

QUARTERLY INVESTMENT REVIEW

U.S. Equity Fund

RETURNS (%) (USD)

| | Cumulative (%) | | Annualized (%) | | | | |
|--------------------------------------|----------------|-------|----------------|---------|---------|----------|-------|
| | QTD | YTD | 1 Year | 3 Years | 5 Years | 10 Years | ITD |
| Net of Fees (Class III) | 5.70 | 12.66 | 18.42 | 16.20 | 11.59 | 11.07 | 11.08 |
| Gross of Fees (Class III) | 5.83 | 12.92 | 18.98 | 16.74 | 12.11 | 11.59 | 11.61 |
| S&P Composite 1500 | 8.39 | 16.15 | 19.24 | 14.68 | 11.83 | 12.61 | - |
| Value Added (vs. S&P Composite 1500) | -2.69 | -3.49 | -0.82 | 1.52 | -0.24 | -1.54 | 11.08 |

Major Performance Drivers

Global markets continued to appreciate in the second quarter, with strong positive moves for Developed Markets and Emerging Markets outside of China. While U.S. growth remained strong, the global growth outlook was clouded by continued U.S.-China trade tensions and deterioration of the Chinese economic outlook after the initial boost post-reopening from Covid. In the U.S., high inflation levels continued to drive expectation for higher rates and concern that rate rises would slow growth, however the quarter ended on an encouraging note as U.S. inflation appeared to be decelerating.

U.S. Value underperformed U.S. Growth in the second quarter, but the magnitude depended on the definition of Value. The S&P 1500 Composite Value index underperformed the S&P 1500 Composite index by 2% in the second quarter, extending the underperformance seen year-to-date. However, Value underperformance was even greater, at more than 5%, if performance was measured in the context of the MSCI USA IMI Value index relative to its core equivalent. In this environment our valuation models struggled, as did companies identified as having good growth prospects, positive sentiment from other asset classes, or few red flags for questionable management behavior.

Stock selection challenges were most pronounced in Information Technology and Consumer Discretionary. This was reflected in value lost from underweight positioning in NVIDIA (Information Technology) and Tesla (Consumer Discretionary), continuing a theme seen in the first quarter. Overweight positions in Qualcomm (Information Technology) and Kroger (Consumer Staples) also detracted.

While stock selection detracted overall, value was added in Communication Services, including an overweight holding in Walt Disney. Underweights toward Health Care names AbbVie and Thermo Fisher Scientific also helped performance.

Sector allocation also helped performance. Underweight positioning in Utilities and Real Estate helped, as did an overweight toward Consumer Discretionary.

Portfolio weights, as a percent of equity, for the positions mentioned were: NVIDIA (1.5%), Tesla (0.0%), Qualcomm (2.0%), Kroger (2.0%), Walt Disney (0.0%), AbbVie (0.0%) and Thermo Fisher Scientific (0.0%)

Inception Date: 18-Sep-85

Risks: Risks associated with investing in the Fund may include: (1) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. (2) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results. (3) Focused Investment Risk: The Fund invests its assets in the securities of a limited number of issuers, and a decline in the market price of a particular security held by the Fund may affect the Fund's performance more than if the Fund invested in the securities of a larger number of issuers. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com.

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash. **Net Expense Ratio: 0.48%; Gross Expense Ratio: 0.52%** Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2024. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2023.

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PRODUCT OVERVIEW

The GMO U.S. Equity Fund seeks to generate high total return by investing primarily in U.S. equities. The Fund's benchmark is the S&P 1500 Index.

The Fund's investment approach is grounded in the Systematic Equity team's belief that, in the short term, equity markets exhibit exploitable inefficiencies as a result of irrational investor actions, the imperfect flow of information, and the participation of non-economic actors, while in the long term returns are ultimately driven by economic reality. The Fund aims to take advantage of this inefficiency by utilizing a multi-factor valuation model in conjunction with other methods, such as cross-asset signals and corporate alerts, to identify mispriced equity securities.

IMPORTANT INFORMATION

Comparator Index(es): The S&P Composite 1500 combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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