

QUARTERLY INVESTMENT REVIEW

U.S. Opportunistic Value Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class VI)	10.87	16.45	16.45	–	–	–	11.92
Gross of Fees (Class VI)	10.98	16.89	16.89	–	–	–	12.35
S&P Composite 1500	11.78	25.47	25.47	–	–	–	19.06
S&P Composite 1500 Value	13.70	21.64	21.64	–	–	–	17.53
Value Added (vs. S&P Composite 1500)	-0.91	-9.02	-9.02	–	–	–	-7.13
Value Added (vs. S&P Composite 1500 Value)	-2.83	-5.20	-5.20	–	–	–	-5.61

Major Performance Drivers

Global markets finished the year on a strong note in the fourth quarter, contributing to double-digit gains for the full year. Positive performance was broad-based with all developed markets finishing in positive territory, along with nearly every emerging market. The notable exception to this positivity was China, where a mix of financial and policy challenges continues to weigh on sentiment. While geopolitical tensions ratcheted up with Hamas' attack on Israel, and accompanying concerns related to broader conflict in the Middle East and the potential disruption of trade, equity markets remained unfazed and oil prices fell, helping to underpin positive sentiment around falling global inflation.

In the fourth quarter the performance of Value depended on how the style was defined. The S&P 1500 Composite Value index outperformed its core equivalent, while the more traditional Value reflected in the MSCI USA Value index underperformed. We expect the differences to diminish in 2024, as the most recent S&P rebalance in December reverted the S&P 1500 Composite Value index back to a more traditional mix of Value-oriented sectors and stock holdings. In this environment our Price to Fair Value (PFV) was the top performing model, with Deep Value PFV names modestly outperforming the broader market. However, Quality Boosted Value struggled and contributed to underperformance at the portfolio level.

Sector allocation was the biggest headwind, with additional underperformance from stock selection in Health Care. Overweight positioning toward Energy and underweight positioning toward Information Technology were the biggest detractors from an allocation perspective. This mix of challenges was reflected in the top stock detractors, which included overweight positioning in ExxonMobil (Energy) and Pfizer (HealthCare), and not holding Microsoft (Information Technology).

Stock selection was positive in the fourth quarter, with notable strength in Financials, including overweight positioning toward top contributor Bank of America. Stock selection in Consumer Discretionary also added value, including not holding Tesla and overweight positioning toward Macy's. Overweight positioning in semiconductor companies Intel and Qualcomm also contributed positively.

Portfolio weights, as a percent of equity, for the positions mentioned were: ExxonMobil (3.1%), Pfizer (2.3%), Bank of America (3.2%), Macy's (0.5%), Intel (2.8%), and Qualcomm (2.3%).

Inception Date: 13-Dec-22

Risks: Risks associated with investing in the Fund may include Focused Investment Risk, Commodities Risk, Market Risk-Equities, Management and Operational Risk and Smaller Company Risk. Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com.

If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash. **Net Expense Ratio: 0.39%; Gross Expense Ratio: 0.66%** 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 February 11, 2023.

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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PRODUCT OVERVIEW

The GMO U.S. Opportunistic Value Fund seeks total return. The Fund currently seeks to profit from our Asset Allocation team's insight that "deep value" stocks are truly dislocated in the U.S. This actively managed Fund avoids the "shallow value" stocks, which are expensive relative to their own history, and focuses solely on the deep value names that GMO's Systematic Equity team identifies as the most undervalued, recognizing that relying on reported financials and index definitions of value can lead investors to misjudge the opportunity.

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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