

Emerging Domestic Opportunities Fund

Year Ending December 31, 2019

OVERVIEW:

The GMO Emerging Domestic Opportunities Fund seeks to achieve total return. The Fund primarily uses fundamental analysis to first select countries and sectors, and then equities of companies whose prospects are linked to the internal (“domestic”) development and growth of the world’s non-developed markets (“emerging markets”).

Performance (%)

Net of Fees, Class II, Fair Value, USD	+19.33
Gross of Fees, Class II, Local Close, USD	+20.47
MSCI Emerging Markets ¹	+18.44

Major Performance Drivers

Emerging markets began 2019 buoyed by attractive valuations. Sentiment see-sawed throughout the year based on the prospects of a trade truce between the U.S. and China. The announcement of a phase one trade deal in December boosted sentiment. Also helping were accommodative monetary policies around the world. Country returns over the year varied, ranging from a 50.9% leap in Russia to a 20.8% drop in Argentina. Domestic demand driven sector returns were more clustered, varying from a 41.6% jump in IT to a rise of 3.7% in Health Care.

The Brazilian market went on a bull run driven by expectations (later fulfilled) that newly elected president Bolsonaro would succeed in enacting an important reform of the pension system. Some ground was lost later from a fall in the price of iron ore, a key export, and concerns about the political turmoil in the country. Our positions in Brazil Industrials contributed to performance.

Chinese stocks jumped with the announcement of a series of policy easing measures from the government. Pressure arose later from slowing growth and rising corporate defaults. The year ended well with news of a trade truce with the U.S. and reports of gathering strength in the manufacturing sector. Our investments in China Consumer Discretionary contributed to performance.

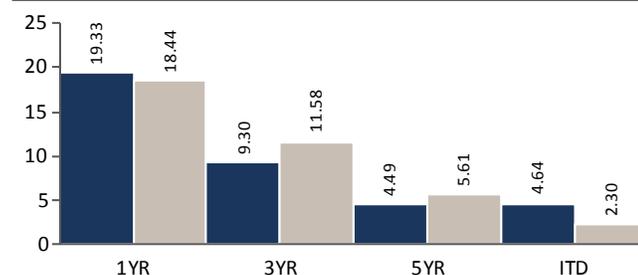
The year began poorly for India with a rise in the price of crude oil, a key import. The reelection of Prime Minister Modi provided an uplift. But sentiment turned negative again on a slowdown in the economy and a credit crisis among non-bank finance companies. Our exposure to India Industrials and Consumer Staples hurt performance.

The Taiwanese stock market was cheered by strength in the Technology sector worldwide, better-than-expected earnings growth, and some businesses moving factories from China to Taiwan. Our positions in Taiwan Information Technology added to performance.

Turkish assets began the year well as fiscal and monetary actions were perceived to be prudent. The market also applauded a deep and larger-than-anticipated cut in interest rates. Investor sentiment in Turkey was negatively impacted by Turkey’s incursion into Syria in October. Further pressure came from investor perception that fiscal and monetary conditions were unduly loose for the economy. Our holdings in Turkish Financials detracted from performance.

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 investors 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 of 1.19% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2019.

Annualized Return (%) as of December 31, 2019



■ Fund (Class II)
■ MSCI Emerging Markets

Inception date: 03/24/2011

Includes purchase premiums and redemption fees impact if applicable.

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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, Non-U.S. Investment Risk, Currency Risk, Management and Operational Risk and Illiquidity Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

¹ The MSCI Emerging Markets Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global emerging markets large and mid capitalization stocks. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.