

# 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)                     | -1.12          | 5.03  | -              | -       | -       | -        | 1.50  |
| Gross of Fees (Class VI)                   | -1.02          | 5.33  | -              | -       | -       | -        | 1.81  |
| S&P Composite 1500                         | -3.36          | 12.24 | -              | -       | -       | -        | 7.42  |
| S&P Composite 1500 Value                   | -4.20          | 6.98  | -              | -       | -       | -        | 4.18  |
| Value Added (vs. S&P Composite 1500)       | 2.24           | -7.22 | -              | -       | -       | -        | -5.92 |
| Value Added (vs. S&P Composite 1500 Value) | 3.08           | -1.96 | -              | -       | -       | -        | -2.68 |

### Major Performance Drivers

Global markets fell in the third quarter, reflecting uncertainty about global growth amid continued inflationary pressures and concerns that interest rates would need to remain higher for longer than previously expected. Higher oil prices on the back of production cuts by Saudi Arabia and Russia increased concerns on the inflation front, while China's declining growth prospects added to global growth pressures.

In the third quarter, the performance of the S&P Composite 1500 Value was nearly in line with the S&P Composite. In this environment the combination of Value model performance and deep value positioning underpinned the portfolio's value added versus both benchmarks.

Outperformance was primarily driven by sector allocation, including overweights toward Energy and Communication Services and an underweight toward Information Technology. Stock selection was also positive in Information Technology, including not holding Apple or Microsoft.

Stock selection in Financials was a key detractor in the quarter, including overweight positioning in Discover Financial Services.

Portfolio weights, as a percent of equity, for the positions mentioned were: Apple (0.0%), Microsoft (0.0%) and Discover Financial Services (0.7%).

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](http://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](http://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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