

# Global Developed Equity Allocation Fund

Year Ending December 31, 2019

## OVERVIEW:

The GMO Global Developed Equity Allocation Fund seeks total return greater than that of its benchmark, the MSCI World Index.

## Performance (%)

Net of Fees, Class III, Fair Value, USD	+26.56
Gross of Fees, Class III, Local Close, USD	+27.26
MSCI World <sup>1</sup>	+27.67
<b>Value Added</b>	<b>-0.41</b>

## Major Performance Drivers

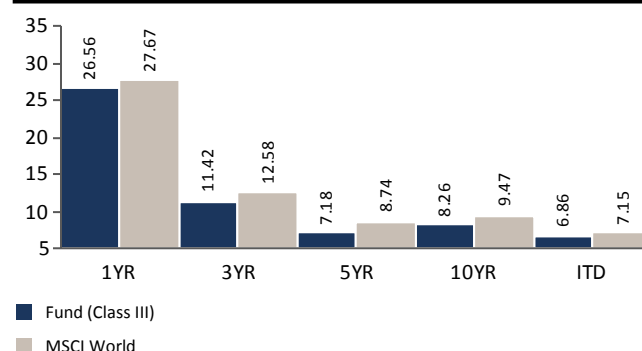
Equities delivered stellar returns in 2019. U.S. stocks outperformed non-U.S. stocks, growth beat value globally, and small cap stocks trailed large in the U.S. and emerging markets. In the portfolio, we reduced Quality exposure in favor of core U.S. positions. The portfolio delivered strong absolute returns but slightly trailed its benchmark primarily due to its underweight in U.S. equity.

- Our overweight position in emerging markets detracted from performance as the MSCI Emerging Markets Index returned 18.4% on the year, trailing the MSCI World Index return of 27.7%. Security selection within emerging markets was positive.
- The portfolio held about 39.2% on average in U.S. equities, leaving us approximately 23.5% underweight U.S. equities. Our underweight position in U.S. detracted as the S&P 500 returned 31.5%, beating the MSCI World Index return of 27.7%. Underweight positions in Apple (Information Technology) and Microsoft (Information Technology) featured in the top five individual detractors from relative performance at the total portfolio level.
- Our overweight position in European stocks had a negative impact on performance for the year as the MSCI Europe Index return of 23.8% underperformed the MSCI World. Stock selection had a positive impact on relative performance, driven by the UK, France, and Sweden.
- Our overweight position in Japan detracted a little from performance relative to the benchmark as the MSCI Japan returned 19.6% for the year and underperformed the MSCI World Index.

Year-ending weights, as a percent of equity, for the positions mentioned are as follows: Apple (0.89%) and Microsoft (0.97%).

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](http://www.gmo.com). Gross Expense Ratio of 0.54% 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



Inception date: 06/16/2005

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](http://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, Derivatives and Short Sales Risk and Fund of Funds 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.

<sup>1</sup> The MSCI World Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed markets. 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.