894
Miscellaneous receivable	—	—	184,864
Total assets	<u>529,120,846</u>	<u>907,365,227</u>	<u>3,889,154,466</u>
Liabilities:			
Due to custodian	180	—	—
Payable for investments purchased	47,325	—	—
Payable for Fund shares repurchased	94,261,936	42,053,036	40,000,000
Payable for purchases of delayed delivery securities	—	118,710,843	—
Payable to affiliate for (Note 5):			
Management fee	112,390	167,310	1,129,777
Shareholder service fee	39,002	68,771	375,116
Payable to agents unaffiliated with GMO	191	168	727
Payable for variation margin on open cleared swap contracts (Note 4)	—	645,147	—
Payable for closed swap contracts (Note 4)	325,868	158,538	—
Unrealized depreciation on open forward currency contracts (Note 4)	1,592,903	3,123,863	170,564
Interest payable for open OTC swap contracts (Note 4)	—	—	715,901
Payable for open OTC swap contracts (Note 4)	—	—	22,720,391
Payable for reverse repurchase agreements (Note 2)	—	—	36,933,066
Payable for options (Note 4) ^(d)	—	—	3,200,781
Payable to Trustees and related expenses	5,041	2,587	11,079
Accrued expenses	187,502	124,718	483,139
Total liabilities	<u>96,572,338</u>	<u>165,054,981</u>	<u>105,740,541</u>
Net assets	<u>\$432,548,508</u>	<u>\$742,310,246</u>	<u>\$3,783,413,925</u>
^(a) Cost of investments – affiliated issuers:	\$ 21,380,716	\$ 219,026,965	\$ 93,156,925
^(b) Cost of investments – unaffiliated issuers:	\$ 427,456,882	\$ 638,442,147	\$ 3,937,286,003
^(c) Cost of foreign currency:	\$ —	\$ 10	\$ —
^(d) Premiums on options:	\$ —	\$ —	\$ 5,101,699

GMO Trust Funds

Statements of Assets and Liabilities — August 31, 2018 (Unaudited) — (Continued)

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund
Net assets consist of:			
Paid-in capital	\$ 489,954,073	\$ 772,576,330	\$ 4,170,084,165
Accumulated undistributed (distributions in excess of) net investment income	17,471,244	9,395,007	(27,272,676)
Accumulated net realized gain (loss)	(70,846,595)	(31,158,028)	(101,689,090)
Net unrealized appreciation (depreciation)	(4,030,214)	(8,503,063)	(257,708,474)
	<u>\$432,548,508</u>	<u>\$742,310,246</u>	<u>\$3,783,413,925</u>
Net assets attributable to:			
Class III	\$ 83,097,382	\$ 43,441,899	\$ 1,223,579,794
Class IV	\$ —	\$ 698,868,347	\$ 2,559,834,131
Class VI	\$ 349,451,126	\$ —	\$ —
Shares outstanding:			
Class III	3,730,363	2,047,184	45,498,905
Class IV	—	32,843,694	95,321,929
Class VI	15,630,115	—	—
Net asset value per share:			
Class III	\$ 22.28	\$ 21.22	\$ 26.89
Class IV	\$ —	\$ 21.28	\$ 26.85
Class VI	\$ 22.36	\$ —	\$ —

GMO Trust Funds

Statements of Assets and Liabilities — August 31, 2018 (Unaudited) — (Continued)

	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Assets:			
Investments in affiliated issuers, at value (Notes 2 and 10) ^(a)	\$ 1,316,876	\$ 48,776,146	\$ —
Investments in unaffiliated issuers, at value (Note 2) ^(b)	211,977,759	1,007,848,509	847,660,386
Cash	—	58,767	21
Receivable for Fund shares sold	60,462,236	—	—
Receivable for closed swap contracts (Note 4)	—	488,287	—
Dividends and interest receivable	1,186,569	3,442,622	1,140,911
Unrealized appreciation on open forward currency contracts (Note 4)	251,719	—	—
Receivable for variation margin on open futures contracts (Note 4)	64,977	189,782	—
Receivable for variation margin on open cleared swap contracts (Note 4)	120,859	—	—
Due from broker (Note 2)	3,626,822	1,824,000	—
Receivable for open OTC swap contracts (Note 4)	460,575	28,236,708	—
Interest receivable for open OTC swap contracts (Note 4)	—	1,591,458	—
Receivable for expenses reimbursed and/or waived by GMO (Note 5)	80,971	35,085	130,968
Receivable for options (Note 4)(d)	—	—	—
Miscellaneous receivable	—	—	—
Total assets	<u>279,549,363</u>	<u>1,092,491,364</u>	<u>848,932,286</u>
Liabilities:			
Payable for investments purchased	11,244	49,638	—
Payable for Fund shares repurchased	60,589,214	—	19,087,500
Payable to affiliate for (Note 5):			
Management fee	64,770	367,264	109,117
Shareholder service fee	10,178	50,500	—
Payable to agents unaffiliated with GMO	38	206	420
Payable for variation margin on open cleared swap contracts (Note 4)	—	125,002	—
Payable for closed swap contracts (Note 4)	—	1,920,702	—
Dividend payable	—	—	406,682
Unrealized depreciation on open forward currency contracts (Note 4)	37,492	—	—
Interest payable for open OTC swap contracts (Note 4)	6,083	583,196	—
Payable for open OTC swap contracts (Note 4)	—	6,243,187	—
Written options outstanding, at value (Note 4) ^(c)	—	52,410	—
Payable to Trustees and related expenses	529	3,466	5,373
Accrued expenses	112,967	194,131	139,850
Total liabilities	<u>60,832,515</u>	<u>9,589,702</u>	<u>19,748,942</u>
Net assets	<u>\$218,716,848</u>	<u>\$1,082,901,662</u>	<u>\$829,183,344</u>
^(a) Cost of investments – affiliated issuers:	\$ 1,316,876	\$ 48,776,146	\$ —
^(b) Cost of investments – unaffiliated issuers:	\$ 211,366,647	\$ 991,185,273	\$ 847,611,357
^(c) Premiums on written options:	\$ —	\$ 163,443	\$ —

GMO Trust Funds

Statements of Assets and Liabilities — August 31, 2018 (Unaudited) — (Continued)

	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Net assets consist of:			
Paid-in capital	\$ 214,419,851	\$ 1,148,417,155	\$ 831,170,353
Accumulated undistributed (distributions in excess of) net investment income	830,243	19,474,044	—
Accumulated net realized gain (loss)	1,749,891	(93,755,839)	(2,036,038)
Net unrealized appreciation (depreciation)	1,716,863	8,766,302	49,029
	<u>\$218,716,848</u>	<u>\$1,082,901,662</u>	<u>\$829,183,344</u>
Net assets attributable to:			
Core Class	\$ —	\$ —	\$ 829,183,344
Class VI	<u>\$ 218,716,848</u>	<u>\$ 1,082,901,662</u>	<u>\$ —</u>
Shares outstanding:			
Core Class	—	—	33,197,421
Class VI	<u>10,721,117</u>	<u>40,540,085</u>	<u>—</u>
Net asset value per share:			
Core Class	\$ —	\$ —	\$ 24.98
Class VI	<u>\$ 20.40</u>	<u>\$ 26.71</u>	<u>\$ —</u>

GMO Trust Funds

Statements of Operations — Six Months Ended August 31, 2018 (Unaudited)

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund
Investment Income:			
Interest	\$ 17,051,461	\$ 3,623,403	\$ 101,282,657
Dividends from affiliated issuers (Note 10)	237,627	2,153,754	906,174
Dividends from unaffiliated issuers	28,773	2,420,938	563,534
Total investment income	<u>17,317,861</u>	<u>8,198,095</u>	<u>102,752,365</u>
Expenses:			
Management fee (Note 5)	1,101,678	1,105,922	7,021,258
Shareholder service fee – Class III (Note 5)	145,166	29,826	949,378
Shareholder service fee – Class IV (Note 5)	—	422,486	1,373,155
Shareholder service fee – Class VI (Note 5)	189,142	—	—
Audit and tax fees	44,001	45,147	79,903
Custodian, fund accounting agent and transfer agent fees	82,736	81,589	346,813
Legal fees	14,276	15,709	28,937
Registration fees	1,488	2,771	7,836
Trustees' fees and related expenses (Note 5)	12,952	10,290	45,441
Interest expense (Note 2)	—	3,631	214,800
Miscellaneous	5,332	5,488	33,839
Total expenses	<u>1,596,771</u>	<u>1,722,859</u>	<u>10,101,360</u>
Fees and expenses reimbursed and/or waived by GMO (Note 5)	(138,208)	(140,314)	—
Indirectly incurred management fees waived or borne by GMO (Note 5)	—	(448,084)	(30,452)
Indirectly incurred shareholder service fees waived or borne by GMO (Note 5)	—	(73,701)	(4,187)
Net expenses	<u>1,458,563</u>	<u>1,060,760</u>	<u>10,066,721</u>
Net investment income (loss)	<u>15,859,298</u>	<u>7,137,335</u>	<u>92,685,644</u>
Realized and unrealized gain (loss):			
Net realized gain (loss) on:			
Investments in unaffiliated issuers	(9,425,171)	(2,910,536)	5,388,334
Investments in affiliated issuers	(15,659)	737,344	—
Futures contracts	—	1,264,909	—
Options	—	—	70,000
Swap contracts	666,232	1,089,740	7,401,897
Forward currency contracts	1,184,981	1,719,992	7,902,011
Foreign currency and foreign currency related transactions	43,881	100,942	277,071
Net realized gain (loss)	<u>(7,545,736)</u>	<u>2,002,391</u>	<u>21,039,313</u>
Change in net unrealized appreciation (depreciation) on:			
Investments in unaffiliated issuers	6,502,743	(3,601,084)	(323,937,912)
Investments in affiliated issuers	—	(1,674,383)	202,914
Investments in securities sold short	—	—	—
Futures contracts	—	(435,317)	—
Written options	—	—	(3,210,846)
Swap contracts	1,505,460	2,913,646	19,526,095
Forward currency contracts	1,446,179	9,352,266	(1,402,074)
Foreign currency and foreign currency related transactions	14,352	—	(414,909)
Net change in unrealized appreciation (depreciation)	<u>9,468,734</u>	<u>6,555,128</u>	<u>(309,236,732)</u>
Net realized and unrealized gain (loss)	<u>1,922,998</u>	<u>8,557,519</u>	<u>(288,197,419)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$17,782,296</u>	<u>\$15,694,854</u>	<u>\$(195,511,775)</u>

GMO Trust Funds

Statements of Operations — Six Months Ended August 31, 2018 (Unaudited) — (Continued)

	High Yield Fund ^(a)	Opportunistic Income Fund	U.S. Treasury Fund
Investment Income:			
Interest	\$ 1,033,664	\$ 23,250,811	\$ 19,492,631
Dividends from affiliated issuers (Note 10)	17,539	383,902	—
Dividends from unaffiliated issuers	2,357	54,595	6,579
Total investment income	<u>1,053,560</u>	<u>23,689,308</u>	<u>19,499,210</u>
Expenses:			
Management fee (Note 5)	138,886	2,261,458	844,545
Shareholder service fee – Class III (Note 5)	—	—	—
Shareholder service fee – Class IV (Note 5)	—	—	—
Shareholder service fee – Class VI (Note 5)	21,825	310,950	—
Organizational expenses	138,574	—	—
Audit and tax fees	23,145	62,465	18,367
Custodian, fund accounting agent and transfer agent fees	12,059	108,546	111,444
Legal fees	1,811	71,666	13,759
Registration fees	4,588	1,028	704
Trustees' fees and related expenses (Note 5)	942	13,131	24,781
Interest expense (Note 2)	20,638	18,889	—
Miscellaneous	5,026	19,635	7,919
Total expenses	<u>367,494</u>	<u>2,867,768</u>	<u>1,021,519</u>
Fees and expenses reimbursed and/or waived by GMO (Note 5)	<u>(144,177)</u>	<u>(198,590)</u>	<u>(992,445)</u>
Net expenses	<u>223,317</u>	<u>2,669,178</u>	<u>29,074</u>
Net investment income (loss)	<u>830,243</u>	<u>21,020,130</u>	<u>19,470,136</u>
Realized and unrealized gain (loss):			
Net realized gain (loss) on:			
Investments in unaffiliated issuers	33,851	12,322,261	(709,175)
Investments in affiliated issuers	—	(40,186)	—
Investments in securities sold short	—	333,555	—
Futures contracts	22,520	604,530	—
Written options	—	583,963	—
Swap contracts	1,509,108	499,477	—
Forward currency contracts	108,242	(5,155)	—
Foreign currency and foreign currency related transactions	76,170	(6,443)	—
Net realized gain (loss)	<u>1,749,891</u>	<u>14,292,002</u>	<u>(709,175)*</u>
Change in net unrealized appreciation (depreciation) on:			
Investments in unaffiliated issuers	611,112	(9,879,427)	1,256,117
Investments in affiliated issuers	—	23,383	—
Investments in securities sold short	—	(494,647)	—
Futures contracts	25,666	17,161	—
Written options	—	(152,176)	—
Swap contracts	865,858	(4,202,294)	—
Forward currency contracts	214,227	17,898	—
Foreign currency and foreign currency related transactions	—	(34)	—
Net change in unrealized appreciation (depreciation)	<u>1,716,863</u>	<u>(14,670,136)</u>	<u>1,256,117</u>
Net realized and unrealized gain (loss)	<u>3,466,754</u>	<u>(378,134)</u>	<u>546,942</u>
Net increase (decrease) in net assets resulting from operations	<u>\$4,296,997</u>	<u>\$20,641,996</u>	<u>\$20,017,078</u>

^(a) Period from June 25, 2018 (commencement of operations) through August 31, 2018.

* For the details related to in-kind redemption realized gain (loss) please refer to Note 6.

GMO Trust Funds

Statements of Changes in Net Assets

	Asset Allocation Bond Fund		Core Plus Bond Fund	
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28, 2018	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28, 2018
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 15,859,298	\$ 20,940,318	\$ 7,137,335	\$ 17,999,886
Net realized gain (loss)	(7,545,736)	694,506	2,002,391	8,423,203
Change in net unrealized appreciation (depreciation)	9,468,734	(19,218,760)	6,555,128	(17,657,057)
Net increase (decrease) in net assets from operations	17,782,296	2,416,064	15,694,854	8,766,032
Distributions to shareholders from:				
Net investment income				
Class III	(1,443,569)	(2,024,013)	(174,777)	(332,939)
Class IV	—	—	(3,055,497)	(23,549,157)
Class VI	(5,659,469)	(10,978,139)	—	—
Total distributions from net investment income	(7,103,038)	(13,002,152)	(3,230,274)	(23,882,096)
Net share transactions (Note 9):				
Class III	(126,632,696)	(73,760,828)	8,189,800	12,381,895
Class IV	—	—	(233,621,573)	369,406,029
Class VI	(677,641,164)	(181,503,566)	—	—
Increase (decrease) in net assets resulting from net share transactions	(804,273,860)	(255,264,394)	(225,431,773)	381,787,924
Total increase (decrease) in net assets	(793,594,602)	(265,850,482)	(212,967,193)	366,671,860
Net assets:				
Beginning of period	1,226,143,110	1,491,993,592	955,277,439	588,605,579
End of period	\$ 432,548,508	\$1,226,143,110	\$ 742,310,246	\$955,277,439
Accumulated undistributed (distributions in excess of) net investment income	\$ 17,471,244	\$ 8,714,984	\$ 9,395,007	\$ 5,487,946

GMO Trust Funds

Statements of Changes in Net Assets — (Continued)

	<u>Emerging Country Debt Fund</u>		<u>High Yield Fund</u>
	<u>Six Months Ended August 31, 2018 (Unaudited)</u>	<u>Year Ended February 28, 2018</u>	<u>Period from June 25, 2018 (commencement of operations) through August 31, 2018 (Unaudited)</u>
Increase (decrease) in net assets:			
Operations:			
Net investment income (loss)	\$ 92,685,644	\$ 190,864,386	\$ 830,243
Net realized gain (loss)	21,039,313	86,872,155	1,749,891
Change in net unrealized appreciation (depreciation)	<u>(309,236,732)</u>	<u>(51,980,538)</u>	<u>1,716,863</u>
Net increase (decrease) in net assets from operations	<u>(195,511,775)</u>	<u>225,756,003</u>	<u>4,296,997</u>
Distributions to shareholders from:			
Net investment income			
Class III	(17,088,236)	(72,600,877)	—
Class IV	<u>(35,795,942)</u>	<u>(207,887,262)</u>	<u>—</u>
Total distributions from net investment income	<u>(52,884,178)</u>	<u>(280,488,139)</u>	<u>—</u>
Net share transactions (Note 9):			
Class III	27,875,371	220,374,650	—
Class IV	(134,223,114)	(118,629,623)	—
Class VI	<u>—</u>	<u>—</u>	<u>214,419,851</u>
Increase (decrease) in net assets resulting from net share transactions	<u>(106,347,743)</u>	<u>101,745,027</u>	<u>214,419,851</u>
Purchase premiums and redemption fees (Notes 2 and 9):			
Class III	637,514	1,028,334	—
Class IV	<u>1,354,875</u>	<u>2,878,920</u>	<u>—</u>
Increase in net assets resulting from purchase premiums and redemption fees	<u>1,992,389</u>	<u>3,907,254</u>	<u>—</u>
Total increase (decrease) in net assets resulting from net share transactions, purchase premiums and redemption fees	<u>(104,355,354)</u>	<u>105,652,281</u>	<u>214,419,851</u>
Total increase (decrease) in net assets	<u>(352,751,307)</u>	<u>50,920,145</u>	<u>218,716,848</u>
Net assets:			
Beginning of period	4,136,165,232	4,085,245,087	—
End of period	<u>\$3,783,413,925</u>	<u>\$4,136,165,232</u>	<u>\$218,716,848</u>
Accumulated undistributed (distributions in excess of) net investment income	<u>\$ (27,272,676)</u>	<u>\$ (67,074,142)</u>	<u>\$ 830,243</u>

GMO Trust Funds

Statements of Changes in Net Assets — (Continued)

	Opportunistic Income Fund		U.S. Treasury Fund	
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28, 2018	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28, 2018
Increase (decrease) in net assets:				
Operations:				
Net investment income (loss)	\$ 21,020,130	\$ 55,173,815	\$ 19,470,136	\$ 24,320,611
Net realized gain (loss)	14,292,002	(3,342,915)	(709,175)	(1,278,414)
Change in net unrealized appreciation (depreciation)	(14,670,136)	10,426,708	1,256,117	(1,139,646)
Net increase (decrease) in net assets from operations	<u>20,641,996</u>	<u>62,257,608</u>	<u>20,017,078</u>	<u>21,902,551</u>
Distributions to shareholders from:				
Net investment income				
Core Class	—	—	(19,470,136)	(24,320,611)
Class VI	(8,575,128)	(32,473,748)	—	—
Total distributions from net investment income	<u>(8,575,128)</u>	<u>(32,473,748)</u>	<u>(19,470,136)</u>	<u>(24,320,611)</u>
Net share transactions (Note 9):				
Core Class	—	—	(1,496,069,163)	(339,573,514)
Class VI	(136,292,026)	(336,644,785)	—	—
Increase (decrease) in net assets resulting from net share transactions	<u>(136,292,026)</u>	<u>(336,644,785)</u>	<u>(1,496,069,163)</u>	<u>(339,573,514)</u>
Purchase premiums and redemption fees (Notes 2 and 9):				
Class VI	1,172,551	1,921,360	—	—
Increase in net assets resulting from purchase premiums and redemption fees	<u>1,172,551</u>	<u>1,921,360</u>	<u>—</u>	<u>—</u>
Total increase (decrease) in net assets resulting from net share transactions, purchase premiums and redemption fees	<u>(135,119,475)</u>	<u>(334,723,425)</u>	<u>(1,496,069,163)</u>	<u>(339,573,514)</u>
Total increase (decrease) in net assets	<u>(123,052,607)</u>	<u>(304,939,565)</u>	<u>(1,495,522,221)</u>	<u>(341,991,574)</u>
Net assets:				
Beginning of period	1,205,954,269	1,510,893,834	2,324,705,565	2,666,697,139
End of period	<u>\$1,082,901,662</u>	<u>\$1,205,954,269</u>	<u>\$ 829,183,344</u>	<u>\$2,324,705,565</u>
Accumulated undistributed (distributions in excess of) net investment income	<u>\$ 19,474,044</u>	<u>\$ 7,029,042</u>	<u>\$ —</u>	<u>\$ —</u>

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout each period)

ASSET ALLOCATION BOND FUND

	Class III Shares						Class VI Shares					
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,					Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,				
		2018	2017	2016	2015	2014		2018	2017	2016	2015	2014
Net asset value, beginning of period	\$ 21.95	\$ 22.15	\$ 22.16	\$ 26.36	\$ 24.57	\$ 24.43	\$ 22.02	\$ 22.23	\$ 22.21	\$ 26.40	\$ 24.60	\$ 24.46
Income (loss) from investment operations:												
Net investment income (loss) ^{(a)†}	0.39	0.33	0.18	0.01	0.38	0.00 ^(b)	0.40	0.36	0.21	0.06	0.22	0.03
Net realized and unrealized gain (loss)	0.12	(0.31)	(0.19)	(2.58)	2.48	0.17	0.12	(0.33)	(0.19)	(2.61)	2.68	0.16
Total from investment operations	0.51	0.02	(0.01)	(2.57)	2.86	0.17	0.52	0.03	0.02	(2.55)	2.90	0.19
Less distributions to shareholders:												
From net investment income	(0.18)	(0.22)	—	(1.63)	(0.67)	(0.03)	(0.18)	(0.24)	—	(1.64)	(0.70)	(0.05)
From net realized gains	—	—	—	—	(0.40)	—	—	—	—	—	(0.40)	—
Total distributions	(0.18)	(0.22)	—	(1.63)	(1.07)	(0.03)	(0.18)	(0.24)	—	(1.64)	(1.10)	(0.05)
Net asset value, end of period	\$ 22.28	\$ 21.95	\$ 22.15	\$ 22.16	\$ 26.36	\$ 24.57	\$ 22.36	\$ 22.02	\$ 22.23	\$ 22.21	\$ 26.40	\$ 24.60
Total Return^(c)	2.33%**	0.07%	(0.05)%	(9.88)%	11.92%	0.72%	2.38%**	0.12%	0.09%	(9.79)%	12.05%	0.79%
Ratios/Supplemental Data:												
Net assets, end of period (000's)	\$83,097	\$207,008	\$282,272	\$352,828	\$421,910	\$260,775	\$349,451	\$1,019,135	\$1,209,721	\$1,888,505	\$4,652,197	\$2,849,433
Net operating expenses to average daily net assets	0.41% ^(e)	0.41%	0.41% ^(e)	0.40% ^(e)	0.40% ^(e)	0.40% ^{(d)(e)}	0.31% ^(e)	0.31%	0.31% ^(e)	0.31% ^(e)	0.31% ^(e)	0.31% ^{(d)(e)}
Interest and/or dividend expenses to average daily net assets	—	0.00% ^{(f)(g)}	0.00% ^{(f)(g)}	0.02% ^(f)	0.01% ^(f)	0.00% ^{(f)(g)}	—	0.00% ^{(f)(g)}	0.00% ^{(f)(g)}	0.02% ^(f)	0.01% ^(f)	0.00% ^{(f)(g)}
Total net expenses to average daily net assets	0.41% ^(e)	0.41%	0.41% ^(e)	0.42% ^(e)	0.41% ^(e)	0.40% ^(e)	0.31% ^(e)	0.31%	0.31% ^(e)	0.33% ^(e)	0.32% ^(e)	0.31% ^(e)
Net investment income (loss) to average daily net assets ^(a)	3.47%*	1.50%	0.81%	0.03%	1.49%	0.01%	3.63%*	1.59%	0.94%	0.27%	0.84%	0.13%
Portfolio turnover rate	42%** ^(h)	89%	130% ^(h)	177%	177%	32%	42%** ^(h)	89%	130% ^(h)	177%	177%	32%
Fees and expenses reimbursed and/or waived by GMO to average daily net assets:	0.03%*	0.02%	0.02%	0.03%	0.02%	0.02%	0.03%*	0.02%	0.02%	0.03%	0.02%	0.02%

^(a) Net investment income is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests, if any.

^(b) Net investment income (loss) was less than \$0.01 per share.

^(c) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.

^(d) The net expense ratio does not include the effect of expense reductions (Note 2).

^(e) Net expenses exclude expenses incurred indirectly through investment in the underlying funds (Note 5).

^(f) Interest expense incurred as a result of entering into reverse repurchase agreements and/or margin on cleared swap contracts, if any, is included in the Fund's net expenses. Income earned on investing proceeds from reverse repurchase agreements, if any, is included in interest income.

^(g) Ratio is less than 0.01%.

^(h) The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The Fund's portfolio turnover rate during the period ended August 31, 2018 and the year ended February 28, 2017, including transactions in USTF, was 57% and 126%, respectively, of the average value of its portfolio.

† Calculated using average shares outstanding throughout the period.

* Annualized.

** Not annualized.

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout each period)

CORE PLUS BOND FUND

	Class III Shares						Class IV Shares					
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,					Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,				
		2018	2017 ^(a)	2016 ^(a)	2015 ^(a)	2014 ^(a)		2018	2017 ^(a)	2016 ^(a)	2015 ^(a)	2014 ^(a)
Net asset value, beginning of period	\$ 20.93	\$ 21.10	\$ 21.39	\$ 23.43	\$ 22.35	\$ 22.23	\$ 20.98	\$ 21.15	\$ 21.45	\$ 23.49	\$ 22.41	\$ 22.29
Income (loss) from investment operations:												
Net investment income (loss) ^{(b)†}	0.17	0.41	0.26	0.24	0.21	0.21	0.17	0.46	0.24	0.27	0.21	0.21
Net realized and unrealized gain (loss)	0.21	(0.06)	0.25	(1.14)	1.83	0.24	0.21	(0.10)	0.29	(1.17)	1.83	0.27
Total from investment operations	0.38	0.35	0.51	(0.90)	2.04	0.45	0.38	0.36	0.53	(0.90)	2.04	0.48
Less distributions to shareholders:												
From net investment income	(0.09)	(0.52)	(0.80)	(1.14)	(0.96)	(0.33)	(0.08)	(0.53)	(0.83)	(1.14)	(0.96)	(0.36)
Total distributions	(0.09)	(0.52)	(0.80)	(1.14)	(0.96)	(0.33)	(0.08)	(0.53)	(0.83)	(1.14)	(0.96)	(0.36)
Net asset value, end of period	\$ 21.22	\$ 20.93	\$ 21.10	\$ 21.39	\$ 23.43	\$ 22.35	\$ 21.28	\$ 20.98	\$ 21.15	\$ 21.45	\$ 23.49	\$ 22.41
Total Return^(c)	1.80%**	1.61%	2.44%	(3.93)%	9.25%	2.15%	1.84%**	1.68%	2.55%	(3.91)%	9.32%	2.15%
Ratios/Supplemental Data:												
Net assets, end of period (000's)	\$43,442	\$34,641	\$22,172	\$52,187	\$51,045	\$48,632	\$698,868	\$920,637	\$566,433	\$215,060	\$191,054	\$191,571
Net operating expenses to average daily net assets ^(d)	0.29%*	0.29%	0.35%	0.35%	0.37%	0.38%	0.24%*	0.24%	0.30%	0.30%	0.32%	0.33%
Interest and/or dividend expenses to average daily net assets ^(e)	0.00% ^{(f)*}	0.00% ^(f)	0.00% ^(f)	0.01%	0.00% ^(f)	0.00% ^(f)	0.00% ^{(f)*}	0.00% ^(f)	0.00% ^(f)	0.01%	0.00% ^(f)	0.00% ^(f)
Total net expenses to average daily net assets ^(d)	0.29%*	0.29%	0.35%	0.36%	0.37%	0.38%	0.24%*	0.24%	0.30%	0.31%	0.32%	0.33%
Net investment income (loss) to average daily net assets ^(b)	1.63%*	1.91%	1.21%	1.14%	0.89%	0.95%	1.61%*	2.14%	1.10%	1.17%	0.94%	0.99%
Portfolio turnover rate	100% ^{(g)**}	198% ^(g)	216% ^(g)	21%	128%	87%	100% ^{(g)**}	198% ^(g)	216% ^(g)	21%	128%	87%
Fees and expenses reimbursed and/or waived by GMO to average daily net assets: ^(h)	0.15%*	0.14%	0.30%	0.21%	0.15%	0.12%	0.15%*	0.14%	0.26%	0.21%	0.15%	0.12%

^(a) Per share amounts were adjusted to reflect a 1:3 reverse stock split effective July 15, 2016.

^(b) Net investment income is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests, if any.

^(c) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.

^(d) Net expenses exclude expenses incurred indirectly through investment in the underlying funds (Note 5).

^(e) Interest expense incurred as a result of entering into reverse repurchase agreements and/or margin on cleared swap contracts, if any, is included in the Fund's net expenses. Income earned on investing proceeds from reverse repurchase agreements, if any, is included in interest income.

^(f) Ratio is less than 0.01%.

^(g) The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The Fund's portfolio turnover rate during the period ended August 31, 2018 and the years ended February 28, 2018 and February 28, 2017, including transactions in USTF, was 118%, 221% and 325%, respectively, of the average value of its portfolio.

^(h) Ratios include indirect fees waived or borne by GMO.

† Calculated using average shares outstanding throughout the period.

* Annualized.

** Not annualized.

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout each period)

EMERGING COUNTRY DEBT FUND

	Class III Shares						Class IV Shares					
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,					Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,				
		2018	2017 ^(a)	2016 ^(a)	2015 ^(a)	2014 ^(a)		2018	2017 ^(a)	2016 ^(a)	2015 ^(a)	2014 ^(a)
Net asset value, beginning of period	\$ 28.62	\$ 28.99	\$ 26.01	\$ 28.47	\$ 29.31	\$ 31.02	\$ 28.57	\$ 28.95	\$ 25.98	\$ 28.44	\$ 29.28	\$ 30.99
Income (loss) from investment operations:												
Net investment income (loss) ^{(b)†}	0.65	1.36	1.94	1.53	1.77 ^(c)	1.80	0.65	1.39	1.95	1.53	1.80 ^(c)	1.80
Net realized and unrealized gain (loss)	(2.00)	0.32	3.01 ^(d)	(2.04)	(0.03)	(1.77)	(1.99)	0.29	3.01 ^(d)	(2.01)	(0.06)	(1.74)
Total from investment operations	(1.35)	1.68	4.95	(0.51)	1.74	0.03	(1.34)	1.68	4.96	(0.48)	1.74	0.06
Less distributions to shareholders:												
From net investment income	(0.38)	(2.05)	(1.97)	(1.95)	(2.58)	(1.74)	(0.38)	(2.06)	(1.99)	(1.98)	(2.58)	(1.77)
Total distributions	(0.38)	(2.05)	(1.97)	(1.95)	(2.58)	(1.74)	(0.38)	(2.06)	(1.99)	(1.98)	(2.58)	(1.77)
Net asset value, end of period	\$ 26.89	\$ 28.62	\$ 28.99	\$ 26.01	\$ 28.47	\$ 29.31	\$ 26.85	\$ 28.57	\$ 28.95	\$ 25.98	\$ 28.44	\$ 29.28
Total Return^(e)	(4.75)%**	5.81%	19.47%	(1.77)%	6.03%	0.27%	(4.71)%**	5.83%	19.50%	(1.73)%	6.07%	0.33%
Ratios/Supplemental Data:												
Net assets, end of period (000's)	\$1,223,580	\$1,273,188	\$1,067,086	\$827,667	\$746,182	\$582,639	\$2,559,834	\$2,862,977	\$3,018,159	\$3,099,809	\$3,262,104	\$2,465,331
Net operating expenses to average daily net assets ^(f)	0.53%*	0.53%	0.54%	0.54%	0.56%	0.56% ^(g)	0.48%*	0.48%	0.49%	0.49%	0.51%	0.51% ^(g)
Interest and/or dividend expenses to average daily net assets ^(h)	0.01%	0.00% ⁽ⁱ⁾	—	0.00% ⁽ⁱ⁾	—	—	0.01%	0.00% ⁽ⁱ⁾	—	0.00% ⁽ⁱ⁾	—	—
Total net expenses to average daily net assets ^(f)	0.54%*	0.53%	0.54%	0.54%	0.56%	0.56% ^(g)	0.49%*	0.48%	0.49%	0.49%	0.51%	0.51% ^(g)
Net investment income (loss) to average daily net assets ^(b)	4.59%*	4.57%	6.76%	5.58%	5.86% ⁽ⁱ⁾	5.99%	4.63%*	4.67%	6.81%	5.60%	5.93% ⁽ⁱ⁾	6.02%
Portfolio turnover rate	9% ^{(k)**}	34% ^(k)	21% ^(k)	20%	18%	27%	9% ^{(k)**}	34% ^(k)	21% ^(k)	20%	18%	27%
Fees and expenses reimbursed and/or waived by GMO to average daily net assets ^(l)	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	—	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	0.00% ⁽ⁱ⁾	—
Purchase premiums and redemption fees consisted of the following per share amounts (Note 2): [†]	\$ 0.01	\$ 0.03	\$ 0.04 ^(a)	\$ 0.04 ^(a)	\$ 0.06 ^(a)	\$ 0.05 ^(a)	\$ 0.01	\$ 0.03	\$ 0.04 ^(a)	\$ 0.04 ^(a)	\$ 0.06 ^(a)	\$ 0.05 ^(a)

^(a) Per share amounts were adjusted to reflect a 1:3 reverse stock split effective July 15, 2016.

^(b) Net investment income is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests, if any.

^(c) Includes income per share of \$0.06 and \$0.09, respectively, as a result of litigation on certain sovereign debt. Excluding this income, the Fund's net investment income per share would have been \$1.71 and \$1.71, respectively. These per share amounts have been adjusted to reflect a 1:3 reverse stock split effective July 15, 2016.

^(d) Includes realized gain per share of \$0.23 and \$0.23, respectively, as a result of litigation on Argentinian sovereign debt. Excluding this income, the Fund's realized gain per share would have been \$2.78 and \$2.78, respectively.

^(e) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.

^(f) Net expenses exclude expenses incurred indirectly through investment in the underlying funds (Note 5).

^(g) The net expense ratio does not include the effect of expense reductions (Note 2).

^(h) Interest expense incurred as a result of entering into reverse repurchase agreements and/or margin on cleared swap contracts, if any, is included in the Fund's net expenses. Income earned on investing proceeds from reverse repurchase agreements, if any, is included in interest income.

⁽ⁱ⁾ Ratio is less than 0.01%.

^(j) Includes income of \$0.24 and \$0.24, respectively, of average daily net assets as a result of litigation on certain sovereign debt. Excluding this income, the Fund's net investment income to average daily net assets would have been 5.62% and 5.69%, respectively.

^(k) The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The Fund's portfolio turnover rate during the period ended August 31, 2018 and the years ended February 28, 2018 and February 28, 2017, including transactions in USTF, was 9%, 33% and 23%, respectively, of the average value of its portfolio.

^(l) Ratios include indirect fees waived or borne by GMO.

[†] Calculated using average shares outstanding throughout the period.

* Annualized.

** Not annualized.

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout the period)

HIGH YIELD FUND

	<u>Class VI Shares</u>
	<u>Period from</u>
	<u>June 25, 2018</u>
	<u>(commencement</u>
	<u>of operations)</u>
	<u>through</u>
	<u>August 31, 2018</u>
	<u>(Unaudited)</u>
Net asset value, beginning of period	\$ 20.00
Income (loss) from investment operations:	
Net investment income (loss) ^{(a)†}	0.08
Net realized and unrealized gain (loss)	0.32
Total from investment operations	0.40
Net asset value, end of period	<u>\$ 20.40</u>
Total Return^(b)	2.00%**
Ratios/Supplemental Data:	
Net assets, end of period (000's)	\$218,717
Net operating expenses to average daily net assets ^(c)	0.51%*
Interest and/or dividend expenses to average daily net assets ^(d)	0.05%*
Total net expenses to average daily net assets ^(c)	0.56%*
Net investment income (loss) to average daily net assets ^(a)	2.09%*
Portfolio turnover rate ^(e)	17%**
Fees and expenses reimbursed and/or waived by GMO to average daily net assets:	0.36%*

- (a) Net investment income is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests, if any.
- (b) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.
- (c) Net expenses exclude expenses incurred indirectly through investment in the underlying funds (Note 5).
- (d) Interest expense incurred as a result of entering into reverse repurchase agreements and/or margin on cleared swap contracts, if any, is included in the Fund's net expenses. Income earned on investing proceeds from reverse repurchase agreements, if any, is included in interest income.
- (e) The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The Fund's portfolio turnover rate during the period ended August 31, 2018, including transactions in USTF, was 32% of the average value of its portfolio.
- † Calculated using average shares outstanding throughout the period.
- * Annualized.
- ** Not annualized.

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout each period)

OPPORTUNISTIC INCOME FUND

	Class VI Shares					
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,				
		2018	2017	2016	2015 ^(a)	2014 ^{(a)(b)}
Net asset value, beginning of period	\$ 26.41	\$ 25.78	\$ 24.57	\$ 24.80	\$ 24.22	\$ 24.22
Income (loss) from investment operations:						
Net investment income (loss) ^{(c)†}	0.50	1.15	0.96	0.53	0.54	0.84
Net realized and unrealized gain (loss)	0.03	0.18	0.89	(0.34)	0.42	0.14
Total from investment operations	0.53	1.33	1.85	0.19	0.96	0.98
Less distributions to shareholders:						
From net investment income	(0.23)	(0.70)	(0.64)	(0.42)	(0.38)	(0.56)
From net realized gains	—	—	—	—	—	(0.42)
Total distributions	(0.23)	(0.70)	(0.64)	(0.42)	(0.38)	(0.98)
Net asset value, end of period	\$ 26.71	\$ 26.41	\$ 25.78	\$ 24.57 ^(d)	\$ 24.80	\$ 24.22
Total Return^(e)	2.00%**	5.18%	7.62%	0.77%	3.98%	4.27%
Ratios/Supplemental Data:						
Net assets, end of period (000's)	\$1,082,902	\$1,205,954	\$1,510,894	\$1,648,019	\$1,790,805	\$2,111,080
Net operating expenses to average daily net assets ^(f)	0.47%*	0.47%	0.33%	0.31%	0.31%	0.31% ^(g)
Interest and/or dividend expenses to average daily net assets ⁽ⁱ⁾	0.00% ^(h)	0.00% ^(h)	0.00% ^(h)	0.00% ^(h)	0.00% ^(h)	—
Total net expenses to average daily net assets ^(f)	0.47%*	0.47%	0.33%	0.31%	0.31%	0.31% ^(g)
Net investment income (loss) to average daily net assets ^(c)	3.72%*	4.39%	3.82%	2.13%	2.18%	3.51%
Portfolio turnover rate	48%** ^(j)	152% ⁽ⁱ⁾	66% ⁽ⁱ⁾	66%	37%	30%
Fees and expenses reimbursed and/or waived by GMO to average daily net assets:	0.04%	0.03%	0.04%	0.03%	0.03%	0.02%
Purchase premiums and redemption fees consisted of the following per share amounts (Note 2): [†]	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.04	\$ 0.03	\$ 0.05

^(a) Per share amounts were adjusted to reflect a 1:7 reverse stock split effective May 15, 2014.

^(b) Effective February 12, 2014, GMO Debt Opportunities Fund (the "Acquired Fund") merged into GMO Short-Duration Collateral Fund (the "Acquiring Fund") and the surviving entity was renamed GMO Debt Opportunities Fund. For accounting and financial reporting purposes, the Acquired Fund is the surviving entity, meaning the combined entity adopted the historical financial reporting history of the Acquired Fund. Share and per share information have been adjusted to reflect the effects of the merger.

^(c) Net investment income is affected by the timing of the declaration of dividends by the underlying funds in which the Fund invests, if any.

^(d) Beginning December 21, 2015 the pricing source for certain fixed income assets of the Fund changed, which resulted in an increase in the December 21, 2015 net asset value of the Fund by \$0.04 per share.

^(e) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.

^(f) Net expenses exclude expenses incurred indirectly through investment in the underlying funds (Note 5).

^(g) The net expense ratio does not include the effect of expense reductions (Note 2).

^(h) Ratio is less than 0.01%.

⁽ⁱ⁾ Interest expense incurred as a result of entering into reverse repurchase agreements and/or margin on cleared swap contracts, if any, is included in the Fund's net expenses. Income earned on investing proceeds from reverse repurchase agreements, if any, is included in interest income.

^(j) The portfolio turnover rate excludes investments in GMO U.S. Treasury Fund ("USTF") which is used as a short-term investment vehicle for cash management. The Fund's portfolio turnover rate during the period ended August 31, 2018 and the years ended February 28, 2018 and February 28, 2017, including transactions in USTF, was 57%, 175% and 75%, respectively, of the average value of its portfolio.

[†] Calculated using average shares outstanding throughout the period.

* Annualized.

** Not annualized.

GMO Trust Funds

Financial Highlights

(For a share outstanding throughout each period)

U.S. TREASURY FUND

	Core Shares				
	Six Months Ended August 31, 2018 (Unaudited)	Year Ended February 28/29,			
		2018	2017	2016	2015
Net asset value, beginning of period	\$ 24.97	\$ 25.00	\$ 25.00	\$ 25.00	\$ 25.00
Income (loss) from investment operations:					
Net investment income (loss) [†]	0.23	0.26	0.12	0.04	0.01
Net realized and unrealized gain (loss)	0.01	(0.03)	0.01	0.00	0.00 ^(a)
Total from investment operations	0.24	0.23	0.13	0.04	0.01
Less distributions to shareholders:					
From net investment income	(0.23)	(0.26)	(0.12)	(0.03)	(0.01)
From net realized gains	—	—	(0.01)	(0.01)	(0.00) ^(b)
Total distributions	(0.23)	(0.26)	(0.13)	(0.04)	(0.01)
Net asset value, end of period	\$ 24.98	\$ 24.97	\$ 25.00	\$ 25.00	\$ 25.00
Total Return^(c)	1.00%**	0.96%	0.54%	0.19%	0.06%
Ratios/Supplemental Data:					
Net assets, end of period (000's)	\$829,183	\$2,324,706	\$2,666,697	\$4,033,504	\$2,243,931
Net expenses to average daily net assets	0.00% ^{(d)*}	0.00% ^(d)	0.00% ^(d)	0.00% ^(d)	0.00% ^(d)
Net investment income (loss) to average daily net assets	1.85%*	1.06%	0.47%	0.16%	0.05%
Portfolio turnover rate ^(f)	0%**	0%	0%	0%	0%
Fees and expenses reimbursed and/or waived by GMO to average daily net assets:	0.09%*	0.09%	0.10%	0.10%	0.10%

^(a) Net realized and unrealized gain (loss) was less than \$0.01 per share.

^(b) Distributions from net realized gains were less than \$0.01 per share.

^(c) The total returns would have been lower had certain expenses not been reimbursed and/or waived during the periods shown, if applicable, and assumes the effect of reinvested distributions, if any. Calculation excludes purchase premiums and redemption fees which are borne by the shareholder purchasing or redeeming Fund shares, if any.

^(d) Ratio is less than 0.01%.

^(e) The net expense ratio does not include the effect of expense reductions (Note 2).

^(f) Portfolio turnover rate calculation excludes short-term investments.

[†] Calculated using average shares outstanding throughout the period.

* Annualized.

** Not annualized.

GMO Trust Funds

Notes to Financial Statements August 31, 2018 (Unaudited)

1. Organization

Each of Asset Allocation Bond Fund, Core Plus Bond Fund, Emerging Country Debt Fund, High Yield Fund (commenced operations on June 25, 2018), Opportunistic Income Fund and U.S. Treasury Fund (each a “Fund” and collectively the “Funds”) is a series of GMO Trust (the “Trust”). The Trust is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as an open-end management investment company. The Trust was established as a Massachusetts business trust under the laws of The Commonwealth of Massachusetts on June 24, 1985. The Declaration of Trust permits the Trustees of the Trust (“Trustees”) to create an unlimited number of series of shares (Funds) and to subdivide Funds into classes. The Funds are advised and managed by Grantham, Mayo, Van Otterloo & Co. LLC (“GMO”).

The Funds may invest in GMO U.S. Treasury Fund and in money market funds unaffiliated with GMO.

Many of the Funds may invest without limitation in other GMO Funds (“underlying funds”). In particular, pursuant to an exemptive order granted by the Securities and Exchange Commission (“SEC”), some of the Funds may invest in Emerging Country Debt Fund, Opportunistic Income Fund and U.S. Treasury Fund. The financial statements of the underlying funds should be read in conjunction with the Funds’ financial statements. The financial statements are available without charge on the SEC’s website at www.sec.gov or on GMO’s website at www.gmo.com.

The following table provides information about the Funds’ principal investment objectives and benchmarks (if any):

Fund Name	Benchmark	Investment Objective
Asset Allocation Bond Fund	FTSE 3-Month Treasury Bill Index	Total return in excess of benchmark
Core Plus Bond Fund	Bloomberg Barclays U.S. Aggregate Index	Total return in excess of benchmark
Emerging Country Debt Fund	J.P. Morgan EMBI Global	Total return in excess of benchmark
High Yield Fund	Markit iBoxx USD Liquid High Yield Index	Total return in excess of benchmark
Opportunistic Income Fund	Not Applicable	Capital appreciation and current income
U.S. Treasury Fund	Not Applicable	Liquidity and safety of principal with current income as a secondary objective

Asset Allocation Bond Fund and U.S. Treasury Fund currently limit subscriptions.

Emerging Country Debt Fund is currently distributed in Switzerland. The distribution of shares in Switzerland will be exclusively made to, and directed at, qualified investors as defined in the Swiss Collective Investment Schemes Act of 23 June 2006, as amended, and its implementing ordinance.

2. Significant accounting policies

The following is a summary of significant accounting policies followed by each Fund in the preparation of its financial statements. These policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and have been consistently followed by the Funds in preparing these financial statements. The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The accounting records of the Funds are maintained in U.S. dollars.

Portfolio valuation

Typically, the Funds and the underlying funds value fixed income securities at the most recent price supplied by a pricing source determined by GMO. GMO evaluates pricing sources on an ongoing basis and may change a pricing source at any time. GMO monitors erratic or unusual movements (including unusual inactivity) in the prices supplied for a security and has discretion to override a price supplied by a source (e.g., by taking a price supplied by another source) when it believes that the price supplied is not reliable. Alternative pricing sources are often but not always available for securities held by the Funds and the underlying funds. See the table below for information about securities for which no alternative pricing source was available.

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Exchange-traded securities (other than exchange-traded options) for which market quotations are readily available are valued at (i) the last sale price or (ii) official closing price or (iii) most recent quoted price published by the exchange (if no reported last sale or official closing price) or (iv) the quoted price provided by a pricing source (in the event GMO deems the private market to be a more reliable indicator of market value than the exchange). Exchange-traded options are valued at the last sale price, provided that price is between the closing bid and ask prices. If the last sale price is not within that range, then they will be valued at the closing bid price for long positions and the closing ask price for short positions. Cleared derivatives are valued using the price quoted (which may be based on a model) by the relevant clearing house. If an updated quote for a cleared derivative is not available when a Fund calculates its net asset value, the derivative will generally be valued using an industry standard model, which may differ from the model used by the relevant clearing house. Over-the-counter (“OTC”) derivatives are generally valued at the price determined by an industry standard model. Unlisted securities for which market quotations are readily available are generally valued at the most recent quoted price. Shares of the underlying funds and other open-end registered investment companies are valued at their most recent net asset value. If quotations are not readily available or circumstances make an existing valuation methodology or procedure unreliable, derivatives and other securities are valued at fair value as determined in good faith by the Trustees or persons acting at their direction pursuant to procedures approved by the Trustees. Because of the uncertainty inherent in pricing, and in particular fair value pricing, the value determined for a particular security may be materially different from the value realized upon its sale. See the table below for information about securities and derivatives, if any, that were fair valued using methods determined in good faith by or at the direction of the Trustees. The Funds and/or the underlying funds classify such securities as Level 3 (levels defined below). For the period ended August 31, 2018, the Funds did not reduce the value of any of their OTC derivatives contracts, if any, based on the creditworthiness of their counterparties. See Note 4 “Derivative financial instruments” for a further discussion on valuation of derivatives.

The foregoing valuation methodologies are modified for equities that trade in non-U.S. securities markets that close before the close of the New York Stock Exchange (“NYSE”) due to time zone differences, including the value of equities that underlie futures, options and other derivatives (to the extent the market for those derivatives closes prior to the close of the NYSE). In those cases, the price will generally be adjusted, to the extent practicable and available, based on inputs from an independent pricing service approved by the Trustees that are intended to reflect valuation changes through the NYSE close. The table below shows the percentage of the net assets of the Funds, held either directly or through investments in the underlying funds, if any, that were valued using fair value inputs obtained from that independent pricing service as of August 31, 2018. These securities listed on foreign exchanges (including the value of equity securities that underlie futures, options and other derivatives (to the extent the market for such instruments closes prior to the close of the NYSE)) are classified as Level 2 (levels defined below) in the table below.

“Quoted price” typically means the bid price for securities held long and the ask price for securities sold short. If a market quotation for a security does not involve a bid or an ask, the “quoted price” may be the price provided by a market participant or other third-party pricing source in accordance with the market practice for that security. If an updated quoted price for a security is not available when a Fund calculates its net asset value, the Fund will generally use the last quoted price so long as GMO believes that the last quoted price continues to represent that security’s fair value.

In the case of derivatives, prices determined by a model may reflect an estimate of the average of bid and ask prices, regardless of whether a Fund has a long position or a short position.

As discussed above, certain of the Funds and underlying funds invest in securities and/or derivatives which may have been fair valued using methods determined in good faith by or at the direction of the Trustees or valued using prices for which no alternative pricing source was available. The table below presents securities and/or derivatives on a net basis, based on market values or unrealized

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

appreciation/(depreciation), which will tend to understate the Funds' exposure. The net aggregate direct and indirect exposure to these valuation methodologies (based on each Fund's net assets) as of August 31, 2018 is as follows:

Securities and derivatives

Fund Name	Fair valued using methods determined in good faith by or at the direction of the Trustees	Single source; No alternative pricing source was available
Asset Allocation Bond Fund	—	—
Core Plus Bond Fund	< 1%	3%
Emerging Country Debt Fund	1%†	3%
Opportunistic Income Fund	1%‡	11%
High Yield Fund	—	—
U.S. Treasury Fund	—	—

† Includes the Republic of Albania Par Bond, due 08/31/25 which represents 1.0% of the Fund's total net assets and is valued by applying a 140 basis point spread to the yield of the U.S. Treasury Strip Principal, due 08/15/25.

‡ Consists of four U.S. Agency for International Development Floater Bonds which were valued using current LIBOR yield and adjusted by 125 basis points for liquidity considerations.

U.S. GAAP requires the Funds to disclose the fair value of their investments in a three-level hierarchy (Levels 1, 2 and 3). The valuation hierarchy is based upon the relative observability of inputs to the valuation of the Funds' investments. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

Changes in valuation techniques may result in transfers into or out of an investment's assigned level within the fair value hierarchy. In addition, in periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition, as well as changes related to the liquidity of investments, could cause a security to be reclassified between levels.

U.S. GAAP requires additional disclosures about fair value measurements for material Level 3 securities and derivatives, if any (determined by each category of asset or liability as compared to a Fund's total net assets separately identified in the table below). Other than Funds with investments valued using unadjusted prices supplied by a third-party pricing source (e.g., broker quotes, vendor) or as described in the footnotes to the Securities and derivatives table above, there were no other Funds with classes of investments or derivatives with direct material Level 3 holdings at August 31, 2018.

The three levels are defined as follows:

Level 1 – Valuations based on quoted prices for identical securities in active markets.

The types of assets and liabilities categorized in Level 1 generally include actively traded domestic and certain foreign equity securities; certain U.S. government obligations; derivatives actively traded on a national securities exchange (such as some futures and options); and shares of open-end mutual funds (even if their investments are valued using Level 2 or Level 3 inputs).

Level 2 – Valuations determined using other significant direct or indirect observable inputs.

The types of assets and liabilities categorized in Level 2 generally include certain U.S. government agency securities, mortgage-backed securities, asset-backed securities, certain sovereign debt obligations, and corporate bonds valued using vendor prices or broker quotes; cleared derivatives and certain OTC derivatives such as swaps, options, swaptions, and forward currency contracts valued using industry standard models; certain restricted securities valued at the most recent available market or quoted price; certain debt obligations, such as collateralized loan obligations, that have yet to begin trading that are valued at cost; and certain foreign equity securities that are adjusted based on inputs from an independent pricing service approved by the Trustees, including the value of equity securities that underlie futures, options and other derivatives (to the extent the market for such instruments closes prior to the close of the NYSE) to reflect estimated valuation changes through the NYSE close.

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Level 3 – Valuations based primarily on inputs that are unobservable and significant.

The types of assets and liabilities categorized in Level 3 generally include, but are not limited to, certain debt securities (such as asset-backed, mortgage-backed, loans and sovereign debt) and derivatives even though they are valued using broker quotes; certain debt securities and derivatives adjusted by a specified discount for liquidity or other considerations; certain sovereign debt securities valued using comparable securities issued by the sovereign adjusted by a specified spread; securities whose trading has been suspended or that have been de-listed from their current primary trading exchange valued at the most recent available market or quoted price; securities in default or bankruptcy proceedings for which there is no current market quotation valued at the most recent available market or quoted price; potential litigation recoveries and interests related to bankruptcy proceedings; and third-party investment funds where valuations are provided by fund sponsors and which are adjusted for liquidity considerations as well as the timing of the receipt of information.

The following is a summary of the respective levels assigned to the Funds' direct securities and derivatives, if any, as of August 31, 2018:

Description	Level 1	Level 2	Level 3	Total
Asset Allocation Bond Fund				
Asset Valuation Inputs				
Debt Obligations				
U.S. Government	\$ 29,000,503	\$ 344,726,153	\$ —	\$ 373,726,656
U.S. Government Agency	32,990,857	—	—	32,990,857
TOTAL DEBT OBLIGATIONS	61,991,360	344,726,153	—	406,717,513
Mutual Funds	21,380,716	—	—	21,380,716
Short-Term Investments	1,516,027	15,139,938	—	16,655,965
Total Investments	84,888,103	359,866,091	—	444,754,194
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	—	1,401,890	—	1,401,890
Swap Contracts				
Interest Rate Risk	—	1,393,506	—	1,393,506
Total	\$ 84,888,103	\$ 362,661,487	\$ —	\$ 447,549,590
Liability Valuation Inputs				
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	\$ —	\$ (1,592,903)	\$ —	\$ (1,592,903)
Swap Contracts				
Interest Rate Risk	—	(1,162,900)	—	(1,162,900)
Total	\$ —	\$ (2,755,803)	\$ —	\$ (2,755,803)
Core Plus Bond Fund				
Asset Valuation Inputs				
Debt Obligations				
Asset-Backed Securities	\$ —	\$ 22,352,281	\$ —	\$ 22,352,281
U.S. Government	221,960,856	—	—	221,960,856
U.S. Government Agency	—	119,369,200	—	119,369,200
TOTAL DEBT OBLIGATIONS	221,960,856	141,721,481	—	363,682,337
Mutual Funds	330,989,270	—	—	330,989,270
Short-Term Investments	3,349,336	149,976,381	—	153,325,717
Total Investments	556,299,462	291,697,862	—	847,997,324

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Description	Level 1	Level 2	Level 3	Total
Core Plus Bond Fund (continued)				
Asset Valuation Inputs (continued)				
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	\$ —	\$ 3,639,627	\$ —	\$ 3,639,627
Swap Contracts				
Interest Rate Risk	—	3,310,129	—	3,310,129
Total	<u>\$556,299,462</u>	<u>\$ 298,647,618</u>	<u>\$ —</u>	<u>\$ 854,947,080</u>
Liability Valuation Inputs				
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	\$ —	\$ (3,123,863)	\$ —	\$ (3,123,863)
Futures Contracts				
Interest Rate Risk	(164,626)	—	—	(164,626)
Swap Contracts				
Interest Rate Risk	—	(2,672,313)	—	(2,672,313)
Total	<u>\$ (164,626)</u>	<u>\$ (5,796,176)</u>	<u>\$ —</u>	<u>\$ (5,960,802)</u>
Emerging Country Debt Fund				
Asset Valuation Inputs				
Debt Obligations				
Asset-Backed Securities	\$ —	\$ 43,232,627	\$ —	\$ 43,232,627
Corporate Debt	—	5,530,373	26,456,738	31,987,111
Foreign Government Agency	—	723,586,093	131,093,111	854,679,204
Foreign Government Obligations	—	1,744,741,656	119,648,802	1,864,390,458
U.S. Government	490,572,252	76,288,589	—	566,860,841
TOTAL DEBT OBLIGATIONS	<u>490,572,252</u>	<u>2,593,379,338</u>	<u>277,198,651</u>	<u>3,361,150,241</u>
Loan Assignments	—	—	8,244,656	8,244,656
Loan Participations	—	—	50,837,131	50,837,131
Mutual Funds	96,381,706	—	—	96,381,706
Rights/Warrants	—	27,261,111	3,648,061	30,909,172
Short-Term Investments	199,272,570	—	—	199,272,570
Total Investments	<u>786,226,528</u>	<u>2,620,640,449</u>	<u>339,928,499</u>	<u>3,746,795,476</u>
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	—	725,596	—	725,596
Options				
Credit Risk	—	—	131,894	131,894
Swap Contracts				
Credit Risk	—	23,842,924	—	23,842,924
Interest Rate Risk	—	8,557,154	—	8,557,154
Total	<u>\$786,226,528</u>	<u>\$2,653,766,123</u>	<u>\$340,060,393</u>	<u>\$3,780,053,044</u>
Liability Valuation Inputs				
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	\$ —	\$ (170,564)	\$ —	\$ (170,564)
Options				
Credit Risk	—	—	(3,200,781)	(3,200,781)
Swap Contracts				
Credit Risk	—	(21,610,400)	—	(21,610,400)
Interest Rate Risk	—	(1,461,779)	—	(1,461,779)
Total	<u>\$ —</u>	<u>\$ (23,242,743)</u>	<u>\$ (3,200,781)</u>	<u>\$ (26,443,524)</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Description	Level 1	Level 2	Level 3	Total
High Yield Fund				
Asset Valuation Inputs				
Debt Obligations				
Corporate Debt	\$ —	\$ 54,803,817	\$ —	\$ 54,803,817
U.S. Government	36,051,017	—	—	36,051,017
U.S. Government Agency	74,322,816	—	—	74,322,816
TOTAL DEBT OBLIGATIONS	110,373,833	54,803,817	—	165,177,650
Mutual Funds	1,316,876	—	—	1,316,876
Short-Term Investments	57,470	46,742,639	—	46,800,109
Total Investments	111,748,179	101,546,456	—	213,294,635
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	—	251,719	—	251,719
Futures Contracts				
Interest Rate Risk	25,666	—	—	25,666
Swap Contracts				
Credit Risk	—	5,794,651	—	5,794,651
Interest Rate Risk	—	295,012	—	295,012
Total	\$111,773,845	\$ 107,887,838	\$ —	\$ 219,661,683
Liability Valuation Inputs				
Derivatives [^]				
Forward Currency Contracts				
Foreign Currency Risk	\$ —	\$ (37,492)	\$ —	\$ (37,492)
Total	\$ —	\$ (37,492)	\$ —	\$ (37,492)
Opportunistic Income Fund				
Asset Valuation Inputs				
Debt Obligations				
Asset-Backed Securities	\$ —	\$ 916,122,182	\$ 35,665,610	\$ 951,787,792
U.S. Government	2,800,409	—	—	2,800,409
U.S. Government Agency	—	—	15,891,462	15,891,462
TOTAL DEBT OBLIGATIONS	2,800,409	916,122,182	51,557,072	970,479,663
Mutual Funds	48,776,146	—	—	48,776,146
Short-Term Investments	7,129,966	29,978,268	—	37,108,234
Purchased Options	—	260,612	—	260,612
Total Investments	58,706,521	946,361,062	51,557,072	1,056,624,655
Derivatives [^]				
Futures Contracts				
Interest Rate Risk	56,636	—	—	56,636
Swap Contracts				
Credit Risk	—	28,553,429	—	28,553,429
Interest Rate Risk	—	3,415,647	—	3,415,647
Total	\$ 58,763,157	\$ 978,330,138	\$ 51,557,072	\$1,088,650,367
Liability Valuation Inputs				
Derivatives [^]				
Futures Contracts				
Interest Rate Risk	\$ (4,442)	\$ —	\$ —	\$ (4,442)
Written Options				
Credit Risk	—	(52,410)	—	(52,410)
Swap Contracts				
Credit Risk	—	(7,706,062)	—	(7,706,062)
Interest Rate Risk	—	(418,941)	—	(418,941)
Total	\$ (4,442)	\$ (8,177,413)	\$ —	\$ (8,181,855)

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Description	Level 1	Level 2	Level 3	Total
U.S. Treasury Fund				
Asset Valuation Inputs				
Short-Term Investments	\$800,659,758	\$ 47,000,628	\$ —	\$ 847,660,386
Total Investments	800,659,758	47,000,628	—	847,660,386
Total	\$800,659,758	\$ 47,000,628	\$ —	\$ 847,660,386

The risks referenced in the tables above are not intended to be inclusive of all risks. Please see the “Investment and other risks” and “Derivative financial instruments” sections below for a further discussion of risks.

^ The tables above are based on market values or unrealized appreciation/(depreciation), in the case of forward currency contracts, rather than the notional amounts of derivatives. The uncertainties surrounding the valuation inputs for a derivative are likely to be more significant to the Funds’ net asset values than the uncertainties surrounding inputs for a non-derivative security with the same market value. Excludes purchased options and rights/warrants, if any, which are included in investments.

The underlying funds held at period end are classified above as Level 1. For the summary of valuation inputs of the underlying funds, please refer to the underlying funds’ summary of levels above.

For all Funds for the period ended August 31, 2018, there were no significant transfers between Level 1 and Level 2.

The following is a reconciliation of securities and derivatives, if any, in which significant unobservable inputs (Level 3) were used in determining value:

	Balances as of February 28, 2018	Purchases	Sales	Accrued Discounts/Premiums	Total Realized Gain/(Loss)	Change in Unrealized Appreciation (Depreciation)	Transfer into Level 3†	Transfer out of Level 3†	Balances as of August 31, 2018	Net Change in Unrealized Appreciation (Depreciation) from Investments Still Held as of August 31, 2018
Emerging Country Debt Fund										
Debt Obligations										
Corporate Debt	\$ 26,126,080	\$ —	\$ —	\$ (711)	\$ —	\$ 331,369	\$—	\$—	\$ 26,456,738	\$ 331,369
Foreign Government Agency	134,381,263	—	—	788,504	—	(4,076,656)	—	—	131,093,111	(4,076,656)
Foreign Government Obligations	123,199,974	—	(3,206,336)	2,257,459	—	(2,602,295)	—	—	119,648,802	(2,602,295)
Total Debt Obligations	283,707,317	—	(3,206,336)	3,045,252	—	(6,347,582)	—	—	277,198,651	(6,347,582)
Loan Assignments	1,110,398	7,300,000	(224,630)	7,443	—	51,445	—	—	8,244,656	51,445
Loan Participations	59,670,207	—	(5,496,530)	1,061,483	—	(4,398,029)	—	—	50,837,131	(4,398,029)
Rights/Warrants	6,474,227	—	—	—	—	(2,826,166)	—	—	3,648,061	(2,826,166)
Total Investments	350,962,149	7,300,000	(8,927,496)	4,114,178	—	(13,520,332)	—	—	339,928,499	(13,520,332)
Derivatives										
Options	(912,233)	—	(70,000)	—	1,124,194	(3,210,848)	—	—	(3,068,887)	(1,751,774)
Total	\$350,049,916	\$7,300,000	\$(8,997,496)#	\$4,114,178	\$ 1,124,194	\$(16,731,180)	\$—	\$—	\$336,859,612	\$(15,272,106)

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

	Balances as of February 28, 2018	Purchases	Sales	Accrued Discounts/ Premiums	Total Realized Gain/ (Loss)	Change in Unrealized Appreciation (Depreciation)	Transfer into Level 3†	Transfer out of Level 3†	Balances as of August 31, 2018	Net Change in Unrealized Appreciation (Depreciation) from Investments Still Held as of August 31, 2018
Opportunistic Income Fund										
Debt Obligations										
Asset-Backed										
Securities	\$ 37,555,550	\$ —	\$(2,019,705)	\$ 91,828	\$ —	\$ 37,937	\$—	\$—	\$ 35,665,610	\$ 37,937
U.S. Government										
Agency	17,123,540	—	(1,318,639)	16,997	—	69,564	—	—	15,891,462	69,564
Total	\$ 54,679,090	\$ —	\$(3,338,344)##	\$ 108,825	\$ —	\$ 107,501	\$—	\$—	\$ 51,557,072	\$ 107,501

† The Funds account for securities and derivatives, if any, transferred into and out of Level 3 at the value at the end of the period.

Includes \$8,927,495 of proceeds received from principal paydowns.

Includes \$3,338,344 of proceeds received from principal paydowns.

The net aggregate direct and indirect exposure to investments in securities and/or derivatives using Level 3 inputs and presented on a net basis, which will tend to understate the Funds' exposure, (based on each Fund's net assets) as of August 31, 2018 were as follows:

Fund Name	Level 3 securities and derivatives
Asset Allocation Bond Fund	—
Core Plus Bond Fund	2%
Emerging Country Debt Fund	9%
High Yield Fund	—
Opportunistic Income Fund	5%
U.S. Treasury Fund	—

Cash

Cash and foreign currency, if any, in the Statements of Assets and Liabilities consist of cash balances held with the custodian.

Due to/from broker

Due to/from broker in the Statements of Assets and Liabilities includes collateral on swap contracts, futures contracts, option contracts and forward currency contracts, if any, and may include marked-to-market amounts related to foreign currency or cash owed.

Foreign currency translation

The market values of foreign securities, currency holdings and related assets and liabilities are typically translated into U.S. dollars at the close of regular trading on the NYSE, generally at 4:00 pm Eastern time. Income and expenses denominated in foreign currencies are typically translated into U.S. dollars at the close of regular trading on the NYSE. Fluctuations in the value of currency holdings and other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains or losses. Realized gains or losses and unrealized appreciation or depreciation on investment securities and income and expenses are translated on the respective dates of such transactions. The effects of changes in foreign currency exchange rates on investments in securities are not separated in the Statements of Operations from the effects of changes in market prices of those securities, but are included with the net realized and unrealized gain or loss on investment securities.

Indexed investments

Each Fund may invest in various transactions and instruments that are designed to track the performance of an index (including, but not limited to, securities indices and credit default indices). Indexed securities are securities the redemption values and/or coupons of

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

which are indexed to a specific instrument, group of instruments, index, or other statistic. Indexed securities typically, but not always, are debt securities or deposits whose value at maturity or coupon rate is determined by reference to other securities, securities or inflation indices, currencies, precious metals or other commodities, or other financial indicators. For example, the maturity value of gold-indexed securities depends on the price of gold and, therefore, their price tends to rise and fall with gold prices.

Loan assignments and participations

The Funds (except U.S. Treasury Fund) may invest in direct debt instruments, which are interests in amounts owed to lenders or lending syndicates, to suppliers of goods or services, or to other parties by corporate, governmental or other borrower. Such “loans” may include bank loans, promissory notes, and loan participations, or in the case of suppliers of goods or services, trade claims or other receivables. A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness a Fund has direct recourse against the borrower, it may have to rely on the agent to enforce its rights against the borrower. When investing in a loan participation, (i) a Fund has the right to receive payments of principal, interest and any fees to which it is entitled only from the party from whom the Fund has purchased the participation and only upon receipt by that party of payments from the borrower and (ii) a Fund generally has no right to enforce compliance by the borrower with the terms of the loan agreement or to vote on matters arising under the loan agreement. Thus, a Fund may be subject to credit risk both of the party from whom it purchased the loan participation and the borrower and that Fund may have minimal control over the terms of any loan modification. Loan assignments and participations outstanding at the end of the period, if any, are listed in each applicable Fund’s Schedule of Investments.

Repurchase agreements

The Funds may enter into repurchase agreements with banks and brokers. Under a repurchase agreement a Fund acquires a security for a relatively short period for cash and obtains a simultaneous commitment from the seller to repurchase the security at an agreed upon price and date. The Fund, through its custodian, takes possession of securities it acquired under the repurchase agreement. The value of the securities acquired may be less than the amount owed to the Fund by the seller. If the seller in a repurchase agreement transaction defaults or enters into insolvency proceedings and the value of the securities subject to the repurchase agreement is insufficient, the Fund’s recovery of cash from the seller may be delayed and, even if the Fund is able to dispose of the securities, the Fund may incur a loss equal to the difference between the cash it paid and the value of the securities. As of August 31, 2018, the Funds listed below had entered into repurchase agreements. The value of related collateral for each broker listed below exceeds the value of the repurchase agreements at period end. Repurchase agreements outstanding at the end of the period, if any, are listed in each applicable Fund’s Schedule of Investments.

Fund Name	Counterparty	Gross Value	Net Value (with related collateral)	Weighted Average Maturity (days)
Opportunistic Income Fund	Barclays Bank plc	\$29,978,268	\$30,581,994	4.0
U.S. Treasury Fund	Barclays Bank plc	\$47,000,628	\$47,947,163	4.0

Reverse repurchase agreements

The Funds may enter into reverse repurchase agreements with banks and brokers to enhance return. Under a reverse repurchase agreement a Fund sells portfolio assets subject to an agreement by that Fund to repurchase the same assets at an agreed upon price and date. A Fund can use the proceeds received from entering into a reverse repurchase agreement to make additional investments, which generally causes the Fund’s portfolio to behave as if it were leveraged. If the buyer in a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund may be unable to recover the securities it sold and as a result may realize a loss on the transaction if the securities it sold are worth more than the purchase price it originally received from the buyer. As of August 31, 2018, the Funds listed below had entered into reverse repurchase agreements.

Fund Name	Received from reverse repurchase agreements (\$)	Market value of securities plus accrued interest (\$)
Emerging Country Debt Fund	\$36,933,066	\$35,548,608

As of August 31, 2018, Emerging Country Debt Fund had investments in reverse repurchase agreements with JP Morgan Securities, Inc. with a gross value of \$36,933,066. The value of related collateral on reverse repurchase agreements exceeded the value at period end. As of August 31, 2018, the reverse repurchase agreements held by Emerging Country Debt Fund had open maturity dates.

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Reverse repurchase agreements outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

The following is a summary of the gross value of reverse repurchase agreements categorized by class of collateral pledged and maturity date:

	August 31, 2018					
	Remaining Contractual Maturity of the Agreements					
	Overnight and Continuous	Up to 30 days	Between 30-90 days	Greater Than 90 days	Demand	Total
Emerging Country Debt Fund						
Reverse Repurchase Agreements						
Non-U.S. Government Debt Obligations	\$—	\$—	\$—	\$—	\$36,933,066	\$36,933,066
Total borrowings	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$36,933,066</u>	<u>\$36,933,066</u>

Inflation-indexed bonds

The Funds may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed income securities whose principal value is adjusted periodically according to the rate of inflation/deflation. Two structures are common. The U.S. Treasury and some other issuers use a structure that accrues inflation/deflation into the principal value of the bond. Many other issuers adjust the coupon accruals for inflation related changes. Most other issuers pay out any inflation related accruals as part of a semiannual coupon.

The market price of inflation-indexed bonds normally changes when real interest rates change. Real interest rates, in turn, are tied to the relationship between nominal interest rates (i.e., stated interest rates) and the rate of inflation. Therefore, if the rate of inflation rises at a faster rate than nominal interest rates, real interest rates (i.e., nominal interest rate minus inflation) might decline, leading to an increase in value of inflation-indexed bonds. In contrast, if nominal interest rates increase at a faster rate than inflation, real interest rates might rise, leading to a decrease in value of inflation-indexed bonds. Coupon payments received by a Fund from inflation-indexed bonds are generally included in the Fund's gross income for the period in which they accrue. In addition, any increase/decrease in the principal amount of an inflation-indexed bond is generally included in the Fund's gross income even though principal is not paid until maturity. Inflation-indexed bonds outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Delayed delivery commitments and when-issued securities

The Funds (except U.S. Treasury Fund) may purchase or sell securities on a when-issued or forward commitment basis. Payment and delivery may take place a month or more after the date of the transaction. The price of the underlying securities and the date when the securities will be delivered and paid for are fixed at the time the transaction is negotiated. The purchase of when-issued or delayed delivery securities can cause a Fund's portfolio to be leveraged. Investments in when-issued securities also present the risk that the security will not be issued or delivered. Delayed delivery commitments outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Short sales

Certain Funds may enter into short sales transactions. A short sale is a transaction in which a Fund sells securities it may not own in anticipation of a decline in the fair market value of the securities. Securities sold in short sale transactions and the interest payable on such securities, if any, are reflected as a liability in the Statements of Assets and Liabilities. A Fund is obligated to deliver securities at the trade price at the time the short position is closed. Possible losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested. Short sales outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Taxes and distributions

Each Fund has elected to be treated or intends to elect to be treated and intends to qualify each tax year as a regulated investment company under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). Each Fund intends to distribute its net investment income, if any, and its net realized short-term and long-term capital gains, if any, after giving effect to any available

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

capital loss carryforwards for U.S. federal income tax purposes. Therefore, each Fund makes no provision for U.S. federal income or excise taxes.

With the exception of U.S. Treasury Fund, the policy of each Fund is to declare and pay dividends of its net investment income, if any, at least annually, although the Funds are permitted to, and will from time to time, declare and pay dividends of net investment income, if any, more frequently. The policy of U.S. Treasury Fund is to declare dividends daily, to the extent net investment income is available. U.S. Treasury Fund will generally pay dividends on the first business day following the end of each month in which dividends were declared. Accrued dividends in respect of a shareholder's partial redemption of U.S. Treasury Fund shares redeemed between monthly payment dates will be paid on the first business day following the end of the month in which redemptions are made. Accrued dividends in respect of a shareholder's complete redemption of U.S. Treasury Fund shares between monthly payment dates will be paid with the redemption proceeds. Each Fund also intends to distribute net realized short-term and long-term capital gains, if any, at least annually. In addition, each Fund may, from time to time at their discretion, make unscheduled distributions in advance of large redemptions by shareholders or as otherwise deemed appropriate by a Fund. Typically, all distributions are reinvested in additional shares of each Fund, at net asset value, unless GMO or its agents receive and process a shareholder election to receive cash distributions. Distributions to shareholders are recorded by each Fund on the ex-dividend date.

Taxes on foreign interest and dividend income are generally withheld in accordance with the applicable country's tax treaty with the United States. The foreign withholding rates applicable to a Fund's investments in certain jurisdictions may be higher if a significant portion of the Fund is held by non-U.S. shareholders. Each Fund may be subject to taxation on realized capital gains, repatriation proceeds and other transaction-based charges imposed by certain countries in which it invests. Transaction-based charges are generally calculated as a percentage of the transaction amount. Taxes related to capital gains realized during the period ended August 31, 2018, if any, are reflected as part of Net realized gain (loss) in the Statements of Operations. Changes in tax liabilities related to capital gain taxes on unrealized investment gains, if any, are reflected as part of Change in net unrealized appreciation (depreciation) in the Statements of Operations.

Income and capital gain distributions are determined in accordance with U.S. federal income tax regulations, which may differ from U.S. GAAP. Certain capital accounts in the financial statements are periodically adjusted for permanent differences in order to reflect their tax character. These adjustments have no impact on net assets or net asset value per share. Temporary differences that arise from recognizing certain items of income, expense, gain or loss in different periods for financial statement and tax purposes will likely reverse at some time in the future. Distributions in excess of net investment income or net realized gains are temporary over-distributions for financial statement purposes resulting from differences in the recognition or classification of income or distributions for financial statement and tax purposes.

Distributions in excess of a Fund's tax basis earnings and profits, if significant, are reported in the Funds' financial statements as a return of capital.

As of February 28, 2018, certain Funds elected to defer to March 1, 2018 post-October capital losses. The Funds' loss deferrals are as follows:

Fund Name	Post-October Capital Losses (\$)
Asset Allocation Bond Fund	(1,850,864)
Core Plus Bond Fund	(5,029,797)
Emerging Country Debt Fund	(980,792)
High Yield Fund	N/A
Opportunistic Income Fund	(1,668,698)
U.S. Treasury Fund	(586,886)

As of February 28, 2018, certain Funds had capital loss carryforwards available to offset future realized gains, if any, to the extent permitted by the Code. Net capital losses recognized in taxable years beginning on or after March 1, 2011 are carried forward without expiration and generally retain their short-term and/or long-term tax character, as applicable. In addition, such losses should be utilized prior to losses scheduled to expire on or before February 28, 2019. As a result of this ordering rule, losses that are subject to

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

expiration may expire unused. Utilization of the capital loss carryforwards, post-October capital losses, late-year ordinary losses, and losses realized subsequent to February 28, 2018, if any, could be subject to further limitations imposed by the Code related to share ownership activity. The Funds' capital loss carryforwards are as follows:

Fund Name	Short-Term (\$)		Total Short-Term (\$)	Long-Term (\$)
	Expiration Date 2/28/2019	No Expiration Date		No Expiration Date
Asset Allocation Bond Fund	—	(24,215,916)	(24,215,916)	(36,964,291)
Core Plus Bond Fund	—	(291,118)	(291,118)	(27,549,806)
Emerging Country Debt Fund	(66,474,254)	(47,525,714)	(113,999,968)	—
High Yield Fund	—	—	—	—
Opportunistic Income Fund	—	—	—	(101,703,005)
U.S. Treasury Fund	—	(739,977)	(739,977)	—

As of August 31, 2018, the approximate total cost, aggregate investment-level gross/net unrealized appreciation (depreciation) in the value of total investments (including total securities sold short, if any), and the net unrealized appreciation (depreciation) of outstanding financial instruments for U.S. federal income tax purposes were as follows:

Fund Name	Total Investments				Outstanding Financial Instruments
	Aggregate Cost (\$)	Gross Unrealized Appreciation (\$)	Gross Unrealized Depreciation (\$)	Net Unrealized Appreciation (Depreciation) (\$)	Net Unrealized Appreciation (Depreciation) (\$)
Asset Allocation Bond Fund	449,115,206	254,523	(4,615,535)	(4,361,012)	53,190
Core Plus Bond Fund	857,481,228	4,827,620	(14,311,524)	(9,483,904)	968,725
Emerging Country Debt Fund	4,119,824,523	215,171,756	(588,200,803)	(373,029,047)	(22,693,045)
High Yield Fund	212,669,038	921,606	(296,009)	625,597	823,391
Opportunistic Income Fund	1,044,637,825	29,885,632	(17,898,802)	11,986,830	(7,896,934)
U.S. Treasury Fund	847,611,357	115,526	(66,497)	49,029	—

The Funds are subject to authoritative guidance related to the accounting and disclosure of uncertain tax positions under U.S. GAAP. This guidance sets forth a minimum threshold for the financial statement recognition of tax positions taken based on the technical merits of such positions. United States and non-U.S. tax rules (including the interpretation and application of tax laws) are subject to change. The Funds file tax returns and/or adopt certain tax positions in various jurisdictions. Non-U.S. taxes are provided for based on the Funds' understanding of the prevailing tax rules of the non-U.S. markets in which they invest. Recently enacted tax rules, including interpretations of tax laws and tax legislation/initiatives currently under consideration in various jurisdictions, including the U.S., might affect the way the Funds and their investors are taxed prospectively and/or retroactively. Prior to the expiration of the relevant statutes of limitations, if any, the Funds are subject to examination by U.S. federal, state, local and non-U.S. jurisdictions with respect to the tax returns they have filed and the tax positions they have adopted. The Funds' U.S. federal income tax returns are generally subject to examination by the Internal Revenue Service for a period of three years after they are filed. State, local and/or non-U.S. tax returns and/or other filings may be subject to examination for different periods, depending upon the tax rules of each applicable jurisdiction.

Security transactions and related investment income

Security transactions are accounted for in the financial statements on trade date. For purposes of daily net asset value calculations, the Funds' policy is that security transactions are generally accounted for on the following business day. GMO may override that policy and a Fund may account for security transactions on trade date if it experiences significant purchases or redemptions or engages in significant portfolio transactions. Dividend income, net of applicable foreign withholding taxes, if any, is recorded on the ex-dividend

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Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

date or, if later, when a Fund is informed of the ex-dividend date. Income dividends and capital gain distributions from the underlying funds are recorded on the ex-dividend date. Interest income is recorded on the accrual basis and is adjusted for the amortization of premiums and accretion of discounts. Principal on inflation-indexed securities is adjusted for inflation and any increase or decrease is recorded as interest income or investment loss. Coupon income is not recognized on securities for which collection is not expected. Paydown gains and losses on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income in the Statements of Operations. Non-cash dividends, if any, are recorded at the fair market value of the asset received. In determining the net gain or loss on securities sold, the Funds use the identified cost basis.

Expenses and class allocations

Most of the expenses of the Trust are directly attributable to an individual Fund. Generally, common expenses are allocated among the Funds based on, among other things, the nature and type of expense and the relative size of the Funds. Investment income, common expenses, purchase premiums and redemption fees, if any, and realized and unrealized gains and losses are allocated among the classes of shares of the Funds, if applicable, based on the relative net assets of each class. Shareholder service fees, if any, which are directly attributable to a class of shares, are charged to that class's operations. In addition, the Funds may incur fees and expenses indirectly as a shareholder in the underlying funds. Because the underlying funds have different expense and fee levels and the Funds may own different proportions of the underlying funds at different times, the amount of fees and expenses indirectly incurred by a Fund will vary (see Note 5).

State Street Bank and Trust Company ("State Street") serves as the Funds' custodian, fund accounting agent and transfer agent. Prior to December 31, 2013, State Street's transfer agent fees may have been reduced by an earnings allowance calculated on the average daily cash balances each Fund maintained in a State Street transfer agent account. Earnings allowances were reported as a reduction of expenses in the Statements of Operations. Effective January 1, 2014, any cash balances maintained at the transfer agent are held in a Demand Deposit Account and interest income earned, if any, is shown as interest income in the Statements of Operations. Any cash balances maintained at the custodian are held in a Demand Deposit Account and interest income earned, if any, is shown as interest income in the Statements of Operations.

Purchases and redemptions of Fund shares

Purchase premiums and redemption fees (if applicable) are paid to and retained by a Fund to help offset estimated portfolio transaction costs and other related costs (e.g., bid to ask spreads, stamp duties, and transfer fees) incurred by the Fund (directly or indirectly through investments in underlying funds) as a result of an investor's purchase or redemption by allocating estimated transaction costs to the purchasing or redeeming shareholder. Such fees are recorded as a component of the Funds' net share transactions. A Fund may impose a new purchase premium and redemption fee or modify an existing fee at any time.

Purchase premiums are not charged on reinvestments of dividends or other distributions. Redemption fees apply to all shares of a Fund regardless of how the shares were acquired (e.g., by direct purchase or by reinvestment of dividends or other distributions).

If GMO determines that any portion of a cash purchase or redemption, as applicable, is offset by a corresponding cash redemption or purchase occurring on the same day, it ordinarily will waive or reduce the purchase premium or redemption fee with respect to that portion.

GMO also may waive or reduce the purchase premium or redemption fee for a cash purchase or redemption of a Fund's shares if the Fund will not incur transaction costs or will incur reduced transaction costs.

GMO also may reduce the purchase premium to the extent that securities are used to purchase a Fund's shares (taking into account transaction costs, stamp duties or transfer fees). GMO may reduce redemption fees to the extent a Fund uses portfolio securities to redeem its shares (taking into account transaction costs, stamp duties or transfer fees).

GMO Trust Funds

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As of August 31, 2018, the premium on cash purchases and the fee on cash redemptions were as follows:

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund ⁽¹⁾	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Purchase Premium	—	—	0.75%	—	0.40%	—
Redemption Fee	—	—	0.75%	—	0.40%	—

⁽¹⁾ Prior to February 1, 2016, the premiums on purchases and the fee on redemptions were each 0.50% of the amount invested or redeemed.

Recently-issued accounting guidance

In March 2017, the Financial Accounting Standards Board (“FASB”) issued an amendment to U.S. GAAP, which amends the required amortization period for purchased callable debt securities that have been purchased at a premium. The scope of the amendment is limited to debt securities that have an explicit non-contingent call feature at a fixed price on a preset date or dates. The amendment requires that the aforementioned premium on such debt securities shall be amortized through the next call date, whereas current U.S. GAAP requires amortization through the maturity date of the security. This amendment does not apply to debt securities purchased at a discount and is effective for fiscal years beginning after December 15, 2018. GMO is currently evaluating the impact, if any, of this guidance on the Fund’s financial statements and disclosures.

3. Investment and other risks

The following chart identifies selected risks associated with each Fund. Risks not marked for a particular Fund may, however, still apply to some extent to that Fund at various times.

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Commodities Risk	X					
Counterparty Risk	X	X	X	X	X	X
Credit Risk	X	X	X	X	X	X
Currency Risk	X	X	X	X	X	
Derivatives and Short Sales Risk	X	X	X	X	X	
Focused Investment Risk	X	X	X	X	X	
Fund of Funds Risk	X	X	X	X	X	
Futures Contracts Risk		X		X	X	
Illiquidity Risk	X	X	X	X	X	
Large Shareholder Risk	X	X	X	X	X	X
Leveraging Risk	X	X	X	X	X	

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	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Management and Operational Risk	X	X	X	X	X	X
Market Disruption and Geopolitical Risk	X	X	X	X	X	X
Market Risk – Asset-Backed Securities	X	X	X		X	
Market Risk – Equities	X				X	
Market Risk – Fixed Income	X	X	X	X	X	X
Non-Diversified Funds	X	X	X	X	X	
Non-U.S. Investment Risk	X	X	X	X	X	
Small Company Risk	X	X			X	

Investing in mutual funds involves many risks. The risks of investing in a particular Fund depend on the types of investments in its portfolio and the investment strategies GMO employs on its behalf. This section does not describe every potential risk of investing in the Funds. Funds could be subject to additional risks because of the types of investments they make and market conditions, which may change over time.

Each Fund that invests in other GMO Funds or other investment companies (collectively, “Underlying Funds”) is exposed to the risks to which the Underlying Funds in which it invests are exposed, as well as the risk that the Underlying Funds will not perform as expected. Therefore, unless otherwise noted, the selected risks summarized below include both direct and indirect risks, and references in this section to investments made by a Fund include those made both directly by the Fund and indirectly by the Fund through Underlying Funds.

An investment in a Fund is not a bank deposit and, therefore, is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

- **COMMODITIES RISK.** Commodity prices can be extremely volatile and are affected by many factors. Exposure to commodities can cause the value of a Fund’s shares to decline or fluctuate in a rapid and unpredictable manner. The value of commodity-related derivatives or indirect investments in commodities may fluctuate more than the commodity, commodities or commodity index to which they relate. See “Derivatives and Short Sales Risk” for a discussion of specific risks of a Fund’s derivatives investments, including commodity-related derivatives.

- **COUNTERPARTY RISK.** Funds that enter into contracts with counterparties, such as repurchase or reverse repurchase agreements or OTC derivatives contracts, or that lend their securities run the risk that the counterparty will be unable or unwilling to make timely settlement payments or otherwise honor its obligations. If a counterparty fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Fund could miss investment opportunities or otherwise be forced to hold investments it would prefer to sell, resulting in losses for the Fund. In addition, a Fund may suffer losses if a counterparty fails to comply with applicable laws, regulations or other requirements. The Funds are not subject to any limit on their exposure to any one counterparty nor to a requirement that counterparties with whom they enter into contracts maintain a specific rating by a nationally recognized rating organization. Counterparty risk is pronounced during unusually adverse market conditions and is particularly acute in environments in which financial services firms are exposed (as they were in 2008) to systemic risks of the type evidenced by the insolvency of Lehman Brothers and subsequent market disruptions.

Participants in OTC derivatives markets typically are not subject to the same level of credit evaluation and regulatory oversight as are members of exchange-based markets, and, therefore, OTC derivatives generally expose a Fund to greater counterparty risk than exchange-traded derivatives. A Fund is subject to the risk that a counterparty will not settle a derivative in accordance with its terms

GMO Trust Funds

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because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem. If a counterparty's obligation to a Fund is not collateralized, then the Fund is essentially an unsecured creditor of the counterparty. If a counterparty defaults, the Fund will have contractual remedies (whether or not the obligation is collateralized), but the Fund may be unable to enforce them, thus causing the Fund to suffer a loss. Counterparty risk is greater for derivatives with longer maturities because of the longer time during which events may occur that prevent settlement. Counterparty risk also is greater when a Fund has entered into derivatives contracts with a single or small group of counterparties as it sometimes does as a result of its use of swaps and other OTC derivatives. Funds that use swap contracts are subject, in particular, to the creditworthiness of the counterparties because some types of swap contracts have terms longer than six months (and, in some cases, decades). The creditworthiness of a counterparty may be adversely affected by greater than average volatility in the markets, even if the counterparty's net market exposure is small relative to its capital. Counterparty risk still exists even if a counterparty's obligations are secured by collateral because the Fund's interest in the collateral may not be perfected or additional collateral may not be posted promptly as required. GMO's view with respect to a particular counterparty is subject to change. The fact, however, that it changes adversely (whether due to external events or otherwise) does not mean that a Fund's existing transactions with that counterparty will necessarily be terminated or modified. In addition, a Fund may enter into new transactions with a counterparty that GMO no longer considers a desirable counterparty (for example, re-establishing the transaction with a lower notional amount or entering into a countervailing trade with the same counterparty). Counterparty risk also will be greater if a counterparty's obligations exceed the value of the collateral held by the Fund (if any).

The Funds also are subject to counterparty risk because they execute their securities transactions through brokers and dealers. If a broker or dealer fails to meet its contractual obligations, goes bankrupt, or otherwise experiences a business interruption, the Funds could miss investment opportunities or be unable to dispose of investments they would prefer to sell, resulting in losses for the Funds. Counterparty risk with respect to derivatives has been and will continue to be affected by new rules and regulations relating to the derivatives market. As described under "Derivatives and Short Sales Risk," some derivatives transactions are required to be centrally cleared, and a party to a cleared derivatives transaction is subject to the credit risk of the clearing house and the clearing member through which it holds its cleared position. Credit risk of market participants with respect to derivatives that are centrally cleared is concentrated in a few clearing houses, and it is not clear how an insolvency proceeding of a clearing house would be conducted and what impact an insolvency of a clearing house would have on the financial system. Also, in the event of a counterparty's (or its affiliate's) insolvency, the possibility exists that the Funds' ability to exercise remedies, such as the termination of transactions, netting of obligations or realization on collateral, could be stayed or eliminated under new special resolution regimes adopted in the United States, the European Union and various other jurisdictions. Such regimes provide governmental authorities with broad authority to intervene when a financial institution is experiencing financial difficulty. In particular, in the European Union, governmental authorities could reduce, eliminate, or convert to equity the liabilities to the Funds of a counterparty experiencing financial difficulties (sometimes referred to as a "bail in").

• **CREDIT RISK.** This is 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 as a result (and/or in anticipation) of the issuer's, guarantor's, or obligor's failure to meet its payment obligations, or a downgrading of the credit rating of the investment. This risk is particularly acute in environments in which financial services firms are exposed (as they were in 2008) to systemic risks of the type evidenced by the insolvency of Lehman Brothers and subsequent market disruptions. Fixed income investments also are subject to illiquidity risk. See "Illiquidity Risk."

All fixed income investments are subject to credit risk. Financial strength and solvency of an issuer are the primary factors influencing credit risk. The risk varies depending upon whether the issuer is a corporation, a government or government entity, whether the particular security has a priority over other obligations of the issuer in payment of principal and interest and whether it has any collateral backing or credit enhancement. Credit risk may change over the term of a fixed income investment. U.S. government securities are subject to varying degrees of credit risk depending upon whether the securities are supported by the full faith and credit of the United States, supported by the ability to borrow from the U.S. Treasury, supported only by the credit of the issuing U.S. government agency, instrumentality, or corporation, or otherwise supported by the United States. For example, issuers of many types of U.S. government securities (e.g., the Federal Home Loan Mortgage Corporation ("Freddie Mac"), Federal National Mortgage Association ("Fannie Mae"), and Federal Home Loan Banks), although chartered or sponsored by Congress, are not funded by Congressional appropriations and their fixed income securities, including mortgage-backed and other asset-backed securities, are neither guaranteed nor insured by the U.S. government. These securities are subject to more credit risk than U.S. government

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securities that are supported by the full faith and credit of the United States (e.g., U.S. Treasury bonds). Investments in sovereign or quasi-sovereign debt involve the risk that the governmental entities responsible for repayment may be unable or unwilling to pay interest and repay principal when due. A governmental entity's ability and willingness to pay interest and repay principal in a timely manner may be affected by a variety of factors, including its cash flow, the size of its reserves, its access to foreign exchange, the relative size of its debt service burden to its economy as a whole, and political constraints. Investments in quasi-sovereign issuers are subject to the additional risk that the issuer may default independently of its sovereign. Sovereign debt risk is greater for fixed income securities issued or guaranteed by emerging countries.

In many cases, the credit risk and market price of a fixed income investment are reflected in its credit ratings, and a Fund holding a rated investment is subject to the risk that the investment's rating will be downgraded, resulting in a decrease in the market price of the fixed income investment.

Securities issued by the U.S. government historically have presented minimal credit risk. However, events in 2011 led several major rating agencies to downgrade the long-term credit rating of U.S. bonds and introduced greater uncertainty about the repayment by the United States of its obligations. A further credit rating downgrade could decrease, and a default in the payment of principal or interest on U.S. government securities would decrease, the market price of a Fund's investments and increase the volatility of a Fund's portfolio.

As described under "Market Risk — Asset-Backed Securities," asset-backed securities may be backed by many types of assets and their payment of interest and repayment of principal largely depend on the cash flows generated by the assets backing them. The credit risk of a particular asset-backed security depends on many factors, as described under "Market Risk — Asset-Backed Securities." The obligations of issuers also may be subject to bankruptcy, insolvency and other laws affecting the rights and remedies of creditors.

A Fund also is exposed to credit risk on a reference security to the extent it writes protection under credit default swaps. See "Derivatives and Short Sales Risk" for more information regarding risks associated with the use of credit default swaps.

The extent to which the market price of a fixed income investment changes in response to a credit event depends on many factors and can be difficult to predict. For example, even though the effective duration of a long-term floating rate security is very short, an adverse credit event or change in the perceived creditworthiness of its issuer could cause its market price to decline much more than its effective duration would suggest.

Credit risk is particularly pronounced for below investment grade investments (commonly referred to as "junk bonds"). The sovereign debt of many non-U.S. governments, including their sub-divisions and instrumentalities, is below investment grade. Many asset-backed securities also are below investment grade. Below investment grade investments have speculative characteristics, often are less liquid than higher quality investments, present a greater risk of default and are more susceptible to real or perceived adverse industry conditions. Investments in distressed or defaulted or other low quality debt investments generally are considered speculative and may involve substantial risks not normally associated with investments in higher quality investments, including adverse business, financial or economic conditions that lead to payment defaults and insolvency proceedings on the part of their issuers. In particular, distressed or defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer does not make any interest or other payments and a Fund incurs additional expenses in seeking recovery. If GMO's assessment of the eventual recovery value of a distressed or defaulted debt investment proves incorrect, a Fund may lose a substantial portion or all of its investment or may be required to accept cash or instruments worth less than its original investment. In the event of a default of sovereign debt, the Funds may be unable to pursue legal action against the issuer.

• **CURRENCY RISK.** Currency risk is the risk that fluctuations in exchange rates will adversely affect the market value of a Fund's investments. Currency risk includes the risk that the currencies in which a Fund's investments are traded, in which a Fund receives income, or in which a Fund has taken a position will decline in value. Currency risk also includes the risk that the currency to which the Fund has obtained exposure through hedging declines in value relative to the currency being hedged, in which event the Fund may realize a loss on both the hedging instrument and the currency being hedged. Currency exchange rates can fluctuate significantly for many reasons. See "Market Disruption and Geopolitical Risk."

Many of the Funds use derivatives to take currency positions that are under- or over-weighted (in some cases significantly) relative to the currency exposure of their portfolios and their benchmarks. If the exchange rates of the currencies involved do not move as

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expected, a Fund could lose money on both its holdings of a particular currency and the derivative. See also “Non-U.S. Investment Risk.”

Some currencies are illiquid (e.g., some emerging country currencies), and a Fund may not be able to convert them into U.S. dollars or may only be able to do so at an unfavorable exchange rate. Exchange rates for many currencies are affected by exchange control regulations.

Derivative transactions in foreign currencies (such as futures, forwards, options and swaps) may involve leveraging risk in addition to currency risk, as described under “Leveraging Risk.” In addition, the obligations of counterparties in currency derivative transactions are often not secured by collateral, which increases counterparty risk (see “Counterparty Risk”).

• **DERIVATIVES AND SHORT SALES RISK.** All of the Funds may invest in derivatives, which are financial contracts whose value depends on, or is derived from, the value of underlying assets, such as securities, commodities or currencies, reference rates, such as interest rates, currency exchange rates, inflation rates, or indices. Derivatives involve the risk that their value may not change as expected relative to changes in the value of the assets, rates, or indices they are designed to track. Derivatives include, but are not limited to, futures contracts, forward contracts, foreign currency contracts, swap contracts, contracts for differences, options on securities and indices, options on futures contracts, options on swap contracts, interest rate caps, floors and collars, reverse repurchase agreements, and other OTC contracts.

The use of derivatives involves risks that are potentially greater than, the risks of investing directly in securities. In particular, a Fund’s use of OTC derivatives exposes it to the risk that the counterparties will be unable or unwilling to make timely settlement payments or otherwise honor their obligations. An OTC derivatives contract typically can be closed, or the position transferred, only with the consent of the other party to the contract. If the counterparty defaults, the Fund will still have contractual remedies but may not be able to enforce them. Because the contract for each OTC derivative is individually negotiated, the counterparty may interpret contractual terms (e.g., the definition of default) differently than the Fund, and if it does, the Fund may decide not to pursue its claims against the counterparty to avoid the cost and unpredictability of legal proceedings. The Fund, therefore, may be unable to obtain payments GMO believes are owed to the Fund under an OTC derivatives contract, or those payments may be delayed or made only after the Fund has incurred the cost of litigation.

A Fund may invest in derivatives that (i) do not require the counterparty to post collateral (e.g., foreign currency forwards), (ii) require collateral but that do not provide for the Fund’s security interest in it to be perfected, (iii) require a significant upfront deposit by the Fund unrelated to the derivative’s fundamental fair (or intrinsic) value, or (iv) do not require that collateral be regularly marked-to-market. When a counterparty’s obligations are not fully secured by collateral, a Fund runs a greater risk of not being able to recover what it is owed if the counterparty defaults. Derivatives also present other risks described in this section, including market risk, illiquidity risk, currency risk, credit risk, and counterparty risk.

Many derivatives, in particular OTC derivatives, are complex and their valuation often requires modeling and judgment, which increases the risk of mispricing or improper valuation. The pricing models used may not produce valuations that are consistent with the values a Fund realizes when it closes or sells an OTC derivative. Valuation risk is more pronounced when a Fund enters into OTC derivatives with specialized terms because the value of those derivatives in some cases is determined only by reference to similar derivatives with more standardized terms. As a result, inaccurate valuations may result in increased cash payments to counterparties, under-collateralization and/or errors in the calculation of a Fund’s net asset value.

A Fund’s use of derivatives may not be effective or have the desired results. Moreover, suitable derivatives will not be available in all circumstances. For example, the cost of taking some derivative positions may be prohibitive, and if a counterparty or its affiliate is deemed to be an affiliate of a Fund, the Funds will not be permitted to trade with that counterparty.

Swap contracts and other OTC derivatives are highly susceptible to illiquidity risk (see “Illiquidity Risk”) and counterparty risk (see “Counterparty Risk”). These derivatives also are subject to documentation risk, which is the risk that ambiguities, inconsistencies or errors in the documentation relating to a derivative transaction may lead to a dispute with the counterparty or unintended investment results. In addition, see “Commodities Risk” for a discussion of risks specific to commodity-related derivatives. Because many derivatives have a leverage component (i.e., a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. See “Leveraging Risk.”

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A Fund's use of derivatives may be subject to special tax rules and could generate additional taxable income for shareholders. In addition, the tax treatment of a Fund's use of derivatives will sometimes be unclear.

The SEC has proposed a rule under the 1940 Act, regulating the use by registered investment companies of derivatives and many related instruments. That rule, if adopted as proposed, would, among other things, restrict a Fund's ability to engage in derivatives transactions or so increase the cost of derivatives transactions that a Fund would be unable to implement its investment strategy.

Derivatives Regulation. The U.S. government has enacted legislation that provides for new regulation of the derivatives market, including clearing, margin, reporting, and registration requirements. The European Union (and some other countries) have adopted similar requirements, which affect a Fund when it enters into a derivatives transaction with a counterparty subject to those requirements. Because these U.S. and European Union requirements are new and evolving (and some of the rules are not yet final), their impact on the Funds remains unclear.

Transactions in some types of swaps (including interest rate swaps and credit default swaps on North American and European indices) are required to be centrally cleared. In a transaction involving those swaps ("cleared derivatives"), a Fund's counterparty is a clearing house rather than a bank or broker. Since the Funds are not members of clearing houses and only members of a clearing house ("clearing members") can participate directly in the clearing house, the Funds hold cleared derivatives through accounts at clearing members. In cleared derivatives positions, the Funds make payments (including margin payments) to and receive payments from a clearing house through their accounts at clearing members. Clearing members guarantee performance of their clients' obligations to the clearing house.

In some ways, cleared derivative arrangements are less favorable to mutual funds than bilateral arrangements, for example, by requiring that funds provide more margin for their cleared derivatives positions. Also, as a general matter, in contrast to a bilateral derivatives position, following a period of notice to a Fund, a clearing member at any time can require termination of an existing cleared derivatives position or an increase in the margin required at the outset of a transaction. Clearing houses also have broad rights to increase the margin required for existing positions or to terminate those positions at any time. Any increase in margin requirements or termination of existing cleared derivatives positions by the clearing member or the clearing house could interfere with the ability of a Fund to pursue its investment strategy. Further, any increase in margin requirements by a clearing member could expose a Fund to greater credit risk to its clearing member because margin for cleared derivatives positions in excess of a clearing house's margin requirements typically is held by the clearing member (see "Counterparty Risk"). Also, a Fund is subject to risk if it enters into a derivatives transaction that is required to be cleared (or that GMO expects to be cleared), and no clearing member is willing or able to clear the transaction on the Fund's behalf. While the documentation in place between the Funds and their clearing members generally provides that the clearing members will accept for clearing all cleared derivatives transactions that are within credit limits (specified in advance) for each Fund, the Funds are still subject to the risk that no clearing member will be willing or able to clear a transaction. In those cases, the position might have to be terminated, and the Fund could lose some or all of the benefit of the position, including loss of an increase in the value of the position and loss of hedging protection. In addition, the documentation governing the relationship between the Funds and clearing members is drafted by the clearing members and generally is less favorable to the Funds than the documentation for typical bilateral derivatives. For example, documentation relating to cleared derivatives generally includes a one-way indemnity by the Funds in favor of the clearing member for losses the clearing member incurs as the Funds' clearing member. Also, such documentation typically does not provide the Funds any remedies if the clearing member defaults or becomes insolvent. While futures contracts entail similar risks, the risks may be more pronounced for cleared derivatives due to their more limited liquidity and market history.

Some types of cleared derivatives are required to be executed on an exchange or on a swap execution facility. A swap execution facility is a trading platform where multiple market participants can execute derivatives by accepting bids and offers made by multiple other participants in the platform. While this execution requirement is designed to increase transparency and liquidity in the cleared derivatives market, trading on a swap execution facility can create additional costs and risks for the Funds. For example, swap execution facilities typically charge fees, and if a Fund executes derivatives on a swap execution facility through a broker intermediary, the intermediary may impose fees as well. Also, a Fund may be required to indemnify a swap execution facility, or a broker intermediary who executes cleared derivatives on a swap execution facility on the Fund's behalf, against any losses or costs that may be incurred as a result of the Fund's transactions on the swap execution facility.

If a Fund wishes to execute a package of transactions that include a swap that is required to be executed on a swap execution facility as well as other transactions (for example, a transaction that includes both a security and an interest rate swap that hedges interest rate

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exposure with respect to such security), the Fund may be unable to execute all components of the package on the swap execution facility. In that case, the Fund would need to trade some components of the package on the swap execution facility and other components in another manner, which could subject the Fund to the risk that some components would be executed successfully and others would not, or that the components would be executed at different times, leaving the Fund with an unhedged position for a period of time.

The U.S. government and the European Union have adopted mandatory minimum margin requirements for bilateral derivatives. New variation margin requirements became effective in March 2017 and new initial margin requirements will become effective in 2020. Such requirements could increase the amount of margin a Fund needs to provide in connection with its derivatives transactions and, therefore, make derivatives transactions more expensive.

These and other new rules and regulations could, among other things, further restrict a Fund's ability to engage in, or increase the cost to the Fund of, derivatives transactions, for example, by making some types of derivatives no longer available to the Fund or otherwise limiting liquidity. The implementation of the clearing requirement has increased the cost of derivatives transactions for the Funds, since the Funds have to pay fees to their clearing members and are typically required to post more margin for cleared derivatives than they historically posted for bilateral derivatives. The cost of derivatives transactions is expected to increase further as clearing members raise their fees to cover the cost of additional capital requirements and other regulatory changes applicable to the clearing members. These rules and regulations are new and evolving, and, therefore, their potential impact on the Funds and the financial system are not yet known. While the new rules and regulations and central clearing of some derivatives transactions are designed to reduce systemic risk (i.e., the risk that the interdependence of large derivatives dealers could cause them to suffer liquidity, solvency or other challenges simultaneously), there is no assurance that they will achieve that result, and in the meantime, as noted above, central clearing and related requirements expose the Funds to new kinds of costs and risks.

Options. Some Funds are permitted to write options. The market price of an option is affected by many factors, including changes in the market prices or dividend rates of underlying securities (or in the case of indices, the securities in such indices); the time remaining before expiration; changes in interest rates or exchange rates; and changes in the actual or perceived volatility of the relevant stock market and underlying securities. The market price of an option also may be adversely affected if the market for the option becomes less liquid. In addition, since an American-style option allows the holder to exercise its rights any time before the option's expiration, the writer of an American-style option has no control over when it will be required to fulfill its obligations as a writer of the option. (The writer of a European-style option is not subject to this risk because the holder may only exercise the option on its expiration date.) If a Fund writes a call option and does not hold the underlying security or instrument, the Fund's potential loss is theoretically unlimited.

National securities exchanges generally have established limits on the maximum number of options an investor or group of investors acting in concert may write. A Fund, GMO, and other funds advised by GMO likely constitute such a group. When applicable, these limits restrict a Fund's ability to purchase or write options on a particular security.

Unlike exchange-traded options, which are standardized with respect to the underlying instrument, expiration date, contract size, and strike price, the terms of OTC options (i.e., options not traded on exchanges) generally are established through negotiation with the other party to the option contract. While a Fund has greater flexibility to tailor an OTC option, OTC options generally expose a Fund to greater credit risk than exchange-traded options, which are guaranteed by the clearing organization of the exchanges where they are traded. Purchasing and writing put and call options are highly specialized activities and entail greater than ordinary market risks.

Special tax rules apply to a Fund's transactions in options, which could increase the taxes payable by shareholders subject to U.S. income taxation. In particular, a Fund's options transactions potentially could cause a substantial portion of the Fund's distributions to be taxable at ordinary income tax rates. See the Funds' Prospectus and Statement of Additional Information for more information.

Short Investment Exposure. Some Funds may sell securities or currencies short as part of their investment programs in an attempt to increase their returns or for hedging purposes. Short sales expose a Fund to the risk that it will be required to acquire, convert, or exchange a security or currency to replace the borrowed security or currency when the security or currency sold short has appreciated in value, thus resulting in a loss to the Fund. Purchasing a security or currency to close out a short position can itself cause the price of the security or currency to rise further, thereby exacerbating any losses. A Fund that sells short a security or currency it does not own typically pays borrowing fees to a broker and is required to pay the broker any dividends or interest it receives on a borrowed security.

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A Fund also may create short investment exposure by taking a derivative position in which the value of the derivative moves in the opposite direction from the price of an underlying asset, pool of assets, rate, currency or index.

Short sales of securities or currencies a Fund does not own and “short” derivative positions involve forms of investment leverage, and the amount of the Fund’s potential loss is theoretically unlimited. A Fund is subject to increased leveraging risk and other investment risks described in this “Investment and other risks” section to the extent it sells short securities or currencies it does not own or takes “short” derivative positions.

• **FOCUSED INVESTMENT RISK.** Funds with investments that are focused in a limited number of asset classes, sectors, industries, issuers, currencies, countries, or regions (or in sectors within a country or region) that are subject to the same or similar risk factors and funds with investments whose prices are closely correlated are subject to greater overall risk than funds with investments that are more diversified or whose prices are not as closely correlated.

A Fund that invests in the securities of a small number of issuers has greater exposure to adverse developments affecting those issuers and to a decline in the market price of those issuers’ securities than Funds investing in the securities of a larger number of issuers. Securities, sectors, or companies that share common characteristics are often subject to similar business risks and regulatory burdens, and often react similarly to specific economic, market, political or other developments.

Similarly, Funds having a significant portion of their assets in investments tied economically (or related) to a particular geographic region, country or market (e.g., emerging markets), or to sectors within a region, country, or market (e.g., Russian oil) have more exposure to regional and country economic risks than funds making investments throughout the world. The political and economic prospects of one country or group of countries within the same geographic region may affect other countries in that region, and a recession, debt crisis or decline in the value of the currency of one country can spread to other countries. Furthermore, companies in a particular geographic region or country are vulnerable to events affecting other companies in that region or country because they often share common characteristics, are exposed to similar business risks and regulatory burdens, and react similarly to specific economic, market, political or other developments. See also “Non-U.S. Investment Risk.”

• **FUND OF FUNDS RISK.** Funds that invest in Underlying Funds (including underlying GMO Funds) are exposed to the risk that the Underlying Funds will not perform as expected. The Funds also are indirectly exposed to all of the risks to which the Underlying Funds are exposed.

Absent reimbursement, a Fund bears the fees and expenses of an Underlying Fund (including purchase premiums and redemption fees, if any) in which it invests, and may incur additional expenses when investing in an Underlying Fund. In addition, total Fund expenses will increase if a Fund makes a new or further investment in Underlying Funds with higher fees or expenses than the average fees and expenses of the Underlying Funds then in the Fund’s portfolio.

In addition, to the extent a Fund invests in shares of underlying GMO Funds, it is indirectly subject to Large Shareholder Risk when an underlying GMO Fund has large shareholders (e.g., other GMO Funds). See “Large Shareholder Risk.”

At any particular time, one Underlying Fund may be purchasing securities of an issuer whose securities are being sold by another Underlying Fund, resulting in a Fund that holds each Underlying Fund indirectly incurring the costs associated with the two transactions without changing its exposure to those securities.

Investments in exchange-traded funds (“ETFs”) involve the risk that an ETF’s performance may not track the performance of the index it is designed to track. In addition, ETFs often use derivatives to track the performance of an index, and, therefore, investments in those ETFs are subject to the same derivatives risks discussed in “Derivatives and Short Sales Risk.” ETFs are investment companies that typically hold a portfolio of securities designed to track the price, performance, and dividend yield of a particular securities market index (or sector of an index). As investment companies, ETFs incur their own management and other fees and expenses, such as trustee fees, operating expenses, registration fees, and marketing expenses, and a Fund that invests in ETFs will bear a proportionate share of such fees and expenses. As a result, an investment by a Fund in an ETF could lead to higher operating expenses and lower returns than if the Fund were to invest directly in the securities underlying the ETF.

A Fund’s investments in one or more Underlying Funds could affect the amount, timing and character of its distributions and could cause the Fund to recognize taxable income in excess of the cash generated by such investments, requiring the Fund in turn to liquidate investments at disadvantageous times to generate cash needed to make required distributions.

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• **FUTURES CONTRACTS RISK.** The risk of loss to a Fund resulting from its use of futures contracts (or “futures”) is potentially unlimited. Futures markets are highly volatile, and the use of futures contracts may increase the volatility of the Fund’s net asset value. A Fund’s ability to establish and close out positions in futures contracts is subject to the development and maintenance of a liquid secondary market. A liquid secondary market may not exist for any particular futures contract at any particular time, and a Fund might be unable to effect closing transactions to terminate its exposure to the contract. In using futures contracts, a Fund relies on GMO’s ability to predict market and price movements correctly. The skills needed to use futures contracts successfully are different from those needed for traditional portfolio management. If a Fund uses futures contracts for hedging purposes, it runs the risk that changes in the prices of the contracts will not correlate perfectly with changes in the securities, index, or other asset underlying the contracts or movements in the prices of the Fund’s investments that are the subject of the hedge.

A Fund typically will be required to post margin with its futures commission merchant in connection with its positions in futures contracts. If the Fund has insufficient cash to meet margin requirements, the Fund may have to sell other investments at disadvantageous times. A Fund may be unable to reenter or may be delayed in recovering margin or other amounts deposited with a futures commission merchant or futures clearinghouse. For example, should the futures commission merchant become insolvent, a Fund may be unable to recover all (or any) of the margin it has deposited or realize the value of any increase in the price of its positions.

The Commodity Futures Trading Commission (the “CFTC”) and the various exchanges have established limits (referred to as “speculative position limits”) on the maximum net long or net short positions that any person and certain of its affiliated entities may hold or control in a particular futures contract. In addition, an exchange may impose trading limits on the number of contracts a person may trade on a particular day. An exchange may order the liquidation of positions found to be in violation of these limits, and it may impose sanctions or restrictions. In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act requires the CFTC to establish speculative position limits on listed futures and economically equivalent OTC derivatives, and those limits may adversely affect the market liquidity of those futures and derivatives. As a result of such limits, positions held by other GMO clients or by GMO or its affiliates may prevent GMO from taking positions on behalf of a Fund in a particular futures contract or OTC derivative.

Futures contracts traded on markets outside the United States generally are not subject to regulation by the CFTC or other U.S. regulators. U.S. regulators neither regulate the activities of a foreign exchange nor have the power to compel enforcement of the rules of a foreign exchange or the laws of the country where the exchange is located. Margin and other payments made by a Fund in foreign countries may not have the same protections as payments in the United States. In addition, foreign futures contracts may be less liquid and more volatile than U.S. contracts.

• **ILLIQUIDITY RISK.** Illiquidity risk is the risk that low trading volume, lack of a market maker, large position size, or legal restrictions (including daily price fluctuation limits or “circuit breakers”) limits, delays or prevents a Fund from selling particular securities or closing derivative positions at desirable prices. In addition to these risks, a Fund is exposed to illiquidity risk when it has an obligation to purchase particular securities (e.g., as a result of entering into reverse repurchase agreements, writing a put, or closing a short position). To the extent a Fund’s investments include asset-backed securities, distressed, defaulted or other low quality debt securities, emerging country debt or equity securities, securities of companies with smaller market capitalizations or smaller total float adjusted market capitalizations, or emerging market securities, it is subject to increased illiquidity risk. These types of investments can be difficult to value, exposing a Fund to the risk that the price at which it sells them will be less than the price at which they were valued when held by the Fund. Illiquidity risk also may be greater in times of financial stress. For example, Inflation-Protected Securities issued by the U.S. Treasury (“TIPS”) have experienced periods of greatly reduced liquidity during disruptions in fixed income markets, such as the events surrounding the bankruptcy of Lehman Brothers in 2008. Less liquid securities are more susceptible than other securities to price declines when market prices decline generally.

A Fund may buy securities or other investments that are less liquid than those in its benchmark. The more illiquid investments a Fund has, the greater the likelihood of its paying redemption proceeds in-kind.

Historically, the credit markets have experienced periods characterized by a significant lack of liquidity, and they may experience similar periods in the future. A lack of liquidity could require a Fund to sell securities to satisfy collateral posting requirements and meet redemptions, which could, in turn, create downward price pressure on the securities being sold.

A Fund’s ability to use options as part of its investment program depends on the liquidity of the options market. That market may not be liquid when a Fund seeks to close out an option position, and the hours of trading for options on an exchange may not conform to the hours during which the underlying securities are traded. To the extent that the options markets close before the markets for the

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underlying securities, significant price and rate movements can take place in the markets for those securities that are not immediately reflected in the options markets. If a Fund receives a redemption request and is unable to close out an option it has sold, the Fund may temporarily be leveraged in relation to its assets.

• **LARGE SHAREHOLDER RISK.** To the extent a large number of shares of a Fund is held by a single shareholder (e.g., an institutional investor or another GMO Fund) or a group of shareholders with a common investment strategy (e.g., GMO asset allocation accounts), the Fund is subject to the risk that a redemption by those shareholders of all or a large portion of their Fund shares will adversely affect the Fund's performance by forcing the Fund to sell portfolio securities, potentially at disadvantageous prices, to raise the cash needed to satisfy the redemption request. In addition, the Funds and other accounts over which GMO has investment discretion that invest in the Funds are not limited in how often they may sell Fund shares. The Asset Allocation Funds and separate accounts managed by GMO for its clients hold substantial percentages of the outstanding shares of many Funds, and asset allocation decisions by GMO may result in substantial redemptions from (or investments in) those Funds. These transactions may adversely affect the Fund's performance to the extent that the Fund is required to sell investments when it would not have otherwise done so. Redemptions of a large number of shares also may increase transaction costs or, by necessitating a sale of portfolio securities, have adverse tax consequences for Fund shareholders. Further, from time to time a Fund may trade in anticipation of a purchase or redemption order that ultimately is not received or differs in size from the actual order, leading to temporary underexposure or overexposure to the Fund's intended investment program. In addition, redemptions and purchases of shares by a large shareholder or group of shareholders could limit the use of any capital loss carryforwards to offset future realized capital gains (if any) and other losses that would otherwise reduce distributable net investment income. In addition, large shareholders may limit or prevent a Fund's use of equalization for U.S. federal tax purposes.

To the extent a Fund invests in other GMO Funds subject to large shareholder risk, the Fund is indirectly subject to this risk.

• **LEVERAGING RISK.** The use of traditional borrowing (including to meet redemption requests), reverse repurchase agreements and other derivatives and securities lending creates leverage (i.e., a Fund's investment exposures exceed its net asset value). Leverage increases a Fund's losses when the value of its investments (including derivatives) declines. Because many derivatives have a leverage component (i.e., a notional value in excess of the assets needed to establish or maintain the derivative position), adverse changes in the value or level of the underlying asset, rate or index may result in a loss substantially greater than the amount invested in the derivative itself. In the case of swaps, the risk of loss generally is related to a notional principal amount, even if the parties have not made any initial investment. Some derivatives, similar to short sales, have the potential for unlimited loss, regardless of the size of the initial investment. Similarly, a Fund's portfolio will be leveraged and can incur losses if the value of the Fund's assets declines between the time a redemption request is received or deemed to be received by a Fund (which in some cases may be the business day prior to actual receipt of the transaction activity by the Fund) and the time at which the Fund liquidates assets to meet redemption requests. Such a decline in the value of a Fund's assets is more likely in the case of Funds managed from GMO's non-U.S. offices for which the time period between the NAV determination and corresponding liquidation of assets could be longer due to time zone differences and market schedules. In the case of redemptions representing a significant portion of a Fund's portfolio, the leverage effects described above can be significant and could expose a Fund and non-redeeming shareholders to material losses.

A Fund may manage some of its derivative positions by offsetting derivative positions against one another or against other assets. To the extent offsetting positions do not behave in relation to one another as expected, a Fund may perform as if it were leveraged.

Some Funds are permitted to purchase securities on margin or to sell securities short, either of which creates leverage. To the extent the market prices of securities pledged to counterparties to secure a Fund's margin account or short sale decline, the Fund may be required to deposit additional funds with the counterparty to avoid having the pledged securities liquidated to compensate for the decline.

• **MANAGEMENT AND OPERATIONAL RISK.** Each Fund is subject to management risk because it relies on GMO to achieve its investment objective. Each Fund runs the risk that GMO's investment techniques will fail to produce desired results and may cause the Fund to incur significant losses. GMO also may fail to use derivatives effectively, choosing to hedge or not to hedge positions at disadvantageous times.

For many Funds, GMO uses quantitative models as part of its investment process. GMO's models may not accurately predict future market movements, or characteristics. In addition, they are based on assumptions that can limit their effectiveness, and they rely on data that is subject to limitations (e.g., inaccuracies, staleness) that could adversely affect their predictive value. The Funds also run the risk that GMO's assessment of an investment (including a security's fundamental fair (or intrinsic) value) is wrong.

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GMO relies on quantitative models in making investment decisions. The usefulness of GMO's models may be diminished by the faulty incorporation of mathematical models into computer code, by reliance on proprietary and third-party technology that includes errors, omissions, bugs, or viruses, and by the retrieval of limited or imperfect data for processing by the model. These risks are present in the ordinary course of business and are more likely to occur when GMO is making changes to its models. Any of these risks could adversely affect a Fund's performance.

There can be no assurance that key GMO personnel will continue to be employed by GMO. The loss of their services could have an adverse impact on GMO's ability to achieve the Funds' investment objectives.

The Funds also are subject to a risk of loss resulting from other services provided by GMO and other service providers, including pricing, administrative, accounting, tax, legal, custody, transfer agency, and other services. Operational risk includes the possibility of loss caused by inadequate procedures and controls, human error, and system failures by a service provider. For example, trading delays or errors could prevent a Fund from benefiting from investment gains or avoiding losses. In addition, a service provider may be unable to provide a net asset value ("NAV") for a Fund or share class on a timely basis. GMO is not contractually liable to the Funds for losses associated with operational risk absent its willful misfeasance, bad faith, gross negligence, or reckless disregard of its contractual obligations to provide services to the Funds. Other Fund service providers also have contractual limitations on their liability to the Funds for losses resulting from their errors.

The Funds and their service providers (including GMO) are susceptible to cyber-attacks and to technological malfunctions that may have effects similar to those of a cyber-attack. Cyber-attacks include, among others, stealing or corrupting data maintained online or digitally, preventing legitimate users from accessing information or services on a website, releasing confidential information without authorization, and disrupting operations. Successful cyber-attacks against, or security breakdowns of, a Fund, GMO, a sub-adviser, or a custodian, transfer agent, or other service provider may adversely affect the Fund or its shareholders. For instance, cyber-attacks may interfere with the processing of shareholder transactions, affect a Fund's ability to calculate its net asset value, cause the release or misappropriation of private shareholder information or confidential Fund information, impede trading, cause reputational damage, and subject the Fund to regulatory fines, penalties or financial losses, and additional compliance costs. The Funds' service providers regularly experience cyber-attacks and expect they will continue to do so. While GMO has established business continuity plans and systems designed to prevent, detect and respond to cyber-attacks, those plans and systems have inherent limitations. Similar types of cyber security risks also are present for issuers of securities in which the Funds invest, which could have material adverse consequences for those issuers and result in a decline in the market price of their securities. Furthermore, as a result of cyber-attacks, technological disruptions, malfunctions, or failures, an exchange or market may close or suspend trading in specific securities or the entire market, which could prevent the Funds from, among other things, buying or selling securities or accurately pricing their investments. The Funds cannot directly control cyber security plans and systems of their service providers, the Funds' counterparties, issuers of securities in which the Funds invest, or securities markets and exchanges.

• **MARKET DISRUPTION AND GEOPOLITICAL RISK.** The Funds are subject to the risk that geopolitical and other events (e.g., wars and terrorism) will disrupt securities markets and adversely affect global economies and markets, thereby reducing the value of the Funds' investments. Sudden or significant changes in the supply or prices of commodities or in other economic inputs (e.g., the marked decline in oil prices that began in late 2014) may have material and unexpected effects on both global securities markets and individual countries, regions, sectors, companies, or industries. Terrorism in the United States and around the world has increased geopolitical risk. The terrorist attacks on September 11, 2001 resulted in the closure of some U.S. securities markets for four days, and similar attacks are possible in the future. Securities markets may be susceptible to market manipulation or other fraudulent trading practices, which could disrupt their orderly functioning or reduce the prices of securities traded on them, including securities held by the Funds. Fraud and other deceptive practices committed by an issuer of securities held by a Fund undermine GMO's due diligence efforts and, when discovered, will likely cause a steep decline in the market price of those securities and thus negatively affect the value of the Fund's investments. In addition, when discovered, financial fraud may contribute to overall market volatility, which can negatively affect a Fund's investment program as well as the rates or indices underlying a Fund's investments.

While the U.S. government has always honored its credit obligations, a default by the U.S. government (as has been threatened in recent years) would be highly disruptive to the U.S. and global securities markets and could significantly reduce the value of the Funds' investments. Similarly, political events within the United States have resulted, and may in the future result, in a shutdown of government services, which could adversely affect the U.S. economy, reduce the value of many Fund investments, and impair the operation of the U.S. or other securities markets. Uncertainty over the sovereign debt of several European Union countries, as well as uncertainty over the continued existence of the European Union itself, has disrupted and may continue to disrupt markets in the

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United States and around the world. If a country changes its currency or if the European Union dissolves, the world's securities markets likely will be significantly disrupted. In June 2016, the United Kingdom approved a referendum to leave the European Union (commonly known as "Brexit") and in March 2017, the United Kingdom commenced the formal process of withdrawing from the European Union. Brexit has resulted in volatility in European and global markets and could have negative long-term impacts on financial markets in the United Kingdom and throughout Europe. Considerable uncertainty exists over the potential consequences and precise timeframe for Brexit, how it will be conducted, how negotiations of trade agreements will proceed, and how the financial markets will react, and as this process unfolds markets may be further disrupted. The consequences of the United Kingdom's or another country's exit from the European Union also could threaten the stability of the euro for remaining countries and could negatively affect the financial markets of other countries in the European region and beyond. War, terrorism, economic uncertainty, and related geopolitical events, such as sanctions, tariffs, the imposition of exchange controls or other cross-border trade barriers, have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, would be highly disruptive to economies and markets, adversely affecting individual companies and industries, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the market price of the Funds' investments. During such market disruptions, the Funds' exposure to the risks described elsewhere in this "Investment and other risks" section will likely increase. Market disruptions, including sudden government interventions, can also prevent the Funds from implementing their investment programs and achieving their investment objectives. For example, a market disruption may adversely affect the orderly functioning of the securities markets and may cause the Funds' derivatives counterparties to discontinue offering derivatives on some underlying commodities, securities, reference rates, or indices, or to offer them on a more limited basis. To the extent a Fund has focused its investments in the stock index of a particular region, adverse geopolitical and other events in that region could have a disproportionate impact on the Fund.

• **MARKET RISK.** All of the Funds are subject to market risk, which is the risk that the market price of their holdings will decline. Market risks include:

Asset-Backed Securities — Investments in asset-backed securities not only are subject to all of the market risks described under "Market Risk — Fixed Income," but to other market risks as well.

Asset-backed securities are often exposed to greater risk of severe credit downgrades, illiquidity, and defaults than many other types of fixed income investments. These risks become particularly acute during periods of adverse market conditions, such as those that occurred in 2008.

As described under "Market Risk — Fixed Income" the market price of asset-backed securities, like that of other fixed income investments with complex structures, can decline for a variety of reasons, including market uncertainty about their credit quality and the reliability of their payment streams. Payment of interest on asset-backed securities and repayment of principal largely depend on the cash flow generated by the assets backing the securities, as well as the deal structure (e.g., the amount of underlying assets or other support available to produce the cash flows necessary to service interest and make principal payments), the quality of the underlying assets, the level of credit support and the credit quality of the credit-support provider, if any, and the performance of other service providers with access to the payment stream. A problem in any of these factors can lead to a reduction in the payment stream GMO expected a Fund to receive when the Fund purchased the asset-backed security. Principal repayments of asset-backed securities are at risk if obligors of the underlying obligations default and the value of the defaulted obligations exceeds whatever credit support the securities have. Asset-backed securities backed by sub-prime mortgage loans, in particular, expose a Fund to potentially greater declines in value due to defaults because sub-prime mortgage loans are typically made to less creditworthy borrowers and thus have a higher risk of default than conventional mortgage loans. The issuance of asset-backed securities) also are subject to bankruptcy, insolvency and other laws affecting the rights and remedies of creditors. As of the date of this report, many asset-backed securities owned by the Funds that were once rated investment grade are now rated below investment grade. See "Credit Risk" for more information about credit risk.

When worldwide economic and liquidity conditions deteriorated in 2008, the markets for asset-backed securities became fractured, and uncertainty about the creditworthiness of those securities (and underlying assets) caused credit spreads (the difference between yields on asset-backed securities and U.S. Government securities) to widen dramatically. Concurrently, systemic risks of the type evidenced by the insolvency of Lehman Brothers and subsequent market disruptions reduced the ability of financial institutions to make markets in many asset-backed (as well as others) fixed income securities. These events reduced liquidity and contributed to

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substantial declines in the market prices of asset-backed (and other) fixed income securities and may occur again. Also, government actions and proposals affecting the terms of underlying home and consumer loans, changes in demand for products (e.g., automobiles) financed by those loans, and the inability of borrowers to refinance existing loans (e.g., sub-prime mortgages) have had, and may continue to have, adverse valuation and liquidity effects on asset-backed securities.

The market price of an asset-backed security depends in part on the servicing of its underlying assets and is, therefore, subject to risks associated with the negligence or defalcation of its servicer. In some circumstances, the mishandling of documentation for underlying assets also can affect the rights of holders of those underlying assets. The insolvency of a servicer is likely to result in a decline in the market price of the securities it is servicing, as well as costs and delays. The obligations underlying asset-backed securities, in particular securities backed by pools of residential and commercial mortgages, also are subject to unscheduled prepayment, and a Fund may be unable to invest prepayments at as high a yield as was provided by the asset-backed security. When interest rates rise, the obligations underlying asset-backed securities may be repaid more slowly than anticipated, and the market price of those securities may decrease.

The existence of insurance on an asset-backed security does not guarantee that the principal and interest will be paid because the insurer could default on its obligations.

The risk of investing in asset-backed securities has increased since 2008 because performance of the various sectors in which the assets underlying asset-backed securities are concentrated (e.g., auto loans, student loans, sub-prime mortgages, and credit card receivables) has become more highly correlated. See “Focused Investment Risk” for more information about risks of investing in correlated sectors. A single financial institution may serve as a servicer for many asset-backed securities. As a result, a disruption in that institution’s business may have a material impact on the many asset-backed securities it services. The risks associated with asset-backed securities are particularly pronounced for Opportunistic Income Fund, which has invested a substantial portion of its assets in asset-backed securities, and for the Funds that have invested a substantial portion of their assets in Opportunistic Income Fund.

Equities — Funds that invest in equities run the risk that the market price of an equity will decline. That decline may be attributable to factors affecting the issuer, such as poor performance by the issuer’s management or reduced demand for its goods or services, or to factors affecting a particular industry, such as a decline in demand, labor or raw material shortages, or increased production costs. A decline also may result from general market conditions not specifically related to a company or industry, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates, or adverse investor sentiment generally. The market prices of equities are volatile and can decline in a rapid or unpredictable manner. If a Fund purchases an equity for what GMO believes is less than its fundamental fair (or intrinsic) value, the Fund runs the risk that the market price of the equity will not appreciate or will decline due to GMO’s incorrect assessment. The market prices of equities trading at high multiples of current earnings often are more sensitive to changes in future earnings expectations than the market prices of equities trading at lower multiples.

Fixed Income — Funds that invest in fixed income investments (including bonds, notes, bills, synthetic debt instruments, and asset-backed securities) are subject to various market risks. The market price of a fixed income investment can decline due to 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). In addition, the market price of fixed income investments with complex structures, such as asset-backed securities and sovereign and quasi-sovereign debt instruments, can decline due to uncertainty about their credit quality and the reliability of their payment streams. Some fixed income investments also are subject to unscheduled prepayment, and a Fund may be unable to invest prepayments at as high a yield as was provided by the fixed income investment. When interest rates rise, fixed income investments also may be repaid more slowly than anticipated, causing a decrease in their market price. During periods of economic uncertainty and change, the market price of a Fund’s investments in below investment grade investments (commonly referred to as “junk bonds”) may be particularly volatile. Often below investment grade investments are subject to greater sensitivity to interest rate and economic changes than higher rated investments and can be more difficult to value, exposing a Fund to the risk that the price at which it sells them will be less than the price at which they were valued when held by the Fund. See “Credit Risk” and “Illiquidity Risk” for more information about these risks.

A risk run by each Fund with significant investment in fixed income investments is that an increase in prevailing interest rates will cause the market price of those securities to decline. The risk associated with increases in interest rates (also called “interest rate risk”) is generally greater for Funds investing in fixed income investments with longer durations. In addition, in managing some Funds, GMO may seek to evaluate potential investments in part by considering the volatility of interest rates. The value of a Fund’s investments may be significantly reduced if GMO’s assessment proves incorrect.

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The extent to which the market price of a fixed income investment changes with changes in interest rates is referred to as interest rate duration, which can be measured mathematically or empirically. A longer-maturity investment generally has longer interest rate duration because its fixed rate is locked in for a longer period of time. Floating-rate or adjustable-rate investments generally have shorter interest rate durations because their interest rates are not fixed but rather float up and down as interest rates change. Conversely, inverse floating-rate investments have durations that move in the opposite direction from short-term interest rates and thus tend to underperform fixed rate investments when interest rates rise but outperform them when interest rates decline. Fixed income investments paying no interest, such as zero coupon and principal-only securities, are subject to additional interest rate risk.

The market price of inflation-indexed bonds (including TIPS) typically declines during periods of rising real interest rates (i.e., nominal interest rate minus inflation) and increases during periods of declining real interest rates. In some interest rate environments, such as when real interest rates are rising faster than nominal interest rates, the market price of inflation-indexed bonds may decline more than the price of non-inflation-indexed (or nominal) fixed income bonds with similar maturities.

Generally, when interest rates on short term U.S. Treasury obligations equal or approach zero, a Fund that invests a substantial portion of its assets in U.S. Treasury obligations, such as U.S. Treasury Fund, will have a negative return unless GMO waives or reduces its management fees.

Fixed income securities denominated in foreign currencies also are subject to currency risk. See “Currency Risk.”

In response to government intervention, economic or market developments, or other factors, markets for fixed income investments may experience periods of high volatility, reduced liquidity or both. During those periods, a Fund could have unusually high shareholder redemptions, requiring it to generate cash by selling portfolio assets when it would otherwise not do so, including at unfavorable prices. Fixed income investments may be difficult to value during such periods. In recent years, central banks and governmental financial regulators, including the U.S. Federal Reserve, have kept interest rates historically low by purchasing bonds. However, the U.S. Federal Reserve recently has increased interest rates and continued economic recovery and the Federal Reserve’s conclusion of its quantitative easing program increase the likelihood that interest rates will increase in the United States and throughout the financial system. A substantial increase in interest rates could have an adverse effect on prices for fixed income investments and on the performance of the Funds. Other actions by central banks or regulators (such as intervention in foreign currency markets or currency controls) also could have a material adverse effect on the Funds.

• **NON-DIVERSIFIED FUNDS.** All of the Funds (except U.S. Treasury Fund) are not “diversified” investment companies within the meaning of the 1940 Act. This means they are allowed to invest in the securities of relatively few issuers. As a result, they may be subject to greater credit, market and other risks than if their investments were more diversified, and poor performance by a single investment may have a greater impact on their performance.

In addition, each of the Funds (other than U.S. Treasury Fund) may invest in shares of one or more other GMO Funds that are not diversified investment companies within the meaning of the 1940 Act.

• **NON-U.S. INVESTMENT RISK.** Funds that invest in non-U.S. securities are subject to more risks than Funds that invest only in U.S. securities. Many non-U.S. securities markets include securities of only a small number of companies in a small number of industries. As a result, the market prices of securities traded on those markets often fluctuate more than those of U.S. securities. In addition, issuers of non-U.S. securities often are not subject to as much regulation as U.S. issuers, and the reporting, accounting, custody, and auditing standards to which those issuers are subject often are not as rigorous as U.S. standards. Transactions in non-U.S. securities generally involve higher commission rates, transfer taxes, and custodial costs. In addition, some countries limit a Fund’s ability to profit from short-term trading (as defined in that country).

A Fund may be subject to non-U.S. taxation, including potentially on a retroactive basis, on (i) capital gains it realizes or dividends, interest, or other amounts it realizes or accrues in respect of non-U.S. investments; (ii) transactions in those investments; and (iii) repatriation of proceeds generated from the sale or other disposition of those investments. A Fund may seek a refund of taxes paid, but its efforts may not be successful, in which case the Fund will have incurred additional expenses for no benefit. In addition, a Fund’s pursuit of a tax refund may subject it to administrative and judicial proceedings in the country where it is seeking the refund. A Fund’s decision to seek a refund is in its sole discretion, and, particularly in light of the cost involved, it may decide not to seek a refund, even if it is entitled to one. The outcome of a Fund’s efforts to obtain a refund is inherently unpredictable. Accordingly, a refund is not typically reflected in a Fund’s net asset value until it is received or until GMO is confident that it will be received. In

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some cases, the amount of a refund could be material to a Fund's net asset value. Generally, absent a determination that a refund is collectible and free from significant contingencies, a refund is not reflected in a Fund's net asset value. See "Taxes, Non-U.S. Taxes" in the GMO Trust Statement of Additional Information for additional information.

Investing in non-U.S. securities also exposes a Fund to the risk of nationalization, expropriation, or confiscatory taxation of assets of their issuers, government involvement in every country, including the U.S., or in the affairs of specific companies or industries (including wholly or partially state-owned enterprises), adverse changes in investment regulations, capital requirements or exchange controls (which may include suspension of the ability to transfer currency from a country), and adverse political and diplomatic developments, including the imposition of economic sanctions.

In some non-U.S. securities markets, custody arrangements for securities provide significantly less protection than custody arrangements in U.S. securities markets, and prevailing custody and trade settlement practices (e.g., the requirement to pay for securities prior to receipt) expose a Fund to credit and other risks it does not have in the United States. Fluctuations in currency exchange rates also affect the market prices of a Fund's non-U.S. securities (see "Currency Risk").

The Funds need a license to invest directly in securities traded in many non-U.S. securities markets. These licenses are often subject to limitations, including maximum investment amounts. Once a license is obtained, a Fund's ability to continue to invest directly is subject to the risk that the license will be terminated or suspended. If a license to invest in a particular market is terminated or suspended, to obtain exposure to that market the Fund will be required to purchase American Depositary Receipts, Global Depositary Receipts, shares of other funds that are licensed to invest directly, or derivative instruments. The receipt of a non-U.S. license by one of GMO's clients may preclude a Fund from obtaining a similar license. In addition, the activities of a GMO client could cause the suspension or revocation of a Fund's license.

Funds that invest a significant portion of their assets in securities of issuers tied economically to emerging countries (or investments related to emerging markets) are subject to greater non-U.S. investment risk than Funds investing primarily in more developed non-U.S. countries (or markets). The risks of investing in those securities include: greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); greater social, economic, and political uncertainty and instability (including the risk of war or natural disaster); increased risk of nationalization, expropriation, or other confiscation of issuer assets; greater governmental involvement in the economy or in the affairs of specific companies or industries (including wholly or partially state-owned enterprises); less governmental supervision and regulation of securities markets and participants in those markets; controls on investment, capital controls and limitations on repatriation of invested capital, dividends, interest and other income and on a Fund's ability to exchange local currencies for U.S. dollars; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; less rigorous auditing and financial reporting standards and resulting unavailability of material information about issuers; slower clearance and settlement; difficulties in obtaining and enforcing legal judgments; and significantly smaller market capitalizations of issuers. In addition, the economies of emerging countries may depend predominantly on only a few industries or revenues from particular commodities and often are more volatile than the economies of developed countries.

• **SMALL COMPANY RISK.** Companies with smaller market capitalizations tend to have limited product lines, markets, or financial resources, lack the competitive strength of larger companies, have less experienced managers and depend on fewer key employees than larger companies. In addition, their securities often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations. Market risk and illiquidity risk are particularly pronounced for the securities of these companies.

Temporary Defensive Positions. Temporary defensive positions are positions that are inconsistent with a Fund's principal investment strategies and are taken in response to adverse market, economic, political or other conditions.

The Funds (other than Emerging Country Debt Fund and U.S. Treasury Fund) may take temporary defensive positions if deemed prudent by GMO. Many of the Funds have previously taken temporary defensive positions.

To the extent a Fund takes a temporary defensive position, or otherwise holds cash, cash equivalents, or high quality debt investments on a temporary basis, the Fund may not achieve its investment objective.

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4. Derivative financial instruments

Derivatives are financial contracts whose value depends on, or is derived from, the value of underlying assets, reference rates, or indices that are used to increase, decrease or adjust elements of the investment exposures of a Fund's portfolio. Derivatives may relate to securities, interest rates, currencies, currency exchange rates, inflation rates, commodities and indices, and include foreign currency contracts, swap contracts, reverse repurchase agreements, and other exchange-traded and OTC contracts.

The Funds may use derivatives to gain long investment exposure to securities or other assets. In particular, the Funds may use swaps, options, or other derivatives on an index, an ETF, a single security, or a basket of securities to gain investment exposures (e.g., by selling protection under a credit default swap). The Funds also may use currency derivatives (including forward currency contracts, futures contracts, swap contracts and options) to gain exposure to a given currency.

The Funds may use derivatives in an attempt to reduce their investment exposures (which may result in a reduction below zero). For example, a Fund may use credit default swaps to take a short position with respect to the likelihood of default by an issuer or may use a bond futures contract to short the bond market of a particular country. A Fund also may use currency derivatives in an attempt to reduce (which may result in a reduction below zero) some aspect of the currency exposure in its portfolio. For these purposes, the Fund may use an instrument denominated in a different currency that GMO believes is highly correlated with the relevant currency. The Funds may use derivatives in an attempt to adjust elements of their investment exposures to various securities, sectors, markets, indices, ETFs, and currencies without actually having to sell existing investments or make new direct investments. For instance, GMO may alter the interest rate exposure of debt instruments by employing interest rate swaps. Such a strategy is designed to maintain the Fund's exposure to the credit of an issuer through the debt instrument but adjust the Fund's interest rate exposure through the swap. With these swaps, the Fund and its counterparties exchange interest rate exposure, such as fixed versus variable rates and shorter duration versus longer duration exposure. In adjusting its investment exposures, a Fund also may use currency derivatives in an attempt to adjust its currency exposure, seeking currency exposure that is different (in some cases, significantly different) from the currency exposure represented by its portfolio investments.

Each of the Funds is not limited in its use of derivatives or in the total notional value of its derivative positions. As a result of their derivative positions, the Funds will typically have (or may have, in the case of Opportunistic Income Fund and U.S. Treasury Fund) gross investment exposures in excess of their net assets (i.e., the Funds will be (or may be, in the case of U.S. Treasury Fund) leveraged) and therefore are subject to heightened risk of loss. Each Fund's (other than U.S. Treasury Fund) performance can depend substantially, if not primarily, on the performance of assets or indices underlying its derivatives even though it does not own those assets or indices.

Certain derivatives transactions that may be used by the Funds, including certain interest rate swaps and certain credit default index swaps, are required to be transacted through a central clearing organization. The Funds hold cleared derivatives transactions, if any, through clearing members, who are members of derivatives clearing houses. Certain other derivatives, including futures and certain options, are transacted on exchanges. The Funds hold exchange-traded derivatives through clearing brokers that are typically members of the exchanges. In contrast to bilateral derivatives transactions, following a period of advance notice to the Fund, clearing brokers generally can require termination of existing cleared or exchange-traded derivatives transactions at any time and increases in margin above the margin that it required at the beginning of a transaction. Clearing houses and exchanges also have broad rights to increase margin requirements for existing transactions and to terminate transactions. Any such increase or termination could interfere with the ability of a Fund to pursue its investment strategy. Also, a Fund is subject to execution risk if it enters into a derivatives transaction that is required to be cleared (or that GMO expects to be cleared), and no clearing member is willing or able to clear the transaction on the Fund's behalf. In that case, the transaction might have to be terminated, and the Fund could lose some or all of the benefit of any increase in the value of the transaction after the time of the transaction.

The use of derivatives involves risks that are in addition to, and potentially greater than, the risks associated with investing directly in securities and other more traditional assets. See "Investment and other risks" above for further information.

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For Funds that held derivatives during the period ended August 31, 2018, the following table shows how the Fund used these derivatives (marked with an X):

Type of Derivative and Objective for Use	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund	High Yield Fund	Opportunistic Income Fund
Forward currency contracts					
Adjust currency exchange rate risk	X	X	X		
Adjust exposure to foreign currencies	X	X	X	X	X
Futures contracts					
Adjust exposure to certain markets					
Adjust interest rate exposure		X		X	X
Maintain the diversity and liquidity of the portfolio		X		X	X
Options (Purchased)					
Adjust currency exchange rate risk					
Adjust exposure to foreign currencies					
Adjust interest rate exposure					X
Achieve exposure to a reference entity's credit					X
Adjust exposure to equity markets					
Provide a measure of protection against default loss					X
Options (Written)					
Achieve exposure to a reference entity's credit					X
Adjust currency exchange rate risk					
Adjust exposure to foreign currencies					
Adjust interest rate exposure					X
Maintain the diversity and liquidity of the portfolio					
Provide a measure of protection against default loss					X
Options (Credit linked)					
Achieve exposure to a reference entity's credit			X		
Swap contracts					
Achieve exposure to a reference entity's credit			X	X	X
Adjust exposure to certain markets				X	X
Adjust interest rate exposure	X	X	X		X
Provide a measure of protection against default loss			X	X	X
Provide exposure to the Fund's benchmark		X			
Adjust exposure to foreign currencies			X		
Rights and/or warrants					
Achieve exposure to a reference commodity/economic statistic			X		

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Forward currency contracts

The Funds (except U.S. Treasury Fund) may enter into forward currency contracts, including forward cross currency contracts. A forward currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date (or to pay or receive the amount of the change in relative values of the two currencies). The market price of a forward currency contract fluctuates with changes in forward currency exchange rates. The value of each of the Fund's forward currency contracts is marked-to-market daily using rates supplied by a quotation service and changes in value are recorded by each Fund as unrealized gains or losses. Realized gains or losses on the contracts are equal to the difference between the value of the contract at the time it was opened and the value at the time it was settled.

These contracts involve market risk in excess of the unrealized gain or loss. Forward currency contracts expose a Fund to the market risk of unfavorable movements in currency values and the risk that the counterparty will be unable or unwilling to meet the terms of the contracts. Most forward currency contracts are not collateralized. Forward currency contracts outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Futures contracts

The Funds may purchase and sell futures contracts. A futures contract is a contract that obligates the holder to buy or sell an asset at a predetermined delivery price at a specified time in the future. Some futures contracts are net (cash) settled. Upon entering into a futures contract, a Fund is required to deposit cash, U.S. government and agency obligations or other liquid assets with the futures clearing broker in accordance with the initial margin requirements of the broker or exchange. Futures contracts are generally valued at the settlement price established at the close of business each day by the board of trade or exchange on which they are traded (and if the futures are traded outside the U.S. and the market for such futures is closed prior to the close of the NYSE due to time zone differences, the values will be adjusted, to the extent practicable and available, based on inputs from an independent pricing service approved by the Trustees to reflect estimated valuation changes through the NYSE close). The value of each of the Fund's futures contracts is marked-to-market daily and an appropriate payable or receivable for the change in value ("variation margin") is recorded by each Fund. The payable or receivable is settled on the following business day. Gains or losses are recognized but not accounted for as realized until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin as recorded in the Statements of Assets and Liabilities. Under some circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract can vary from the previous day's settlement price, thereby effectively preventing liquidation of unfavorable positions. Futures contracts expose the Funds to the risk that they may not be able to enter into a closing transaction due to an illiquid market. Futures contracts outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Options

The Funds may purchase call and put options. A call option gives the holder the right to buy an asset; a put option gives the holder the right to sell an asset. "Quanto" options are cash-settled options in which the underlying asset (often an index) is denominated in a currency other than the currency in which the option is settled. By purchasing options a Fund alters its exposure to the underlying asset by, in the case of a call option, entitling it to purchase the underlying asset at a set price from the writer of the option and, in the case of a put option, entitling it to sell the underlying asset at a set price to the writer of the option. A Fund pays a premium for a purchased option. That premium, if any, which is disclosed in the Schedule of Investments, is subsequently reflected in the marked-to-market value of the option. The potential loss associated with purchasing put and call options is limited to the premium paid. Purchased option contracts outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

The Funds may write (i.e., sell) call and put options on futures, swaps ("swaptions"), securities or currencies they own or in which they may invest. Writing options alters a Fund's exposure to the underlying asset by, in the case of a call option, obligating that Fund to sell the underlying asset at a set price to the option-holder and, in the case of a put option, obligating that Fund to purchase the underlying asset at a set price from the option-holder. In some cases (e.g., index options), settlement will be in cash, based on a formula price. When a Fund writes a call or put option, an amount equal to the premium received is recorded as a liability and is subsequently included in the marked-to-market value of the option. As a writer of an option, a Fund has no control over whether it will be required to sell (call) or purchase (put) the underlying asset and as a result bears the risk of an unfavorable change in the price of the asset underlying the option. In the event that a Fund writes call options without an offsetting exposure (e.g., call options on an asset that the Fund does not own), it bears an unlimited risk of loss if the price of the underlying asset increases during the term of the option. OTC options expose a Fund to the risk the Fund may not be able to enter into a closing transaction because of an illiquid

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market. Written option contracts outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

When an option contract is closed, that Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction in the cost of investments purchased. Gains and losses from the expiration or closing of written option contracts are separately disclosed in the Statements of Operations.

In a credit linked option contract, one party makes payments to another party in exchange for the option to exercise a contract where the buyer has the right to receive a specified return if a credit event (e.g., default or similar event) occurs with respect to a reference entity or entities and a specified decrease in the value of the related collateral occurs. A writer of a credit linked option receives periodic payments in return for its obligation to pay an agreed-upon value to the other party if they exercise their option in the case of a credit event. If no credit event occurs, the seller has no payment obligation and will keep the premiums received.

Exchange-traded options are valued at the last sale price, provided that price is between the closing bid and ask prices. If the last sale price is not within this range, then they will be valued at the closing bid price for long positions and the closing ask price for short positions. The Funds value OTC options using industry models and inputs provided by primary pricing sources.

Swap contracts

The Funds may directly or indirectly use various swap contracts, including, without limitation, swaps on securities and securities indices, total return swaps, interest rate swaps, basis swaps, currency swaps, credit default swaps, variance swaps, commodity swaps, inflation swaps, municipal swaps, dividend swaps, volatility swaps, correlation swaps and other types of available swaps. A swap contract is an agreement to exchange the return generated by one asset for the return generated by another asset. Some swap contracts are net settled. When entering into a swap contract and during the term of the transaction, a Fund and/or the swap counterparty may post or receive cash or securities as collateral.

Initial upfront payments received or made upon entering into a swap contract are included in the fair market value of the swap. The Funds do not amortize upfront payments. Net periodic payments made or received to compensate for differences between the stated terms of the swap contract and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors) are recorded as realized gains or losses in the Statements of Operations. A liquidation payment received or made at the termination of the swap contract is recorded as realized gain or loss in the Statements of Operations. The periodic frequency of payments received may differ from periodic payment frequencies made and their frequencies could be monthly, quarterly, semiannually, annually or at maturity.

Interest rate swap contracts involve an exchange by the parties of their respective commitments to pay or rights to receive interest (e.g., an exchange of floating rate interest payments for fixed rate interest payments with respect to the notional amount of principal). Basis swaps are interest rate swaps that involve the exchange of two floating interest rate payments and may involve the exchange of two different currencies.

Inflation swaps involve the exchange of a floating rate linked to an index for a fixed rate interest payment with respect to a notional amount or principal.

Total return swap contracts involve a commitment by one party to pay interest to the other party in exchange for a payment to it from the other party based on the return of a reference asset (e.g., a security, basket of securities, or futures contract), both based on notional amounts. To the extent the return of the reference asset exceeds or falls short of the interest payments, one party is entitled to receive a payment from or obligated to make a payment to the other party.

In a credit default swap contract, one party makes payments to another party in exchange for the right to receive a specified return (or to put a security) if a credit event (e.g., default or similar event) occurs with respect to a reference entity or entities. A seller of credit default protection receives periodic payments in return for its obligation to pay the principal amount of a debt security (or other agreed-upon value) to the other party upon the occurrence of a credit event. If no credit event occurs, the seller has no payment obligations so long as there is no early termination.

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For credit default swap contracts on asset-backed securities, a credit event may be triggered by various occurrences, which may include an issuer's failure to pay interest or principal on a reference security, a breach of a material representation or covenant, an agreement by the holders of an asset-backed security to a maturity extension, or a write-down on the collateral underlying the security. For credit default swap contracts on corporate or sovereign issuers, a credit event may be triggered by such occurrences as the issuer's bankruptcy, failure to pay interest or principal, repudiation/moratorium and/or restructuring.

Correlation swaps involve receiving a stream of payments based on the actual average correlation between or among the price movements of two or more underlying variables over a period of time, in exchange for making a regular stream of payments based on a fixed "strike" correlation level (or vice versa), where both payment streams are based on a notional amount. The underlying variables may include, without limitation, commodity prices, exchange rates, interest rates and stock indices.

Variance swap contracts involve an agreement by two parties to exchange cash flows based on the measured variance (or square of volatility) of a specified underlying asset. One party agrees to exchange a "fixed rate" or strike price payment for the "floating rate" or realized price variance on the underlying asset with respect to the notional amount. At inception, the strike price chosen is generally fixed at a level such that the fair value of the swap is zero. As a result, no money changes hands at the initiation of the contract. At the expiration date, the amount payable by one party to the other is the difference between the realized price variance of the underlying asset and the strike price multiplied by the notional amount. A receiver of the realized price variance would be entitled to receive a payment when the realized price variance of the underlying asset is greater than the strike price and would be obligated to make a payment when that variance is less than the strike price. A payer of the realized price variance would be obligated to make a payment when the realized price variance of the underlying asset is greater than the strike price and would be entitled to receive a payment when that variance is less than the strike price. This type of agreement is essentially a forward contract on the future realized price variance of the underlying asset.

Generally, the Funds price their OTC swap contracts daily using industry standard models that may incorporate quotations from market makers or pricing vendors and record the change in value, if any, as unrealized gain or loss in the Statements of Operations. Gains or losses are realized upon the termination of the swap contracts or reset dates, as appropriate. Cleared swap contracts are valued using the quote (which may be based on a model) published by the relevant clearing house. If an updated quote for a cleared swap contract is not available by the time that a Fund calculates its net asset value on any business day, then that swap contract will generally be valued using an industry standard model, which may differ from the model used by the relevant clearing house.

The values assigned to swap contracts may differ significantly from the values realized upon termination, and the differences could be material. Entering into swap contracts involves counterparty credit, legal, and documentation risk that is generally not reflected in the value assigned to the swap contract. Such risks include the possibility that the counterparty defaults on its obligations to perform or disagrees as to the meaning of contractual terms, that a Fund has amounts on deposit in excess of amounts owed by that Fund, or that any collateral the other party posts is insufficient or not timely received by a Fund. Credit risk is particularly acute in economic environments in which financial services firms are exposed to systemic risks of the type evidenced by the insolvency of Lehman Brothers in 2008 and subsequent market disruptions. Swap contracts outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

Rights and warrants

The Funds may purchase or otherwise receive warrants or rights. Warrants and rights generally give the holder the right to receive, upon exercise, a security of the issuer at a set price. Funds typically use warrants and rights in a manner similar to their use of purchased options on securities, as described in the section entitled "Options" above. Risks associated with the use of warrants and rights are generally similar to risks associated with the use of purchased options. However, warrants and rights often do not have standardized terms, and may have longer maturities and may be less liquid than exchange-traded options. In addition, the terms of warrants or rights may limit a Fund's ability to exercise the warrants or rights at such times and in such quantities as the Fund would otherwise wish. Rights and/or warrants outstanding at the end of the period, if any, are listed in each applicable Fund's Schedule of Investments.

As provided by U.S. GAAP, the table below is based on market values or unrealized appreciation/(depreciation) rather than the notional amounts of derivatives. Changes to market values of reference asset(s) will tend to have a greater impact on the Funds (with correspondingly greater risk) the greater the notional amount. For further information on notional amounts, see the Schedule of Investments.

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The following is a summary of the valuations of derivative instruments categorized by risk exposure.

The Effect of Derivative Instruments on the Statements of Assets and Liabilities as of August 31, 2018 and the Statements of Operations for the period ended August 31, 2018[^]:

The risks referenced in the tables below are not intended to be inclusive of all risks. Please see the “Investment and other risks” and “Portfolio valuation” sections for a further discussion of risks.

	Credit Contracts	Equity Contracts	Foreign Currency Contracts	Interest Rate Contracts	Other Contracts	Total
Asset Allocation Bond Fund						
Asset Derivatives						
Unrealized Appreciation on Forward Currency Contracts Swap Contracts, at value [□]	\$ —	\$ —	\$ 1,401,890	\$ —	\$ —	\$ 1,401,890
	—	—	—	1,393,506	—	1,393,506
Total	\$ —	\$ —	\$ 1,401,890	\$ 1,393,506	\$ —	\$ 2,795,396
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	\$ —	\$ —	\$ 1,401,890	\$ 1,393,506	\$ —	\$ 2,795,396
Liability Derivatives						
Unrealized Depreciation on Forward Currency Contracts Swap Contracts, at value [□]	\$ —	\$ —	\$ (1,592,903)	\$ —	\$ —	\$ (1,592,903)
	—	—	—	(1,162,900)	—	(1,162,900)
Total	\$ —	\$ —	\$ (1,592,903)	\$ (1,162,900)	\$ —	\$ (2,755,803)
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	\$ —	\$ —	\$ (1,592,903)	\$ (1,162,900)	\$ —	\$ (2,755,803)
Net Realized Gain (Loss) on						
Forward Currency Contracts Swap Contracts	\$ —	\$ —	\$ 1,184,981	\$ —	\$ —	\$ 1,184,981
	—	—	—	666,232	—	666,232
Total	\$ —	\$ —	\$ 1,184,981	\$ 666,232	\$ —	\$ 1,851,213
Change in Net Appreciation (Depreciation) on						
Forward Currency Contracts Swap Contracts	\$ —	\$ —	\$ 1,446,179	\$ —	\$ —	\$ 1,446,179
	—	—	—	1,505,460	—	1,505,460
Total	\$ —	\$ —	\$ 1,446,179	\$ 1,505,460	\$ —	\$ 2,951,639
Core Plus Bond Fund						
Asset Derivatives						
Unrealized Appreciation on Forward Currency Contracts Swap Contracts, at value [□]	\$ —	\$ —	\$ 3,639,627	\$ —	\$ —	\$ 3,639,627
	—	—	—	3,310,129	—	3,310,129
Total	\$ —	\$ —	\$ 3,639,627	\$ 3,310,129	\$ —	\$ 6,949,756
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	\$ —	\$ —	\$ 3,639,627	\$ 3,310,129	\$ —	\$ 6,949,756
Liability Derivatives						
Unrealized Depreciation on Forward Currency Contracts Swap Contracts, at value [□]	\$ —	\$ —	\$ (3,123,863)	\$ —	\$ —	\$ (3,123,863)
Unrealized Depreciation on Futures Contracts [□]	—	—	—	(164,626)	—	(164,626)
	—	—	—	(2,672,313)	—	(2,672,313)
Total	\$ —	\$ —	\$ (3,123,863)	\$ (2,836,939)	\$ —	\$ (5,960,802)
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	\$ —	\$ —	\$ (3,123,863)	\$ (2,836,939)	\$ —	\$ (5,960,802)
Net Realized Gain (Loss) on						
Forward Currency Contracts Swap Contracts	\$ —	\$ —	\$ 1,719,992	\$ —	\$ —	\$ 1,719,992
Futures Contracts	—	—	—	1,264,909	—	1,264,909
	—	—	—	1,089,740	—	1,089,740
Total	\$ —	\$ —	\$ 1,719,992	\$ 2,354,649	\$ —	\$ 4,074,641

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	Credit Contracts	Equity Contracts	Foreign Currency Contracts	Interest Rate Contracts	Other Contracts	Total
Core Plus Bond Fund (Continued)						
Change in Net Appreciation (Depreciation) on						
Forward Currency Contracts	\$ —	\$ —	\$ 9,352,266	\$ —	\$ —	\$ 9,352,266
Futures Contracts	—	—	—	(435,317)	—	(435,317)
Swap Contracts	—	—	—	2,913,646	—	2,913,646
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 9,352,266</u>	<u>\$ 2,478,329</u>	<u>\$ —</u>	<u>\$ 11,830,595</u>
Emerging Country Debt Fund						
Asset Derivatives						
Investments, at value (rights and/or warrants)	\$ —	\$ —	\$ —	\$ —	\$30,909,172	\$ 30,909,172
Unrealized Appreciation on Forward Currency Contracts	—	—	725,596	—	—	725,596
Options, at value	131,894	—	—	—	—	131,894
Swap Contracts, at value [□]	23,842,924	—	—	8,557,154	—	32,400,078
Total	<u>\$ 23,974,818</u>	<u>\$ —</u>	<u>\$ 725,596</u>	<u>\$ 8,557,154</u>	<u>\$30,909,172</u>	<u>\$ 64,166,740</u>
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$30,909,172	\$ 30,909,172
Total subject to Master Agreements	<u>\$ 23,974,818</u>	<u>\$ —</u>	<u>\$ 725,596</u>	<u>\$ 8,557,154</u>	<u>\$ —</u>	<u>\$ 33,257,568</u>
Liability Derivatives						
Unrealized Depreciation on Forward Currency Contracts	\$ —	\$ —	\$ (170,564)	\$ —	\$ —	\$ (170,564)
Options, at value	(3,200,781)	—	—	—	—	(3,200,781)
Swap Contracts, at value [□]	(21,610,400)	—	—	(1,461,779)	—	(23,072,179)
Total	<u>\$(24,811,181)</u>	<u>\$ —</u>	<u>\$ (170,564)</u>	<u>\$ (1,461,779)</u>	<u>\$ —</u>	<u>\$(26,443,524)</u>
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	<u>\$(24,811,181)</u>	<u>\$ —</u>	<u>\$ (170,564)</u>	<u>\$ (1,461,779)</u>	<u>\$ —</u>	<u>\$(26,443,524)</u>
Net Realized Gain (Loss) on						
Forward Currency Contracts	\$ —	\$ —	\$ 7,902,011	\$ —	\$ —	\$ 7,902,011
Options	70,000	—	—	—	—	70,000
Swap Contracts	3,515,410	—	—	3,886,487	—	7,401,897
Total	<u>\$ 3,585,410</u>	<u>\$ —</u>	<u>\$ 7,902,011</u>	<u>\$ 3,886,487</u>	<u>\$ —</u>	<u>\$ 15,373,908</u>
Change in Net Appreciation (Depreciation) on						
Investments (rights and/or warrants)	\$ —	\$(20,972,817)	\$ —	\$ —	\$ —	\$(20,972,817)
Forward Currency Contracts	—	—	(1,402,074)	—	—	(1,402,074)
Options	(3,210,846)	—	—	—	—	(3,210,846)
Swap Contracts	1,238,904	—	—	18,287,191	—	19,526,095
Total	<u>\$ (1,971,942)</u>	<u>\$(20,972,817)</u>	<u>\$(1,402,074)</u>	<u>\$18,287,191</u>	<u>\$ —</u>	<u>\$ (6,059,642)</u>
High Yield Fund						
Asset Derivatives						
Unrealized Appreciation on Forward Currency Contracts	\$ —	\$ —	\$ 251,719	\$ —	\$ —	\$ 251,719
Unrealized Appreciation on Futures Contracts [□]	—	—	—	25,666	—	25,666
Swap Contracts, at value [□]	5,794,651	—	—	295,012	—	6,089,663
Total	<u>\$ 5,794,651</u>	<u>\$ —</u>	<u>\$ 251,719</u>	<u>\$ 320,678</u>	<u>\$ —</u>	<u>\$ 6,367,048</u>
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	<u>\$ 5,794,651</u>	<u>\$ —</u>	<u>\$ 251,719</u>	<u>\$ 320,678</u>	<u>\$ —</u>	<u>\$ 6,367,048</u>
Liability Derivatives						
Unrealized Depreciation on Forward Currency Contracts	\$ —	\$ —	\$ (37,492)	\$ —	\$ —	\$ (37,492)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (37,492)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (37,492)</u>
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (37,492)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (37,492)</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

	Credit Contracts	Equity Contracts	Foreign Currency Contracts	Interest Rate Contracts	Other Contracts	Total
High Yield Fund (Continued)						
Net Realized Gain (Loss) on						
Forward Currency Contracts	\$ —	\$ —	\$ 108,242	\$ —	\$ —	\$ 108,242
Futures Contracts	—	—	—	22,520	—	22,520
Swap Contracts	759,732	—	—	749,376	—	1,509,108
Total	<u>\$ 759,732</u>	<u>\$ —</u>	<u>\$ 108,242</u>	<u>\$ 771,896</u>	<u>\$ —</u>	<u>\$ 1,639,870</u>
Change in Net Appreciation (Depreciation) on						
Forward Currency Contracts	\$ —	\$ —	\$ 214,227	\$ —	\$ —	\$ 214,227
Futures Contracts	—	—	—	25,666	—	25,666
Swap Contracts	570,846	—	—	295,012	—	865,858
Total	<u>\$ 570,846</u>	<u>\$ —</u>	<u>\$ 214,227</u>	<u>\$ 320,678</u>	<u>\$ —</u>	<u>\$ 1,105,751</u>
Opportunistic Income Fund						
Asset Derivatives						
Investments, at value (purchased options)	\$ 260,612	\$ —	\$ —	\$ —	\$ —	\$ 260,612
Unrealized Appreciation on Futures Contracts [□]	—	—	—	56,636	—	56,636
Swap Contracts, at value [□]	28,553,429	—	—	3,415,647	—	31,969,076
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	<u>\$ 28,814,041</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,472,283</u>	<u>\$ —</u>	<u>\$ 32,286,324</u>
Liability Derivatives						
Unrealized Depreciation on Futures Contracts [□]	\$ —	\$ —	\$ —	\$ (4,442)	\$ —	\$ (4,442)
Written Options, at value	(52,410)	—	—	—	—	(52,410)
Swap Contracts, at value [□]	(7,706,062)	—	—	(418,941)	—	(8,125,003)
Total	<u>\$ (7,758,472)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (423,383)</u>	<u>\$ —</u>	<u>\$ (8,181,855)</u>
Derivatives not subject to Master Agreements	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Total subject to Master Agreements	<u>\$ (7,758,472)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (423,383)</u>	<u>\$ —</u>	<u>\$ (8,181,855)</u>
Net Realized Gain (Loss) on						
Investments (purchased options)	\$ (876,784)	\$ —	\$ —	\$ —	\$ —	\$ (876,784)
Forward Currency Contracts	—	—	(5,155)	—	—	(5,155)
Futures Contracts	—	—	—	604,530	—	604,530
Written Options	583,963	—	—	—	—	583,963
Swap Contracts	(361,054)	—	—	860,531	—	499,477
Total	<u>\$ (653,875)</u>	<u>\$ —</u>	<u>\$ (5,155)</u>	<u>\$ 1,465,061</u>	<u>\$ —</u>	<u>\$ 806,031</u>
Change in Net Appreciation (Depreciation) on						
Investments (purchased options)	\$ 226,941	\$ —	\$ —	\$ —	\$ —	\$ 226,941
Forward Currency Contracts	—	—	17,898	—	—	17,898
Futures Contracts	—	—	—	17,161	—	17,161
Written Options	(152,176)	—	—	—	—	(152,176)
Swap Contracts	(3,338,493)	—	—	(863,801)	—	(4,202,294)
Total	<u>\$ (3,263,728)</u>	<u>\$ —</u>	<u>\$ 17,898</u>	<u>\$ (846,640)</u>	<u>\$ —</u>	<u>\$ (4,092,470)</u>

[^] Because the Funds recognize changes in value through the Statements of Operations, they do not qualify for hedge accounting under authoritative guidance for derivative instruments. The Funds' investments in derivatives may represent an economic hedge; however, they are considered to be non-hedge transactions for the purpose of these tables.

[□] The table includes cumulative unrealized appreciation/depreciation of futures and value of cleared swap contracts, if any, as reported in the Schedule of Investments. Period end variation margin on open futures and cleared swap contracts, if any, is reported within the Statements of Assets and Liabilities.

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Certain Funds are party to International Swaps and Derivatives Association, Inc. Master Agreements, Global Master Repurchase Agreements or other similar types of agreements (collectively, “Master Agreements”) that generally govern the terms of OTC derivative transactions, repurchase agreements and reverse repurchase agreements. The Master Agreements may include collateral posting terms and set-off provisions that apply in the event of a default and/or termination event. Upon the occurrence of such an event, including the bankruptcy or insolvency of the counterparty, the Master Agreements may permit the non-defaulting party to calculate a single net payment to close out applicable transactions. However, there is no guarantee that the terms of a Master Agreement will be enforceable; for example, when bankruptcy or insolvency laws impose restrictions on or prohibitions against the right of offset. Additionally, the set-off and netting provisions of a Master Agreement may not extend to the obligations of the counterparty’s affiliates or across varying types of transactions. Because no such event has occurred, the Funds do not presently have a legally enforceable right of set-off and these amounts have not been offset in the Statements of Assets and Liabilities, but have been presented separately in the table below. Termination events may also include a decline in the net assets of a Fund below a certain level over a specified period of time and may entitle a counterparty to elect an early termination of all the transactions under the Master Agreement with that counterparty. Such an election by one or more of the counterparties could have a material adverse impact on a Fund’s operations. An estimate of the aggregate net payment, if any, that may need to be paid by a Fund (or may be received by a Fund) in such an event is represented by the Net Amounts in the tables below. For more information about other uncertainties and risks, see “Investments and other risks” above.

For financial reporting purposes, in the Statements of Assets and Liabilities any cash collateral that has been pledged to cover obligations of the Funds is reported as Due from Broker and any cash collateral received from the counterparty is reported as Due to Broker. Any non-cash collateral pledged by the Funds is noted in the Schedules of Investments. The tables below show the potential effect of netting arrangements made available by the Master Agreements on the financial position of the Funds. For financial reporting purposes, the Funds’ Statements of Assets and Liabilities generally show derivative assets and derivative liabilities (regardless of whether they are subject to netting arrangements) on a gross basis, which reflects the full risks and exposures of the Fund prior to netting. See Note 2 for information on repurchase agreements and reverse repurchase agreements held by the Funds at August 31, 2018, if any.

The tables above present the Funds’ derivative assets and liabilities by type of financial instrument. The following tables present the Funds’ OTC and/or exchange-traded derivative assets and liabilities by counterparty net of amounts that may be available for offset under the Master Agreements by the terms of the agreement and net of the related collateral received or pledged by the Funds as of August 31, 2018:

Asset Allocation Bond Fund

Counterparty	Gross Derivative Assets Subject to Master Agreements	Collateral Received	Derivative Assets/(Liabilities) Available for Offset	Net Amount of Derivative Assets
Bank of America, N.A.	\$ 8,472	\$ —	\$ —	\$ 8,472
Barclays Bank plc	284,837	—	284,837	—
Goldman Sachs International	95,160	(44,316)	(11,329)	39,515
JPMorgan Chase Bank, N.A.	505,632	(69,407)	(436,225)	—*
Morgan Stanley & Co. International PLC	507,789	—	507,789	—
Total	<u>\$1,401,890</u>	<u>\$(113,723)</u>	<u>\$ 345,072</u>	<u>\$47,987</u>

Counterparty	Gross Derivative Liabilities Subject to Master Agreements	Collateral Pledged	Derivative (Assets)/Liabilities Available for Offset	Net Amount of Derivative Liabilities
Barclays Bank plc	\$ 512,525	\$(227,688)	\$(284,837)	\$ —*
Goldman Sachs International	11,329	—	11,329	—
JPMorgan Chase Bank, N.A.	436,225	—	436,225	—
Morgan Stanley & Co. International PLC	632,824	(125,035)	(507,789)	—*
Total	<u>\$1,592,903</u>	<u>\$(352,723)</u>	<u>\$(345,072)</u>	<u>\$ —</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Core Plus Bond Fund

Counterparty	Gross Derivative Assets Subject to Master Agreements	Collateral Received	Derivative Assets/(Liabilities) Available for Offset	Net Amount of Derivative Assets
Bank of America, N.A.	\$ 39,184	\$ —	\$ —	\$39,184
Barclays Bank plc	462,208	—	462,208	—
Goldman Sachs International	188,769	—	(186,185)	2,584
JPMorgan Chase Bank, N.A.	1,404,318	(599,322)	(804,996)	—*
Morgan Stanley & Co. International PLC	1,545,148	(475,526)	(1,069,622)	—*
Total	<u>\$3,639,627</u>	<u>\$(1,074,848)</u>	<u>\$(1,598,595)</u>	<u>\$41,768</u>

Counterparty	Gross Derivative Liabilities Subject to Master Agreements	Collateral Pledged	Derivative (Assets)/Liabilities Available for Offset	Net Amount of Derivative Liabilities
Barclays Bank plc	\$1,063,060	\$ (600,852)	\$ (462,208)	\$ —*
Goldman Sachs International	186,185	—	186,185	—
JPMorgan Chase Bank, N.A.	804,996	—	804,996	—
Morgan Stanley & Co. International PLC	1,069,622	—	1,069,622	—
Total	<u>\$3,123,863</u>	<u>\$ (600,852)</u>	<u>\$ 1,598,595</u>	<u>\$ —</u>

Emerging Country Debt Fund

Counterparty	Gross Derivative Assets Subject to Master Agreements	Collateral Received	Derivative Assets/(Liabilities) Available for Offset	Net Amount of Derivative Assets
Deutsche Bank AG	\$ 4,232,728	\$ —	\$ 4,232,728	\$ —
Goldman Sachs International	2,431,945	—	2,431,945	—
JPMorgan Chase Bank, N.A.	10,085,854	—	10,085,854	—
Morgan Stanley & Co. International PLC	338,289	(35,000)	—	303,289
Total	<u>\$17,088,816</u>	<u>\$(35,000)</u>	<u>\$ 16,750,527</u>	<u>\$ 303,289</u>

Counterparty	Gross Derivative Liabilities Subject to Master Agreements	Collateral Pledged	Derivative (Assets)/Liabilities Available for Offset	Net Amount of Derivative Liabilities
Bank of America, N.A.	\$ 711,759	\$ (698,482)	\$ —	\$ 13,277
Barclays Bank plc	495,462	(495,462)	—	—*
Deutsche Bank AG	8,776,884	(3,365,686)	(4,232,728)	1,178,470
Goldman Sachs International	3,652,284	(567,766)	(2,431,945)	652,573
JPMorgan Chase Bank, N.A.	12,455,347	(2,369,493)	(10,085,854)	—*
Total	<u>\$26,091,736</u>	<u>\$(7,496,889)</u>	<u>\$(16,750,527)</u>	<u>\$1,844,320</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

High Yield Fund

Counterparty	Gross Derivative Assets Subject to Master Agreements	Collateral Received	Derivative Assets/(Liabilities) Available for Offset	Net Amount of Derivative Assets
Bank of America, N.A.	\$ 98,263	\$ —	\$ —	\$ 98,263
Barclays Bank plc	127,828	(127,828)	—	—*
Citibank N.A.	196,749	(30,000)	—	166,749
Goldman Sachs International	289,454	(251,962)	(37,492)	—*
Total	<u>\$712,294</u>	<u>\$(409,790)</u>	<u>\$(37,492)</u>	<u>\$265,012</u>

Counterparty	Gross Derivative Liabilities Subject to Master Agreements	Collateral Pledged	Derivative (Assets)/Liabilities Available for Offset	Net Amount of Derivative Liabilities
Goldman Sachs International	\$ 37,492	\$ —	\$ 37,492	\$ —
Total	<u>\$ 37,492</u>	<u>\$ —</u>	<u>\$ 37,492</u>	<u>\$ —</u>

Opportunistic Income Fund

Counterparty	Gross Derivative Assets Subject to Master Agreements	Collateral Received	Derivative Assets/(Liabilities) Available for Offset	Net Amount of Derivative Assets
Bank of America, N.A.	\$ 5,851,383	\$ (5,305,007)	\$ (546,376)	\$ —*
Barclays Bank plc	31,934	—	31,934	—
Citigroup Global Markets Inc.	376,128	(236,704)	(139,424)	—*
Deutsche Bank AG	694,973	(302,869)	(392,104)	—*
Goldman Sachs International	3,321,497	(2,364,058)	(957,439)	—*
JPMorgan Chase Bank, N.A.	11,986,868	(8,715,853)	(2,333,597)	937,418
Morgan Stanley Capital Services LLC	6,234,537	(5,525,461)	(709,076)	—*
Total	<u>\$28,497,320</u>	<u>\$(22,449,952)</u>	<u>\$(5,046,082)</u>	<u>\$937,418</u>

Counterparty	Gross Derivative Liabilities Subject to Master Agreements	Collateral Pledged	Derivative (Assets)/Liabilities Available for Offset	Net Amount of Derivative Liabilities
Bank of America, N.A.	\$ 546,376	\$ —	\$ 546,376	\$ —
Barclays Bank plc	1,142,786	(1,110,852)	(31,934)	—*
Citibank N.A.	28,490	(28,490)	—	—*
Citigroup Global Markets Inc.	139,424	—	139,424	—
Credit Suisse International	46,305	—	—	46,305
Deutsche Bank AG	392,104	—	392,104	—
Goldman Sachs International	957,439	—	957,439	—
JPMorgan Chase Bank, N.A.	2,333,597	—	2,333,597	—
Morgan Stanley Capital Services LLC	709,076	—	709,076	—
Total	<u>\$ 6,295,597</u>	<u>\$ (1,139,342)</u>	<u>\$ 5,046,082</u>	<u>\$ 46,305</u>

* The actual collateral received and/or pledged is more than the amount shown.

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

The average derivative activity of notional amounts (forward currency contracts, futures contracts and swap contracts), market values (rights and/or warrants), and principal amounts or number of contracts (options) outstanding, based on absolute values, at each month-end, was as follows for the period ended August 31, 2018:

Fund Name	Forward Currency Contracts (\$)	Futures Contracts (\$)	Swap Contracts (\$)	Options (Principal)	Rights and/or Warrants (\$)
Asset Allocation Bond Fund	181,145,907	—	522,706,349	—	—
Core Plus Bond Fund	425,475,109	126,921,917	910,759,689	—	—
Emerging Country Debt Fund	110,302,663	—	1,447,933,900	287,209,667	39,754,209
High Yield Fund	46,833,328	90,022,935	146,103,578	—	—
Opportunistic Income Fund	752,892	289,304,906	536,426,727	494,741,187	—

5. Fees and other transactions with affiliates

GMO receives a management fee for the services it provides to each Fund. Management fees are paid monthly at the annual rate equal to the percentage of each Fund's average daily net assets set forth in the table below:

	Asset Allocation Bond Fund	Core Plus Bond Fund	Emerging Country Debt Fund	High Yield Fund	Opportunistic Income Fund	U.S. Treasury Fund
Management Fee	0.25%	0.25%	0.35%	0.35%	0.40% ^(a)	0.08% ^(b)

^(a) Prior to January 1, 2017, the management fee was 0.25%.

^(b) GMO has voluntarily waived the Fund's entire management fee.

In addition, each class of shares of certain Funds pays GMO a shareholder service fee for providing client services and reporting, such as performance information, client account information, personal and electronic access to Fund information, access to analysis and explanations of Fund reports, and assistance in maintaining and correcting client-related information. Shareholder service fees are paid monthly at the annual rate equal to the percentage of each applicable Class's average daily net assets set forth in the table below:

Fund Name	Class III	Class IV	Class V	Class VI
Asset Allocation Bond Fund	0.15%			0.055%
Core Plus Bond Fund	0.15%	0.10%		
Emerging Country Debt Fund	0.15%	0.10%		
High Yield Fund	0.15%*	0.10%*	0.085%*	0.055%
Opportunistic Income Fund	0.15%*			0.055%

* Class is offered but has no shareholders as of August 31, 2018.

For each Fund, other than Emerging Country Debt Fund and High Yield Fund, GMO has contractually agreed to reimburse each Fund for its "Specified Operating Expenses" (as defined below). Any such reimbursements are paid to a Fund concurrently with the Fund's payment of management fees to GMO. GMO has contractually agreed to reimburse High Yield Fund for the portion of its "Specified Operating Expenses" that exceeds 0.10% of the Fund's average net assets ("Expense Threshold Amount").

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

“Specified Operating Expenses” means: audit expenses, fund accounting expenses, pricing service expenses, expenses of non-investment related tax services, transfer agency expenses, expenses of non-investment related legal services provided to the Funds by or at the direction of GMO, organizational and start-up expenses, federal securities law filing expenses, printing expenses, state and federal registration fees and custody expenses.

For High Yield Fund, GMO is permitted to recover from the Fund, on a class-by-class basis, as applicable, the “Specified Operating Expenses” GMO has borne or reimbursed (whether through reduction of its fees or otherwise) to the extent that the Funds’ “Specified Operating Expenses” later fall below the Expense Threshold Amount or the lower expense limit in effect when GMO seeks to recover the expenses. A Fund, however, is not obligated to pay any such amount more than three years after GMO bore or reimbursed an expense. The amount GMO is entitled to recover may not cause a Fund to exceed the Expense Threshold Amount or the lower expense limit in effect when GMO seeks recovery.

For the period ended August 31, 2018, GMO did not recoup any previously recorded waivers and/or reimbursements from High Yield Fund.

On August 31, 2018, the waivers and/or reimbursements subject to possible future recoupment are as follows:

	Expiring the year ending February 28, 2019	Expiring the year ending February 29, 2020	Expiring the year ending February 28, 2021
High Yield Fund, Class VI	\$—	\$—	\$144,175

For each Fund that pays GMO a management fee, GMO has contractually agreed to waive or reduce that fee, but not below zero, to the extent necessary to offset the management fees paid to GMO that are directly or indirectly borne by the Fund as a result of the Fund’s direct or indirect investments in other GMO Funds.

For each Fund that charges a shareholder service fee, GMO has contractually agreed to waive or reduce the shareholder service fee charged to holders of each class of shares of the Fund, but not below zero, to the extent necessary to offset the shareholder service fees directly or indirectly borne by the class of shares of the Fund as a result of the Fund’s direct or indirect investments in other GMO Funds.

These contractual waivers and reimbursements will continue through at least June 30, 2019 for each Fund unless the Funds’ Board of Trustees authorizes their modification or termination or reduces the fee rates paid to GMO under the Fund’s management contract or servicing and supplemental support agreement.

In addition to the contractual waivers and reimbursements described above, GMO has voluntarily agreed to waive U.S. Treasury Fund’s entire management fee. GMO may change or terminate this waiver at any time.

The Funds’ portion of the gross fees paid by the Trust to the Trust’s independent Trustees and their legal counsel and any agents unaffiliated with GMO during the period ended August 31, 2018 is shown in the table below and is included in the Statements of Operations.

Fund Name	Independent Trustees and their legal counsel (\$)	Agent unaffiliated with GMO (\$)
Asset Allocation Bond Fund	12,952	1,246
Core Plus Bond Fund	10,290	940
Emerging Country Debt Fund	45,441	4,255
High Yield Fund	942	82
Opportunistic Income Fund	13,131	1,270
U.S. Treasury Fund	24,781	2,148

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

Certain Funds incur fees and expenses indirectly as a shareholder in the underlying funds. For the period ended August 31, 2018 these indirect fees and expenses expressed as an annualized percentage of each Fund's average daily net assets were as follows:

Fund Name	Indirect Net Expenses (excluding shareholder service fees)	Indirect Shareholder Service Fees	Indirect Interest Expense	Total Indirect Expenses
Asset Allocation Bond Fund	< 0.001%	0.000%	0.000%	< 0.001%
Core Plus Bond Fund	0.106%	0.017%	0.001%	0.124%
Emerging Country Debt Fund	0.002%	0.000%	0.000%	0.002%
High Yield Fund	< 0.001%	0.000%	0.000%	< 0.001%
Opportunistic Income Fund	< 0.001%	0.000%	0.000%	< 0.001%
U.S. Treasury Fund	0.000%	0.000%	0.000%	0.000%

The Funds are permitted to purchase or sell securities from or to certain other GMO funds under specified conditions outlined in procedures adopted by the Trustees. The procedures have been designed to ensure that any purchase or sale of securities by a Fund from another fund or portfolio that is or could be considered an affiliate by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 of the 1940 Act. Further, as defined under the procedures, each transaction is effectuated at the current market price. During the period ended August 31, 2018, the Funds did not engage in these transactions.

6. Purchases and sales of securities

Cost of purchases and proceeds from sales of securities, excluding short-term investments and including GMO U.S. Treasury Fund, if applicable, for the period ended August 31, 2018 are noted in the table below:

Fund Name	Purchases (\$)	Purchases (\$)	Sales (\$)	Sales (\$)
	U.S. Government Securities	Investments (Non-U.S. Government Securities)	U.S. Government Securities	Investments (Non-U.S. Government Securities)
Asset Allocation Bond Fund	320,530,271	127,296,375	971,393,623	105,900,000
Core Plus Bond Fund	804,037,153	192,709,480	969,211,118	254,044,756
Emerging Country Debt Fund	58,803,335	241,068,495	78,595,445	225,169,825
High Yield Fund	109,487,380	105,884,483	—	49,710,304
Opportunistic Income Fund	292,361,719	325,258,262	331,674,043	441,444,035
U.S. Treasury Fund	—	—	—	—

Included in the table above are cost of purchases and proceeds from sales of securities for in-kind transactions, in accordance with U.S. GAAP for the period ended August 31, 2018. In-kind transactions are noted in the table below:

Fund Name	Purchases (\$)	Sales (\$)
High Yield Fund	210,796,589*	—
U.S. Treasury Fund	—	1,017,970,052**

* Amount represents contribution of assets by sole shareholder to launch High Yield Fund on June 25, 2018.

** The redemption in-kind was redeemed by an affiliate.

For the period ended August 31, 2018, the Funds had the following net realized gains/(losses) attributed to redemption in-kind transactions:

Fund Name	Net realized gains/(losses) attributed to redemption in-kind transactions (\$)
U.S. Treasury Fund	\$(67,064)

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

7. Guarantees

In the normal course of business the Funds enter into contracts with third-party service providers that contain a variety of representations and warranties and that provide general indemnifications. The Funds' maximum exposure under these arrangements is unknown, as it involves possible future claims that may or may not be made against the Funds. Based on experience, GMO is of the view that the risk of loss to the Funds in connection with the Funds' indemnification obligations is remote; however, there can be no assurance that such obligations will not result in material liabilities that adversely affect the Funds.

8. Principal shareholders and related parties as of August 31, 2018

Fund Name	Number of shareholders that held more than 10% of the outstanding shares of the Fund	Percentage of outstanding shares of the Fund held by those shareholders owning greater than 10% of the outstanding shares of the Fund	Percentage of the shares of the Fund held by senior management of GMO and GMO Trust officers	Percentage of the Fund's shares held by accounts for which GMO has investment discretion
Asset Allocation Bond Fund	2‡	72.74%	< 0.01%	99.98%
Core Plus Bond Fund	3#	70.33%	< 0.01%	98.03%
Emerging Country Debt Fund	—	—	0.16%	17.93%
High Yield Fund	2‡	96.46%	—	100.00%
Opportunistic Income Fund	3§	85.34%	0.63%	98.97%
U.S. Treasury Fund	2#	26.56%	0.42%	92.00%

‡ One of the shareholders is another fund of the Trust.

Two of the shareholders are other funds of the Trust.

§ Three of the shareholders are other funds of the Trust.

9. Share transactions

The Declaration of Trust permits each Fund to issue an unlimited number of shares of beneficial interest (without par value). Transactions in the Funds' shares were as follows:

	Six Months Ended August 31, 2018 (Unaudited)		Year Ended February 28, 2018	
	Shares	Amount	Shares	Amount
Asset Allocation Bond Fund				
Class III:				
Shares sold	254,508	\$ 5,606,697	1,573,475	\$ 34,917,836
Shares issued to shareholders in reinvestment of distributions	65,557	1,443,569	91,336	2,024,013
Shares repurchased	(6,021,941)	(133,682,962)	(4,973,988)	(110,702,677)
Net increase (decrease)	<u>(5,701,876)</u>	<u>\$(126,632,696)</u>	<u>(3,309,177)</u>	<u>\$(73,760,828)</u>
Class VI:				
Shares sold	196,736	\$ 4,365,538	2,580,795	\$ 57,553,648
Shares issued to shareholders in reinvestment of distributions	243,367	5,375,974	470,101	10,450,335
Shares repurchased	(31,096,021)	(687,382,676)	(11,188,462)	(249,507,549)
Net increase (decrease)	<u>(30,655,918)</u>	<u>\$(677,641,164)</u>	<u>(8,137,566)</u>	<u>\$(181,503,566)</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

	Six Months Ended August 31, 2018 (Unaudited)		Year Ended February 28, 2018	
	Shares	Amount	Shares	Amount
Core Plus Bond Fund				
Class III:#				
Shares sold	446,727	\$ 9,349,844	1,511,400	\$ 31,905,214
Shares issued to shareholders in reinvestment of distributions	8,268	174,777	15,651	332,939
Shares repurchased	(63,078)	(1,334,821)	(922,673)	(19,856,258)
Net increase (decrease)	<u>391,917</u>	<u>\$ 8,189,800</u>	<u>604,378</u>	<u>\$ 12,381,895</u>
Class IV:#				
Shares sold	9,197,186	\$ 192,901,009	23,678,705	\$ 510,328,333
Shares issued to shareholders in reinvestment of distributions	139,474	2,955,446	1,076,119	22,940,052
Shares repurchased	(20,381,554)	(429,478,028)	(7,650,117)	(163,862,356)
Net increase (decrease)	<u>(11,044,894)</u>	<u>\$(233,621,573)</u>	<u>17,104,707</u>	<u>\$ 369,406,029</u>
Emerging Country Debt Fund				
Class III:				
Shares sold	1,435,583	\$ 39,827,655	11,880,407 ^(a)	\$ 347,049,633 ^(a)
Shares issued to shareholders in reinvestment of distributions	543,203	14,905,500	2,305,305	66,786,479
Shares repurchased	(973,147)	(26,857,784)	(6,501,002)	(193,461,462)
Purchase premiums	—	135,321	—	245,786
Redemption fees	—	502,193	—	782,548
Net increase (decrease)	<u>1,005,639</u>	<u>\$ 28,512,885</u>	<u>7,684,710</u>	<u>\$ 221,402,984</u>
Class IV:				
Shares sold	3,700,771	\$ 100,955,303	22,750,109 ^(b)	\$ 673,666,225 ^(b)
Shares issued to shareholders in reinvestment of distributions	1,153,964	31,618,617	6,058,977	175,314,884
Shares repurchased	(9,733,306)	(266,797,034)	(32,863,719)	(967,610,732)
Purchase premiums	—	289,457	—	638,653
Redemption fees	—	1,065,418	—	2,240,267
Net increase (decrease)	<u>(4,878,571)</u>	<u>\$(132,868,239)</u>	<u>(4,054,633)</u>	<u>\$(115,750,703)</u>
High Yield Fund				
Class VI:*				
Shares sold	24,418,519 ^(c)	\$ 489,555,915 ^(c)		
Shares repurchased	(13,697,402)	(275,136,064)		
Net increase (decrease)	<u>10,721,117</u>	<u>\$ 214,419,851</u>		
Opportunistic Income Fund				
Class VI:				
Shares sold	3,162,405	\$ 84,106,425	5,326,894	\$ 139,877,903
Shares issued to shareholders in reinvestment of distributions	259,216	6,879,585	1,013,058	26,556,559
Shares repurchased	(8,540,372)	(227,278,036)	(19,292,435)	(503,079,247)
Purchase premiums	—	300,590	—	234,774
Redemption fees	—	871,961	—	1,686,586
Net increase (decrease)	<u>(5,118,751)</u>	<u>\$(135,119,475)</u>	<u>(12,952,483)</u>	<u>\$(334,723,425)</u>

GMO Trust Funds

Notes to Financial Statements — (Continued) August 31, 2018 (Unaudited)

	Six Months Ended August 31, 2018 (Unaudited)		Year Ended February 28, 2018	
	Shares	Amount	Shares	Amount
U.S. Treasury Fund				
Core Class:				
Shares sold	135,653,776	\$ 3,388,126,231	328,805,953	\$ 8,215,411,179
Shares issued to shareholders in reinvestment of distributions	596,748	14,905,641	793,804	19,832,371
Shares repurchased	(196,143,011) ^(d)	(4,899,101,035) ^(d)	(343,182,979)	(8,574,817,064)
Net increase (decrease)	<u>(59,892,487)</u>	<u>\$(1,496,069,163)</u>	<u>(13,583,222)</u>	<u>\$ (339,573,514)</u>

* The period under the heading “Six Months Ended August 31, 2018 (Unaudited)” represents the period from June 25, 2018 (commencement of operations) through August 31, 2018.

Shares were adjusted to reflect a 1:3 reverse stock split effective July 15, 2016.

(a) 856,877 shares and \$24,671,277 were purchased in-kind.

(b) 4,131,686 shares and \$118,797,723 were purchased in-kind. \$15,552,985 of the purchases in-kind were contributed by affiliates.

(c) 10,546,955 shares and \$210,939,097 were a contribution of assets by sole shareholder to launch High Yield Fund on June 25, 2018.

(d) 40,751,403 shares and \$1,017,970,052 were redeemed in-kind by an affiliate.

10. Investments in affiliated companies and other Funds of the Trust

An affiliated company for the purposes of this disclosure is a company in which a Fund has or had direct ownership of at least 5% of the issuer’s voting securities or an investment in other funds of GMO Trust. A summary of the Funds’ transactions involving companies that are or were affiliates during the period ended August 31, 2018 is set forth below:

Affiliate	Value, beginning of period	Purchases	Sales Proceeds	Dividend Income*	Net Realized Gain (Loss)	Net Increase/ Decrease in Unrealized Appreciation/ Depreciation	Value, end of period
Asset Allocation Bond Fund							
GMO U.S. Treasury Fund	\$ —	\$ 127,296,375	\$ 105,900,000	\$ 237,627	\$ (15,659)	\$ —	\$ 21,380,716
Core Plus Bond Fund							
GMO Emerging Country Debt Fund, Class IV	\$ 50,741,626	\$ —	\$ 8,000,000	\$ 566,358	\$ (261,785)	\$(2,702,970)	\$ 39,776,871
GMO Opportunistic Income Fund, Class VI	193,785,692	—	33,000,000	1,389,828	1,010,318	1,021,173	162,817,183
GMO U.S. Treasury Fund	18,513,042	176,550,000	177,990,000	197,568	(11,189)	7,414	17,069,267
Totals	<u>\$263,040,360</u>	<u>\$176,550,000</u>	<u>\$218,990,000</u>	<u>\$2,153,754</u>	<u>\$ 737,344</u>	<u>\$(1,674,383)</u>	<u>\$219,663,321</u>
Emerging Country Debt Fund							
GMO Opportunistic Income Fund, Class VI	\$ 15,001,189	\$ —	\$ —	\$ 129,507	\$ —	\$ 170,404	\$ 15,171,593
GMO U.S. Treasury Fund	81,177,603	—	—	776,667	—	32,510	81,210,113
Totals	<u>\$ 96,178,792</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 906,174</u>	<u>\$ —</u>	<u>\$ 202,914</u>	<u>\$ 96,381,706</u>
High Yield Fund							
GMO U.S. Treasury Fund	\$ —	\$ 24,516,876	\$ 23,200,000	\$ 17,539	\$ —	\$ —	\$ 1,316,876
Opportunistic Income Fund							
GMO U.S. Treasury Fund	\$ 58,387,949	\$ 111,870,000	\$ 121,465,000	\$ 383,902	\$ (40,186)	\$ 23,383	\$ 48,776,146

* The table above includes estimated sources of all distributions paid by the underlying funds during the period March 1, 2018 through August 31, 2018. The actual tax characterization of distributions paid by the underlying funds will be determined at the end of the fiscal year ending February 28, 2019.

GMO Trust Funds

Board Review of Investment Management Agreements August 31, 2018 (Unaudited)

GMO Asset Allocation Bond Fund

Approval of renewal of management agreement for GMO Asset Allocation Bond Fund (the “Fund”). At a meeting on June 7, 2018, the Trustees of GMO Trust (the “Trust”) approved the renewal for an additional twelve-month period beginning on June 30, 2018 of the management agreements between Grantham, Mayo, Van Otterloo & Co. LLC (the “Manager”) and the Trust, on behalf of the Fund and the other series of the Trust (collectively, the “GMO funds”).

Throughout the year the Trustees considered information relevant to the renewal of the Fund’s management agreement and met both privately and with representatives of the Manager. In deciding whether to approve the management agreement of the Fund, the Trustees also considered information the Trustees who are not “interested persons” of the Trust (the “Independent Trustees”) requested specifically for that purpose.

At a meeting on May 17, 2018, the Trustees discussed in great detail with representatives of the Manager the investment performance of the Fund and the other GMO funds. Following that meeting the Independent Trustees, their independent legal counsel and their independent compliance consultant met privately to discuss the extensive materials the Manager had provided them at their request. At that meeting, the Independent Trustees instructed their independent legal counsel to request additional information from the Manager, which they received before and at a meeting of the Trustees on June 7, 2018. At the June meeting, representatives of the Manager answered the Trustees’ questions, and the Independent Trustees then met privately once again with their independent legal counsel.

Using various metrics, the Trustees considered the Fund’s investment performance, as well as the performance of the other GMO funds managed by the investment division that manages the Fund. The Trustees discussed how a fund investing in the types of securities used by the Manager in managing the Fund should be expected to perform in different market conditions and considered whether the Fund had performed in accordance with those expectations. The Trustees noted that the Fund is not currently offered as a standalone investment and the investment strategies it pursues are intended to complement the strategies used by the Manager in managing other GMO funds or accounts. In addition, the Trustees considered the Fund’s performance in light of various risk and performance measures and as compared to the performance of funds and accounts managed by other managers that were determined by a third-party data service to have similar investment classification or objective.

The Trustees considered the Fund’s expense ratio (*i.e.*, annual operating expenses per share as a percentage of net asset value per share) as compared to the expense ratios of funds managed by other managers in a peer group determined by a third-party data service to have similar investment characteristics. In considering the Fund’s expense ratio, the Trustees took into account the Manager’s undertaking to reimburse a portion of the Fund’s operating expenses.

The Trustees also considered the fees payable to the Manager under the Fund’s management and shareholder servicing and supplemental support agreements. The Trustees reviewed information comparing the management fee payable by the Fund to the management fees of funds managed by other managers that were determined by a third-party data service to have similar investment characteristics. The Trustees also considered the shareholder servicing fees charged by the Manager to different share classes of the Fund in light of the services provided by the Manager.

The Trustees also considered the non-investment management services the Manager provides to the Fund, including but not limited to valuation, legal and compliance, accounting and operational services.

The Trustees also reviewed information provided to them by the Manager regarding its profits from managing the Fund and the Trust overall. The Trustees reviewed the Manager’s methodology in preparing that information, including its allocation of expenses among the GMO funds, and considered the effect of different approaches to calculating profitability. The Trustees took note of various “fallout benefits” to the Manager resulting from its management of the Fund and the other GMO funds. The Trustees noted in particular that, while the Fund may invest in other GMO funds (“underlying GMO funds”) that charge advisory fees, the Manager offsets against the fees the Fund pays to the Manager the management fees, shareholder servicing fees and most other expenses of those underlying GMO funds.

The Trustees considered possible economies of scale to the Manager at the Fund’s recent asset levels and whether the fees payable by the Fund to the Manager reflected these economies of scale. The Trustees observed that the Fund’s management fee did not have any breakpoints and considered the extent to which breakpoints were embedded in the Fund’s fee. The Trustees also considered possible alternative fee arrangements.

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued) August 31, 2018 (Unaudited)

The Trustees also considered the experience and sophistication of the Manager and its personnel (including, among others, management and investment management personnel and legal and compliance personnel). The Trustees considered recent personnel changes at the Manager. The Trustees also considered the resources the Manager employed in managing the Fund, the Manager's organization, its reputation and relationship with Fund investors, and other matters concerning the business and organization of the Manager and the nature and quality of its services to the Fund.

After reviewing these and other factors, the Trustees concluded that the fees charged to the Fund under the Fund's management agreement were reasonable.

In their deliberations, the Trustees considered the factors they individually deemed relevant in light of the legal advice furnished to them, with each Trustee weighting specific factors as he thought appropriate. Following their deliberations, the Independent Trustees voting separately, and then all Trustees voting together, approved the renewal of the Fund's management agreement for another year.

GMO Core Plus Bond Fund

Approval of renewal of management agreement for GMO Core Plus Bond Fund (the "Fund"). At a meeting on June 7, 2018, the Trustees of GMO Trust (the "Trust") approved the renewal for an additional twelve-month period beginning on June 30, 2018 of the management agreements between Grantham, Mayo, Van Otterloo & Co. LLC (the "Manager") and the Trust, on behalf of the Fund and the other series of the Trust (collectively, the "GMO funds").

Throughout the year the Trustees considered information relevant to the renewal of the Fund's management agreement and met both privately and with representatives of the Manager. In deciding whether to approve the management agreement of the Fund, the Trustees also considered information the Trustees who are not "interested persons" of the Trust (the "Independent Trustees") requested specifically for that purpose.

At a meeting on May 17, 2018, the Trustees discussed in great detail with representatives of the Manager the investment performance of the Fund and the other GMO funds. Following that meeting the Independent Trustees, their independent legal counsel and their independent compliance consultant met privately to discuss the extensive materials the Manager had provided them at their request. At that meeting, the Independent Trustees instructed their independent legal counsel to request additional information from the Manager, which they received before and at a meeting of the Trustees on June 7, 2018. At the June meeting, representatives of the Manager answered the Trustees' questions, and the Independent Trustees then met privately once again with their independent legal counsel.

Using various metrics, the Trustees considered the Fund's investment performance, as well as the performance of the other GMO funds managed by the investment division that manages the Fund. The Trustees discussed how a fund investing in the types of securities used by the Manager in managing the Fund should be expected to perform in different market conditions and considered whether the Fund had performed in accordance with those expectations. In addition, the Trustees considered the Fund's performance in light of various risk and performance measures and as compared to the performance of funds and accounts managed by other managers that were determined by a third-party data service to have similar investment classification or objective.

The Trustees considered the Fund's expense ratio (*i.e.*, annual operating expenses per share as a percentage of net asset value per share) as compared to the expense ratios of funds managed by other managers in a peer group determined by a third-party data service to have similar investment characteristics. In considering the Fund's expense ratio, the Trustees took into account the Manager's undertaking to reimburse a portion of the Fund's operating expenses.

The Trustees also considered the fees payable to the Manager under the Fund's management and shareholder servicing and supplemental support agreements. The Trustees reviewed information comparing the management fee payable by the Fund to the management fees of funds managed by other managers that were determined by a third-party data service to have similar investment characteristics and to the fees shown on the Manager's fee schedule for its other pooled investment vehicles and separately managed accounts. The Trustees noted the differences in the services provided by the Manager to the Fund and to those other vehicles and accounts. The Trustees also considered the shareholder servicing fees charged by the Manager to different share classes of the Fund in light of the services provided by the Manager.

The Trustees also considered the non-investment management services the Manager provides to the Fund, including but not limited to valuation, legal and compliance, accounting and operational services.

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued)

August 31, 2018 (Unaudited)

The Trustees also reviewed information provided to them by the Manager regarding its profits from managing the Fund and the Trust overall. The Trustees reviewed the Manager's methodology in preparing that information, including its allocation of expenses among the GMO funds, and considered the effect of different approaches to calculating profitability. The Trustees took note of various "fallout benefits" to the Manager resulting from its management of the Fund and the other GMO funds. The Trustees noted in particular that, while the Fund may invest in other GMO funds ("underlying GMO funds") that charge advisory fees, the Manager offsets against the fees the Fund pays to the Manager the management fees, shareholder servicing fees and most other expenses of those underlying GMO funds.

The Trustees considered possible economies of scale to the Manager at the Fund's recent asset levels and whether the fees payable by the Fund to the Manager reflected these economies of scale. The Trustees observed that the Fund's management fee did not have any breakpoints and considered the extent to which breakpoints were embedded in the Fund's fee. The Trustees also considered possible alternative fee arrangements.

The Trustees also considered the experience and sophistication of the Manager and its personnel (including, among others, management and investment management personnel and legal and compliance personnel). The Trustees considered recent personnel changes at the Manager. The Trustees also considered the resources the Manager employed in managing the Fund, the Manager's organization, its reputation and relationship with Fund investors, and other matters concerning the business and organization of the Manager and the nature and quality of its services to the Fund.

After reviewing these and other factors, the Trustees concluded that the fees charged to the Fund under the Fund's management agreement were reasonable.

In their deliberations, the Trustees considered the factors they individually deemed relevant in light of the legal advice furnished to them, with each Trustee weighting specific factors as he thought appropriate. Following their deliberations, the Independent Trustees voting separately, and then all Trustees voting together, approved the renewal of the Fund's management agreement for another year.

GMO Emerging Country Debt Fund

Approval of renewal of management agreement for GMO Emerging Country Debt Fund (the "Fund"). At a meeting on June 7, 2018, the Trustees of GMO Trust (the "Trust") approved the renewal for an additional twelve-month period beginning on June 30, 2018 of the management agreements between Grantham, Mayo, Van Otterloo & Co. LLC (the "Manager") and the Trust, on behalf of the Fund and the other series of the Trust (collectively, the "GMO funds").

Throughout the year the Trustees considered information relevant to the renewal of the Fund's management agreement and met both privately and with representatives of the Manager. In deciding whether to approve the management agreement of the Fund, the Trustees also considered information the Trustees who are not "interested persons" of the Trust (the "Independent Trustees") requested specifically for that purpose.

At a meeting on May 17, 2018, the Trustees discussed in great detail with representatives of the Manager the investment performance of the Fund and the other GMO funds. Following that meeting the Independent Trustees, their independent legal counsel and their independent compliance consultant met privately to discuss the extensive materials the Manager had provided them at their request. At that meeting, the Independent Trustees instructed their independent legal counsel to request additional information from the Manager, which they received before and at a meeting of the Trustees on June 7, 2018. At the June meeting, representatives of the Manager answered the Trustees' questions, and the Independent Trustees then met privately once again with their independent legal counsel.

Using various metrics, the Trustees considered the Fund's investment performance. The Trustees discussed how a fund investing in the types of securities used by the Manager in managing the Fund should be expected to perform in different market conditions and considered whether the Fund had performed in accordance with those expectations. In addition, the Trustees considered the Fund's performance in light of various risk and performance measures and as compared to the performance both of a composite of accounts with similar objectives managed by the Manager and of funds and accounts managed by other managers that were determined by a third-party data service to have similar investment classification or objective.

The Trustees considered the Fund's expense ratio (*i.e.*, annual operating expenses per share as a percentage of net asset value per share) as compared to the expense ratios of funds managed by other managers in a peer group determined by a third-party data service to have similar investment characteristics.

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued) August 31, 2018 (Unaudited)

The Trustees also considered the fees payable to the Manager under the Fund's management and shareholder servicing and supplemental support agreements. The Trustees reviewed information comparing the management fee payable by the Fund to the management fees of funds managed by other managers that were determined by a third-party data service to have similar investment characteristics and to the fees shown on the Manager's fee schedule for its other pooled investment vehicles and separately managed accounts. The Trustees noted the differences in the services provided by the Manager to the Fund and to those other vehicles and accounts. The Trustees also considered the shareholder servicing fees charged by the Manager to different share classes of the Fund in light of the services provided by the Manager.

The Trustees also considered the non-investment management services the Manager provides to the Fund, including but not limited to valuation, legal and compliance, accounting and operational services.

The Trustees also reviewed information provided to them by the Manager regarding its profits from managing the Fund and the Trust overall. The Trustees reviewed the Manager's methodology in preparing that information, including its allocation of expenses among the GMO funds, and considered the effect of different approaches to calculating profitability. The Trustees took note of various "fallout benefits" to the Manager resulting from its management of the Fund and the other GMO funds. The Trustees noted in particular that, while the Fund may invest in other GMO funds ("underlying GMO funds") that charge advisory fees, the Manager offsets against the fees the Fund pays to the Manager the management fees, shareholder servicing fees and most other expenses of those underlying GMO funds.

The Trustees considered possible economies of scale to the Manager at the Fund's recent asset levels and whether the fees payable by the Fund to the Manager reflected these economies of scale. The Trustees observed that the Fund's management fee did not have any breakpoints and considered the extent to which breakpoints were embedded in the Fund's fee. The Trustees also considered possible alternative fee arrangements.

The Trustees also considered the experience and sophistication of the Manager and its personnel (including, among others, management and investment management personnel and legal and compliance personnel). The Trustees considered recent personnel changes at the Manager. The Trustees also considered the resources the Manager employed in managing the Fund, the Manager's organization, its reputation and relationship with Fund investors, and other matters concerning the business and organization of the Manager and the nature and quality of its services to the Fund.

After reviewing these and other factors, the Trustees concluded that the fees charged to the Fund under the Fund's management agreement were reasonable.

In their deliberations, the Trustees considered the factors they individually deemed relevant in light of the legal advice furnished to them, with each Trustee weighting specific factors as he thought appropriate. Following their deliberations, the Independent Trustees voting separately, and then all Trustees voting together, approved the renewal of the Fund's management agreement for another year.

GMO High Yield Fund

Approval of initial management agreement for GMO High Yield Fund (the "Fund"). At a meeting on March 8, 2018, the Trustees of GMO Trust (the "Trust") approved the management agreement between the Trust, on behalf of the Fund, and Grantham, Mayo, Van Otterloo & Co. LLC (the "Manager") for an initial two-year term commencing April 13, 2018. In approving the initial management agreement, the Trustees considered information they believed, in light of the legal advice furnished to them, to be relevant, including information relating specifically to the Fund as well as to the Trust generally and the other series of the Trust (collectively, the "GMO funds").

At meetings on November 30, 2017 and March 8, 2018, the Trustees discussed materials provided by the Manager for purposes of considering the Manager's proposal to establish the Fund as a new series of the Trust and a proposed management agreement between the Trust, on behalf of the Fund, and the Manager. During these meetings, the Trustees met with members of the investment division of the Manager that was expected to be primarily responsible for the investment management of the Fund, as well as a member of the Manager's Asset Allocation Team, the investment division primarily responsible for the investment management of GMO funds that might in the future invest in the Fund.

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued) August 31, 2018 (Unaudited)

Since the Fund had not yet commenced operations, the Trustees were unable to consider its investment performance. The Trustees did, however, consider the performance of an investment sleeve within GMO Benchmark-Free Allocation Fund that used an investment strategy substantially similar to the strategy the Manager intended to pursue for the Fund.

The Trustees considered the Fund's estimated total expense ratio (*i.e.*, total annual operating expenses per share as a percentage of net asset value per share) as compared to the total expense ratios of other GMO funds and funds managed by other managers determined by the Manager to have similar investment characteristics. In considering the Fund's total expense ratio, the Trustees took into account the Manager's undertaking to reimburse specified operating expenses of the Fund.

The Trustees also reviewed the fees to be paid to the Manager under the Fund's management and shareholder servicing and supplemental support agreements. The Trustees considered a comparison furnished to them by the Manager of the management fees to be paid by the Fund as compared to the management fees of other GMO funds and of funds managed by other managers determined by the Manager to have similar investment characteristics. The Trustees also considered the shareholder servicing fees to be charged by the Manager to different share classes of the Fund in light of the services to be provided by the Manager and the comparable fees charged by other GMO fixed-income funds.

The Trustees also noted that the non-portfolio management-related services to be provided by the Manager to the Fund including, but not limited to valuation, legal and compliance, board governance, accounting and operational services, were the same as the services provided by the Manager under its current management contracts with other GMO funds.

Since the Fund had not yet commenced operations, the Trustees were unable to review information regarding the Manager's profitability with respect to the Fund. The Trustees did, however, consider how the proposed fees compared to fees paid by other GMO funds and took note of various "fallout benefits" to the Manager that would result from its management of the Fund. As the Fund had not yet commenced operations, the Trustees did not consider possible economies of scale to the Manager associated with managing the Fund.

The Trustees considered the fact that Fund shares are expected to be principally owned by institutional and other sophisticated investors. The Trustees also considered the experience and sophistication of the Manager (including management and investment management personnel, as well as members of the Manager's other departments, such as legal and compliance) and the resources the Manager would employ in managing the Fund. In addition, the Trustees considered the depth of the Manager's personnel resources and other matters concerning the Manager's business and organization and the nature and quality of its services to be provided to the Fund.

After reviewing these and other factors, the Trustees concluded, in the context of their overall review of the Fund's initial management agreement, that the fees to be paid by the Fund to the Manager were reasonable.

In their deliberations, the Trustees considered all factors they deemed relevant, with each Trustee weighting individual factors as he thought appropriate. Following their deliberations, the Trustees who are not "interested persons" of the Trust voting separately, and then all Trustees voting together, approved the Fund's initial management agreement.

GMO Opportunistic Income Fund

Approval of renewal of management agreement for GMO Opportunistic Income Fund (the "Fund"). At a meeting on June 7, 2018, the Trustees of GMO Trust (the "Trust") approved the renewal for an additional twelve-month period beginning on June 30, 2018 of the management agreements between Grantham, Mayo, Van Otterloo & Co. LLC (the "Manager") and the Trust, on behalf of the Fund and the other series of the Trust (collectively, the "GMO funds").

Throughout the year the Trustees considered information relevant to the renewal of the Fund's management agreement and met both privately and with representatives of the Manager. In deciding whether to approve the management agreement of the Fund, the Trustees also considered information the Trustees who are not "interested persons" of the Trust (the "Independent Trustees") requested specifically for that purpose.

At a meeting on May 17, 2018, the Trustees discussed in great detail with representatives of the Manager the investment performance of the Fund and the other GMO funds. Following that meeting the Independent Trustees, their independent legal counsel and their independent compliance consultant met privately to discuss the extensive materials the Manager had provided them at their request.

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued)

August 31, 2018 (Unaudited)

At that meeting, the Independent Trustees instructed their independent legal counsel to request additional information from the Manager, which they received before and at a meeting of the Trustees on June 7, 2018. At the June meeting, representatives of the Manager answered the Trustees' questions, and the Independent Trustees then met privately once again with their independent legal counsel.

Using various metrics, the Trustees considered the Fund's investment performance. The Trustees discussed how a fund investing in the types of securities used by the Manager in managing the Fund should be expected to perform in different market conditions and considered whether the Fund had performed in accordance with those expectations. In addition, the Trustees considered the Fund's performance in light of various risk and performance measures and as compared to the performance of funds and accounts managed by other managers that were determined by a third-party data service to have similar investment classification or objective.

The Trustees considered the Fund's expense ratio (*i.e.*, annual operating expenses per share as a percentage of net asset value per share) as compared to the expense ratios of funds managed by other managers in a peer group determined by a third-party data service to have similar investment characteristics. In considering the Fund's expense ratio, the Trustees took into account the Manager's undertaking to reimburse a portion of the Fund's operating expenses.

The Trustees also considered the fees payable to the Manager under the Fund's management and shareholder servicing and supplemental support agreements. The Trustees reviewed information comparing the management fee payable by the Fund to the management fees of funds managed by other managers that were determined by a third-party data service to have similar investment characteristics. The Trustees also considered the shareholder servicing fees charged by the Manager to different share classes of the Fund in light of the services provided by the Manager.

The Trustees also considered the non-investment management services the Manager provides to the Fund, including but not limited to valuation, legal and compliance, accounting and operational services.

The Trustees also reviewed information provided to them by the Manager regarding its profits from managing the Fund and the Trust overall. The Trustees reviewed the Manager's methodology in preparing that information, including its allocation of expenses among the GMO funds, and considered the effect of different approaches to calculating profitability. The Trustees took note of various "fallout benefits" to the Manager resulting from its management of the Fund and the other GMO funds. The Trustees noted in particular that, while the Fund may invest in other GMO funds ("underlying GMO funds") that charge advisory fees, the Manager offsets against the fees the Fund pays to the Manager the management fees, shareholder servicing fees and most other expenses of those underlying GMO funds.

The Trustees considered possible economies of scale to the Manager at the Fund's recent asset levels and whether the fees payable by the Fund to the Manager reflected these economies of scale. The Trustees observed that the Fund's management fee did not have any breakpoints and considered the extent to which breakpoints were embedded in the Fund's fee. The Trustees also considered possible alternative fee arrangements.

The Trustees also considered the experience and sophistication of the Manager and its personnel (including, among others, management and investment management personnel and legal and compliance personnel). The Trustees considered recent personnel changes at the Manager. The Trustees also considered the resources the Manager employed in managing the Fund, the Manager's organization, its reputation and relationship with Fund investors, and other matters concerning the business and organization of the Manager and the nature and quality of its services to the Fund.

After reviewing these and other factors, the Trustees concluded that the fees charged to the Fund under the Fund's management agreement were reasonable.

In their deliberations, the Trustees considered the factors they individually deemed relevant in light of the legal advice furnished to them, with each Trustee weighting specific factors as he thought appropriate. Following their deliberations, the Independent Trustees voting separately, and then all Trustees voting together, approved the renewal of the Fund's management agreement for another year.

GMO U.S. Treasury Fund

Approval of renewal of management agreement for GMO U.S. Treasury Fund (the "Fund"). At a meeting on June 7, 2018, the Trustees of GMO Trust (the "Trust") approved the renewal for an additional twelve-month period beginning on June 30, 2018 of the

GMO Trust Funds

Board Review of Investment Management Agreements — (Continued) August 31, 2018 (Unaudited)

management agreements between Grantham, Mayo, Van Otterloo & Co. LLC (the “Manager”) and the Trust, on behalf of the Fund and the other series of the Trust (collectively, the “GMO funds”).

Throughout the year the Trustees considered information relevant to the renewal of the Fund’s management agreement and met both privately and with representatives of the Manager. In deciding whether to approve the management agreement of the Fund, the Trustees also considered information the Trustees who are not “interested persons” of the Trust (the “Independent Trustees”) requested specifically for that purpose.

At a meeting on May 17, 2018, the Trustees discussed in great detail with representatives of the Manager the investment performance of the Fund and the other GMO funds. Following that meeting the Independent Trustees, their independent legal counsel and their independent compliance consultant met privately to discuss the extensive materials the Manager had provided them at their request. At that meeting, the Independent Trustees instructed their independent legal counsel to request additional information from the Manager, which they received before and at a meeting of the Trustees on June 7, 2018. At the June meeting, representatives of the Manager answered the Trustees’ questions, and the Independent Trustees then met privately once again with their independent legal counsel.

Using various metrics, the Trustees considered the Fund’s investment performance. The Trustees discussed how a fund investing in the types of securities used by the Manager in managing the Fund should be expected to perform in different market conditions and considered whether the Fund had performed in accordance with those expectations. In addition, the Trustees considered the Fund’s performance in light of various risk and performance measures and as compared to the performance of funds and accounts managed by other managers that were determined by a third-party data service to have similar investment classification or objective.

The Trustees considered the Fund’s expense ratio (*i.e.*, annual operating expenses per share as a percentage of net asset value per share) as compared to the expense ratios of funds managed by other managers in a peer group determined by a third-party data service to have similar investment characteristics. In considering the Fund’s expense ratio, the Trustees took into account the Manager’s undertaking to reimburse a portion of the Fund’s operating expenses.

The Trustees also considered the fees payable to the Manager under the Fund’s management agreement. The Trustees reviewed information comparing the management fee payable by the Fund to the management fees of funds managed by other managers that were determined by a third-party data service to have similar investment characteristics.

The Trustees also considered the non-investment management services the Manager provides to the Fund, including but not limited to valuation, legal and compliance, accounting and operational services.

The Trustees also reviewed information provided to them by the Manager regarding its profits from managing the Fund and the Trust overall. The Trustees reviewed the Manager’s methodology in preparing that information, including its allocation of expenses among the GMO funds, and considered the effect of different approaches to calculating profitability. The Trustees took note of various “fallout benefits” to the Manager resulting from its management of the Fund and the other GMO funds.

The Trustees considered possible economies of scale to the Manager at the Fund’s recent asset levels and whether the fees payable by the Fund to the Manager reflected these economies of scale. The Trustees observed that the Fund’s management fee did not have any breakpoints and considered the extent to which breakpoints were embedded in the Fund’s fee. The Trustees also considered possible alternative fee arrangements.

The Trustees also considered the experience and sophistication of the Manager and its personnel (including, among others, management and investment management personnel and legal and compliance personnel). The Trustees considered recent personnel changes at the Manager. The Trustees also considered the resources the Manager employed in managing the Fund, the Manager’s organization, its reputation and relationship with Fund investors, and other matters concerning the business and organization of the Manager and the nature and quality of its services to the Fund.

After reviewing these and other factors, the Trustees concluded that the fees charged to the Fund under the Fund’s management agreement were reasonable.

In their deliberations, the Trustees considered the factors they individually deemed relevant in light of the legal advice furnished to them, with each Trustee weighting specific factors as he thought appropriate. Following their deliberations, the Independent Trustees voting separately, and then all Trustees voting together, approved the renewal of the Fund’s management agreement for another year.

GMO Trust Funds
(A Series of GMO Trust)

Fund Expenses
August 31, 2018 (Unaudited)

Expense Examples: The following information is in relation to expenses for the six month period ended August 31, 2018.

As a shareholder of the Funds, you may incur two types of costs: (1) transaction costs, including purchase premium and redemption fees, if applicable; and (2) ongoing costs, including direct and/or indirect management fees, direct and/or indirect shareholder services fees, and other Fund expenses. This example is intended to help you understand your ongoing costs (in dollars) of investing in the Funds and to compare these costs with the ongoing costs of investing in other mutual funds.

These examples are based on an investment of \$1,000 invested at the beginning of the period and held for the entire period, March 1, 2018 through August 31, 2018.

Actual Expenses

This section of the table for each class below provides information about actual account values and actual expenses. You may use the information in this section, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, a \$10,000,000 account value divided by \$1,000 = 10,000), then multiply the result by the number under the heading entitled “Expenses Paid During the Period” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

This section of the table for each class below provides information about hypothetical account values and hypothetical expenses based on the Funds’ actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Funds’ actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Funds with other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs, such as purchase premium and redemption fees. Therefore, this section of the table is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Actual			Hypothetical			Annualized Expense Ratio
	Beginning Account Value March 1, 2018	Ending Account Value August 31, 2018	Expenses Paid During the Period*	Beginning Account Value March 1, 2018	Ending Account Value August 31, 2018	Expenses Paid During the Period*	
Asset Allocation Bond Fund							
Class III	\$1,000.00	\$1,023.30	\$2.09	\$1,000.00	\$1,023.14	\$2.09	0.41%
Class VI	\$1,000.00	\$1,023.80	\$1.58	\$1,000.00	\$1,023.64	\$1.58	0.31%
Core Plus Bond Fund							
Class III	\$1,000.00	\$1,018.00	\$2.09	\$1,000.00	\$1,023.14	\$2.09	0.41%
Class IV	\$1,000.00	\$1,018.40	\$1.83	\$1,000.00	\$1,023.39	\$1.84	0.36%
Emerging Country Debt Fund							
Class III	\$1,000.00	\$ 952.50	\$2.66	\$1,000.00	\$1,022.48	\$2.75	0.54%
Class IV	\$1,000.00	\$ 952.90	\$2.41	\$1,000.00	\$1,022.74	\$2.50	0.49%
High Yield Fund**							
Class VI	\$1,000.00	\$1,020.00	\$1.04	\$1,000.00	\$1,022.38	\$2.85	0.56%
Opportunistic Income Fund							
Class VI	\$1,000.00	\$1,020.00	\$2.39	\$1,000.00	\$1,022.84	\$2.40	0.47%
U.S. Treasury Fund							
Core	\$1,000.00	\$1,010.00	\$0.00	\$1,000.00	\$1,025.21	\$0.00	0.00%

* Expenses are calculated using each class’s annualized net expense ratio (including indirect expenses incurred) for the six months ended August 31, 2018, multiplied by the average account value over the period, multiplied by 184 days in the period, divided by 365 days in the year.

** For the period June 25, 2018 (commencement of operations) through August 31, 2018, expenses were calculated using the class’s annualized net expense ratio (including indirect expenses incurred) for the period ended August 31, 2018, multiplied by the average account value over the period, multiplied by 67 days in the period, divided by 365 days in the year.