

GLOBAL ASSET ALLOCATION FUND

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO Global Asset Allocation Fund seeks total return greater than that of its benchmark, the GMO Global Asset Allocation Index, an internally maintained index computed by GMO consisting of 65% MSCI ACWI and 35% Bloomberg U.S. Aggregate Index.

PERFORMANCE (%)

Net of Fees, Class III, Fair Value, USD	+9.25
Gross of Fees, Class III, Local Close, USD	+9.22
GMO Global Asset Allocation Index ¹	+7.03
Value Added	+2.19

Major Performance Drivers

- Top-down asset allocation was modestly positive. Having an underweight to fixed income and successful allocation within equities and fixed income more than offset being underweight to equities and overweight to alternatives.
- Security selection was positive, driven by strong performances in equities and alternatives.

Equities represented an average of 59.9% of the portfolio during the quarter, including 9.8% in Emerging Markets, 6.1% in Emerging Markets ex-China, 17.9% in Developed ex-U.S., 2.6% in Quality, 9.1% in U.S., 2.8% in U.S. Small Cap Value, 3.1% in U.S. Small Cap Quality, 3.2% in Quality Cyclical, and 4.1% in Japan Value. There was also an average 1.3% exposure to U.S. Opportunistic Value as the position was initiated during the quarter.

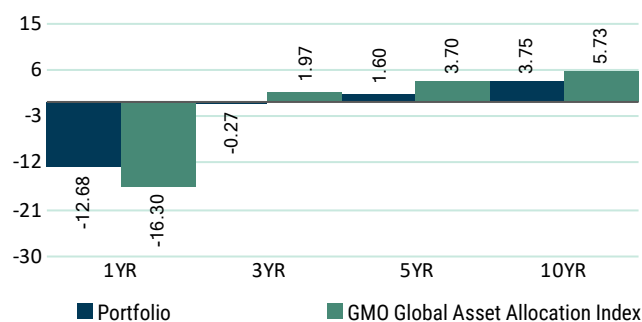
The equity portfolio returned 13.1% for the quarter, ahead of the MSCI ACWI return of 9.8%. Our regional bias proved a tailwind this quarter as emerging markets outperformed developed, led largely by a recovery in China. Our positioning within developed also helped, as the U.S. underperformed as the dollar started to soften. The Emerging Markets portfolio returned 9.7%, which was in line with the MSCI Emerging Markets index, and 10 bps behind the MSCI Emerging Market Value index. Emerging Markets ex-China returned 12.5%, which was 450 bps ahead of the MSCI Emerging Markets ex-China index return of 8.0%. In Developed ex-U.S. markets, the portfolio posted a gain of 18.1%, 190 bps ahead of the broad index return of 16.2% and in line with the MSCI World ex-U.S. Value index. In the U.S., the broad U.S. portfolio return of 10.3% beat the S&P Composite 1500 by 250 bps, while Quality outperformed the S&P 500 by 240 bps. The Quality Cyclical, U.S. Small Value, and U.S. Small Quality portfolios all outperformed. The Japan Value portfolio returned 12.8%, lagging the TOPIX by 40 bps. Being moderately underweight to equities had a negative impact on relative performance as they outperformed the blended benchmark.

Alternatives represented 14.1% on average through the quarter, which was all invested in the Alternative Allocation Strategy.

The Alternative Allocation Strategy posted a return of 4.8% for the quarter, an excellent result despite being unable to keep pace with resurgent equities. Within the Strategy, all eight of the underlying approaches had positive performance for the quarter. Systematic Global Macro was responsible for almost half of the total performance driven by strong returns from equity positioning, aided by currency gains as the dollar fell. The credit, Equity Dislocation, put selling, Event-Driven, and asset allocation spread trades all made meaningful contributions to performance. The

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 of 0.73% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2022.

ANNUALIZED RETURN (%) AS OF 12/31/2022



Inception date: 10/22/1996

Includes purchase premiums and redemption fees impact if applicable.

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exposure to the Fixed Income Absolute Return Strategy and relative value credit had a small positive impact. Our position in alternatives detracted from relative performance as they underperformed the blended benchmark.

Fixed income represented 25.5% on average through the quarter, including 3.0% in Asset-Backed Securities, 3.0% in Emerging Country Debt, 11.6% in the Multi-Sector Fixed Income Strategy, 5.8% in a U.S. Nominal Treasury position, and 2.1% in High Yield.

Our fixed income strategies returned 3.1% for the quarter, ahead of the Bloomberg U.S. Aggregate index return of 1.9%. Asset-Backed Securities were up modestly, with a return of 1.3%, while Multi-Sector Fixed Income was up 2.3% and the U.S. Nominal Treasuries returned 0.8%. The U.S. 10-year nominal yield finished the quarter a modest 5 bps higher than where it started at 3.88%, as headway appeared to be made in the battle against inflation. The High Yield exposure returned 6.0%, ahead of the BofA Merrill Lynch U.S. High Yield benchmark's return of 4.0%. Our emerging Country Debt portfolio returned 10.9%, ahead of the EMBI Global Diversified index return of 8.1%. The benchmark's spread over Treasuries tightened by a significant 107 bps over the course of the quarter, finishing at 452 bps. Our underweight to fixed income had a positive impact on performance against the asset allocation benchmark.

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 Management and Operational Risk, Market Risk-Equities, Non-U.S. Investment Risk, Market Risk-Fixed Income and Derivatives and Short Sales 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 GMO Global Asset Allocation Index is an internally maintained benchmark computed by GMO, comprised of (i) the MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) through 6/28/2002 and (ii) the GMO Global Asset Allocation (Blend) Index thereafter. 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.