

Global Asset Allocation Series Fund

Quarter Ending March 31, 2019

OVERVIEW:

The GMO Global Asset Allocation Series Fund seeks total return greater than that of its benchmark, 65% MSCI ACWI and 35% Barclays Capital U.S. Aggregate Index. The Fund uses top-down and bottom-up valuation methodologies to value asset classes, countries and securities in order to allocate assets to undervalued countries, currencies and securities around the world.

Performance (%)

Net of Fees, Class R6, Fair Value, USD	+7.25
Gross of Fees, Class III, Local Close, USD	+7.40
GMO Global Asset Allocation Index ¹	+8.92
Value Added	-1.52

Major Performance Drivers

- Top-down asset allocation was negative for the quarter. We were underweight equities which performed very strongly, and this was exacerbated by our positioning within equities. Further, the exposure to alternative strategies was unable to keep pace with burgeoning equity markets. Our holdings in cash also hindered relative performance as it was an excellent quarter for most risk assets, although this was largely offset by the underweight position in fixed income, which helped as fixed income underperformed the blended benchmark for the quarter.
- Security selection had a broadly neutral impact in all asset classes.

Equities represented 56.4% at quarter-end, including 19.1% Emerging Markets, 22.0% Developed ex-U.S., 7.7% Quality, and 7.6% U.S.

The equity portfolio returned 11.2% for the quarter, lagging the MSCI ACWI return of 12.2%. This underperformance was predominantly due to our significant underweight in U.S. equities which strongly outperformed, as evidenced by the S&P 500 index return of 13.6%. Stock selection in the U.S. was a little behind benchmark for both the Quality portfolio and the broader U.S. portfolio. Security selection was strong in both Emerging Markets and Developed ex-U.S. markets and we performed in line with our benchmarks 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%). Being underweight to equities detracted from relative performance as they handily outperformed the blended benchmark return of 8.9%.

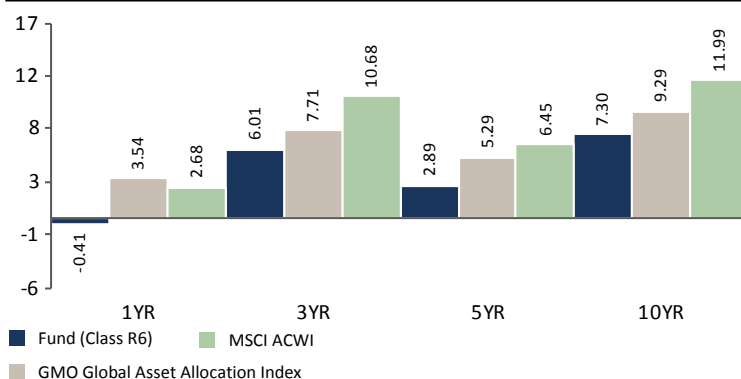
Alternatives represented 10.1% at quarter-end, including 3.0% Systematic Global Macro, 2.8% Alpha Only, 2.6% Put Selling, and 1.7% Relative Value Rates & FX.

Alternatives returned 2.0% for the quarter, a decent return in an absolute context but disappointing when compared to the incredibly strong equity markets. Put Selling was up 7.5% for the quarter and, although we expect this to generate equity like returns over the long term, it should

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 0.62% 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: 06/28/2002

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

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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). Relative Value Interest Rates & FX was up 2.7%. Alpha Only was down 4.6%, suffering as the long portfolios could not keep up with the rampant S&P 500 which was held short. Our position in alternatives detracted from performance against the asset allocation benchmark as they underperformed the blended benchmark.

Fixed income represented 30.1% at quarter-end, including 9.5% TIPS, 2.0% Asset-backed securities, 3.5% Emerging Country Debt, and 15.0% Core Plus fixed income.

Our fixed income strategies returned 3.7% for the quarter, well ahead of the Bloomberg Barclays U.S. Aggregate Index return of 2.9%. Core Plus was up 3.4%, benefitting as the U.S. 10-year nominal yield plummeted from 2.69% at the start of the quarter to 2.41% at the end of the quarter. The TIPS exposure was up 3.6% as the U.S. 10-year real yield fell even more, 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%. Asset-backed securities were up a solid 1.1%, 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 the widening suffered in the fourth quarter of 2018 and finished at +420 bps. Our underweight to fixed income added to performance against the asset allocation benchmark.

Cash/Cash Plus represented 3.4% 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 returned 0.6% for the quarter in line with 3-Month U.S. T-Bills. The allocation to Cash/Cash Plus was unhelpful to relative performance as it badly underperformed the blended 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 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 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.