

Emerging Markets Fund

Quarter Ending December 31, 2019

OVERVIEW:

The GMO Emerging Markets Fund seeks total return in excess of that of its benchmark, the MSCI Emerging Markets Index. GMO uses proprietary quantitative techniques and fundamental analysis to evaluate and select countries, sectors, and equity investments based on factors including, but not limited to, valuation, quality, patterns of price movement and volatility, and macroeconomic factors.

Performance (%)

Net of Fees, Class III, Fair Value, USD	+11.89
Gross of Fees, Class III, Local Close, USD	+12.04
MSCI Emerging Markets ¹	+11.84
Value Added	+0.21

Major Performance Drivers

Emerging markets posted an impressive quarter buoyed by accommodative monetary policies and the declaration of a “phase one” trade deal between the U.S. and China. Country returns over the quarter varied, ranging from a 26.5% leap in Pakistan to an 8.8% fall in Chile. Sector returns were more clustered, varying from an increase of 18.9% in Information Technology to a rise of 2.5% in Consumer Staples.

Sentiment in China improved with news of a trade truce with the U.S. Also helping were reports of gathering strength in the manufacturing sector. Our overweight in China Real Estate and Materials contributed to performance.

Equities in India were pressured by higher oil prices and by signs of an economic slowdown. Our underweight in India IT and Consumer Staples added to performance.

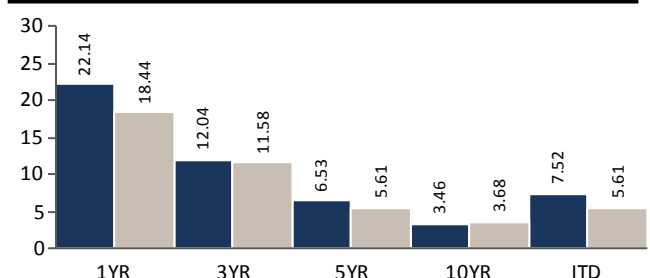
Stocks in Korea, an economy highly geared to global trade, celebrated news of a trade truce between the U.S. and China. Our underweight in Korean IT hurt performance.

Russian equities rose on signs of improving corporate governance. Also boosting performance was a jump in the price of oil, the country’s major export. Our overweight in Russian Energy and Materials contributed to performance.

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 overweight 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 1.00% 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 III)
■ MSCI Emerging Markets

Inception date: 12/09/1993

Includes purchase premiums and redemption fees impact if applicable.

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.