GLOBAL EQUITY ALLOCATION FUND

Investment Review: Quarter Ending June 30, 2022

OVERVIEW

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

PERFORMANCE (%)

Net of Fees, Class III, Fair Value, USD  -12.36
Gross of Fees, Class III, Local Close, USD  -12.78
MSCI ACWI +1  -15.66
Value Added  +2.88

Major Performance Drivers

- Top-down asset allocation was positive for the quarter, driven by our overweight positions in emerging equities and bias away from the U.S. within developed equities.

- Security selection was also positive for the quarter, helped by it being a good quarter for Value in Developed Markets.

Emerging Market equities, with an emphasis on undervalued stocks within attractively valued countries/sectors, represented 25.0% of the total portfolio weight on average during the quarter. Our overweight position in emerging equities added to relative performance as the MSCI Emerging Market index returned -11.4%, well ahead of the MSCI ACWI return of -15.7%, driven largely by a significant rebound in China. Security selection was also very solid, as the Emerging Market portfolio returned -10.9%, ahead of the MSCI Emerging Market Value index, and the Emerging Market ex-China portfolio returned -17.6%, ahead of the MSCI Emerging ex-China index return of -17.9%. Of course, using an ex-China approach for about one-third of the Emerging Market assets hampered performance for the quarter. An overweight position in Taiwan Semi-Conductor (Taiwan Information Technology) featured in the top five biggest individual detractors from relative performance at the total portfolio level.

U.S. equities accounted for 32.2% of the total portfolio on average through the quarter, made up of 9.8% in U.S. Small Cap Value equity, 9.4% in broad U.S. equity, and the remainder in the Quality and the Quality Cyclicals strategies. This leaves the portfolio 28.6% underweight U.S. equities in total, and this added to relative performance for the quarter as the MSCI USA index returned -16.9%, lagging MSCI ACWI. Security selection in the U.S. also added as all the underlying strategies outperformed – in aggregate, our U.S. portfolio returned -13.2%. Underweights in Amazon (Consumer Discretionary), Tesla (Consumer Discretionary), NVIDIA (Information Technology), and Apple (Information Technology) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, an overweight position in Lyft (Industrials) and underweight position in Exxon (Energy) featured in the five biggest detractors from relative performance for the quarter.

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 0.60% 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 06/30/2022

Inception date: 11/26/1996
Includes purchase premiums and redemption fees impact if applicable.

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Developed ex-U.S. equities accounted for an average weight of 42.3% of the portfolio for the quarter, including the dedicated Japan Value position and some exposure from the Quality and the Quality Cyclicals strategies. This overweight position in Developed ex-U.S. had a small positive impact on relative performance as the MSCI EAFE index returned -14.5%, a little ahead of the MSCI ACWI return. Security selection within developed was nicely positive in the broader portfolio and in Japan Value and, overall, returned -12.8%, which was ahead of MSCI EAFE (although a little behind the MSCI EAFE Value return of -12.4%). An overweight position in British American Tobacco (U.K. Consumer Staples) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, an overweight position in Norsk Hydro (Norway Energy) was the biggest individual detractor from relative performance at the total portfolio level for the quarter.

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, 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.

1 The MSCI ACWI (All Country World) + Index is an internally maintained benchmark computed by GMO, comprised of (i) the GMO Global Equity Index, an internally maintained benchmark computed by GMO, comprised of 75% S&P 500 Index and 25% MSCI ACWI ex-U.S. Index (MSCI Standard Index Series, net of withholding tax) through 5/31/2008 and (ii) the MSCI ACWI Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. 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.