

QUARTERLY INVESTMENT REVIEW

U.S. Small Cap Value Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class VI)	4.67	8.90	14.54	19.55	–	–	9.05
Gross of Fees (Class VI)	4.80	9.21	15.13	20.08	–	–	9.53
S&P SmallCap 600 Value	1.95	5.06	8.88	18.44	–	–	8.43
Value Added (vs. S&P SmallCap 600 Value)	2.73	3.85	5.67	1.11	–	–	0.62

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.

The S&P Small Cap 600 Value index was up in absolute terms in the second quarter, but underperformed the S&P Small Cap 600 index. In this environment our Quality models and those capturing sentiment from other asset classes underpinned the positive benchmark relative performance.

Areas of strong stock selection included Financials, Real Estate, and Health Care. Top contributors included overweight positioning in Patterson Cos. (Health Care) and Diversified Healthcare Trust (Real Estate). Top contributors in other sectors included holdings in Taylor Morrison Home (Consumer Discretionary) and Allison Transmission Holding (Industrials).

Energy was an area where the portfolio faced headwinds, primarily from stock selection. Top detractors also included overweight positioning toward AMC Networks (Communication Services) and Genesco (Consumer Discretionary).

Portfolio weights, as a percent of equity, for the positions mentioned were: Patterson Cos. (2.2%), Diversified Healthcare Trust (0.8%), Taylor Morrison Home (1.6%), Allison Transmission Holding (1.6%), AMC Networks (0.6%) and Genesco (0.5%)

Inception Date: 2-Jul-19

Risks: Risks associated with investing in the Fund may include those as follows. (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. (2) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results. (3) Small Company Risk – Smaller companies may have limited product lines, markets, or financial resources, lack the competitive strength of larger companies, have inexperienced managers or depend on a few key employees. The securities of companies with smaller market capitalizations 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. 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: 0.45%; Gross Expense Ratio: 0.45%** 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. Small Cap Value Fund seeks to generate total return in excess of its benchmark, the S&P SmallCap 600 Value Index, by investing primarily in equities of U.S. companies that are included in the Index or whose market capitalization at the time of investment is less than that of the 1000 largest publicly held companies.

IMPORTANT INFORMATION

Benchmark(s): The S&P SmallCap 600 Value Index is an independently maintained and widely published index comprised of value stocks within the S&P SmallCap 600 index. The S&P SmallCap 600 seeks to measure the small-cap segment of the U.S. equity market. Value stocks are measured using three factors: the ratios of book value, earnings, and sales to price. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third-party licensors.

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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO

SINGAPORE

SYDNEY

TOKYO*