

Benchmark-Free Allocation Series Fund

Quarter Ending March 31, 2019

OVERVIEW:

The GMO Benchmark-Free Allocation Series Fund seeks to generate positive total return by allocating to undervalued asset classes and sectors of the global market, free from the constraints of traditional benchmarks. The Fund invests in both conventional and unconventional asset classes by allocating to other GMO-managed portfolios or holding securities directly.

Performance (%)

Net of Fees, Class R6, Fair Value, USD	+5.37
Gross of Fees, Class III, Local Close, USD	+5.62
CPI Index ¹	+0.15
Value Added	+5.47

Major Performance Drivers

- Top-down asset allocation was positive as the majority of risk assets enjoyed an excellent quarter.
- Security selection was negative, primarily driven by our exposures within alternative strategies.

Equities represented 41.4% of the portfolio at quarter-end, including 24.1% long-only Emerging Markets, 11.8% Developed ex-U.S. Equity, and 5.4% Equity Extension (a 130% long/30% short strategy comprised of developed ex-U.S. and emerging markets equity).

The equity portfolio returned 10.2% for the quarter, lagging the MSCI ACWI return of 12.2%. This underperformance was predominantly due to our bias away from U.S. equities which strongly outperformed, as evidenced by the S&P 500 index return of 13.6%. Security selection was strong and we modestly outperformed in both emerging markets and developed markets despite it being a difficult quarter for Value investing (MSCI World ex-U.S. Value and MSCI Emerging Markets Value both lagged their broad market counterparts by about 2%). The Equity Extension strategy fared less well and returned 9.0% for the quarter, underperforming the MSCI World ex-U.S. Index by 1.5%.

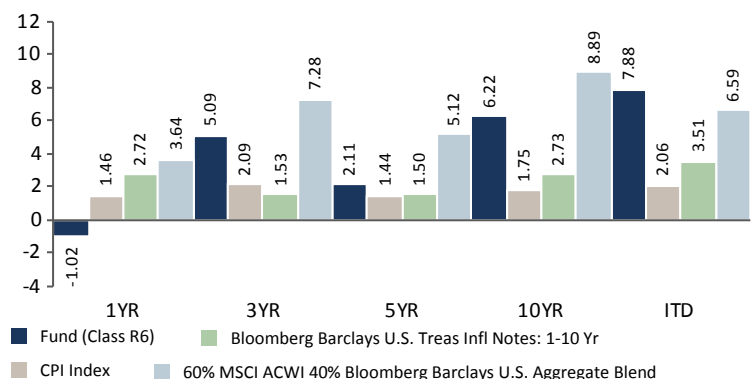
Alternatives represented 30.1% at quarter-end, including 7.5% Systematic Global Macro, 2.5% Quality vs. S&P 500, 5.1% Merger Arbitrage, 3.6% EAFE Value (currency hedged) vs. S&P 500, 2.5% Relative Value Interest Rates & FX, 2.5% Special Opportunities, 2.5% Put Selling, and 4.0% in a newly introduced U.S. Small Value vs. S&P 500 position.

Alternatives returned 2.6% for the quarter, a strong return in an absolute context but disappointing when compared to the burgeoning equity markets. Special Opportunities was the big winner, up 17.1%, helped by its beta exposure and strong security selection. Put Selling was up 7.1% for the quarter and, although we expect this to generate equity like returns over the long term, it should not be expected to keep pace in extreme up markets. Systematic Global Macro was up 3.6%, helped primarily by its equity (modestly long) and currency (long USD against various currencies) positions and hindered by fixed income positioning (especially short UK and Europe bonds). Merger Arbitrage, Relative Value Interest Rates & FX,

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. To obtain performance information to the most recent month-end, visit www.gmo.com. Gross Expense Ratio Class R6 0.92% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

The inception date refers to that of the GMO Trust Fund. Class R6 shares were first offered on January 1, 2012. Performance data quoted for each GMO Series Trust Fund reflects the performance data of the corresponding GMO Trust Fund restated to reflect the fees and expenses associated with the GMO Series Fund.

Annualized Return (%) as of March 31, 2019



Inception date: 07/23/2003

Chart returns include purchase premiums and redemption fees impact if applicable.

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and the Quality vs. S&P 500 trade all had solid positive performance. EAFE Value (currency hedged) vs. S&P 500 was down 3.2% and U.S. Small Value vs. S&P 500 was down 5.9%, as neither of the long portfolios could keep up with the rampant S&P 500 which was held short.

Fixed income represented 23.8% of the portfolio at quarter-end, including 10.9% TIPS, 5.0% Asset-backed securities, 4.0% Emerging Country Debt, and 3.8% in High Yield and a select number of distressed credits.

Our fixed income strategies returned 3.8% for the quarter. Asset-backed securities were up a solid 1.0% and the TIPS exposure was up 3.6% as the U.S. 10-year real yield plummeted from 0.98% at the start of the quarter to 0.53% at the end of the quarter, with the breakeven inflation rate rising almost 20 bps to 1.88%. High Yield/Distressed was up 4.8%, but the big winner was Emerging Country Debt with a return of 6.9%. This modestly outperformed the EMBI Global Index, which delivered 6.6% as spreads reversed nearly all of the widening suffered in the fourth quarter of 2018 and finished at +420 bps.

Cash/Cash Plus represented 4.7% of the portfolio at quarter-end. We believe cash is an important “dry powder” asset in an investment environment offering limited opportunities.

The allocation to Cash/Cash Plus had a minimal impact on the portfolio returning 0.9% for the quarter, modestly ahead of 3-Month U.S. T-Bills.

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 fund's prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

Risks associated with investing in the Fund may include Market Risk - Equities, Management and Operational Risk, Non-U.S. Investment Risk, Liquidity Risk, and Derivatives Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Distributor: Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

Each GMO Series Trust Fund is a feeder fund investing substantially all of its assets in shares of a corresponding GMO Trust Fund (i.e., a master fund). Each Series Trust Fund's sole portfolio holding, other than cash, is shares of the corresponding Trust Fund.

¹ The CPI (Consumer Price Index) for All Urban Consumers US All Items is published monthly by the U.S. government as an indicator of changes in price levels (or inflation) paid by urban consumers for a representative basket of goods and services. CPI Index index returns are updated on the 15th of the month and may or may not be current.