

HIGH YIELD FUND

Year Ending December 31, 2020

OVERVIEW

The GMO High Yield Fund seeks to generate total return in excess of that of its benchmark, the Markit iBoxx USD Liquid High Yield Index, by applying a systematic, factor-based approach to portfolio construction.

PERFORMANCE (%)

Net of Fees, Class VI, Fair Value, USD	+5.47
Gross of Fees, Class VI, Local Close, USD	+6.03
Markit iBoxx USD Liquid High Yield ¹	+4.66
Value Added	+1.37

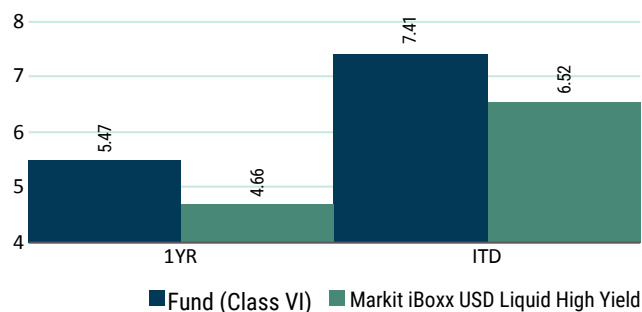
Major Performance Drivers

The Markit iBoxx USD Liquid High Yield Index returned 4.66% through 2020. Performance was led by BB bonds, which returned over 10%. Relative to BBs, the CCC cohort underperformed quite significantly, returning a meagre 2.3% for the year. The default rate spiked in the second quarter but subsided very quickly because of the Fed's extraordinary support measures. The default rate for the year stood at 7%, on a par basis.

The portfolio returned 5.5% for the year net of fees. The portfolio's outperformance relative to its benchmark can be attributed to its exposure to fallen angel bonds and the tilt towards the quality factor. In the first quarter, the portfolio was invested predominantly in liquid portfolio products and, in smaller proportion, high yield bonds. This allowed the portfolio to increase high quality and fallen angel bond holdings through the subsequent quarters based on our model alpha signals. Our exposure to the rolldown factor detracted from performance for most of the year. Finally, while low-quality bonds lagged the benchmark in the first half of the year, they buoyed portfolio performance in the second half.

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 0.56% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2020.

ANNUALIZED RETURN (%) AS OF 12/31/2020



Inception date: 06/25/2018

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. Read the prospectus carefully before investing.

Risks associated with investing in the Fund may include Management and Operational Risk, Market Risk-Fixed Income, Credit Risk, Illiquidity Risk and Derivatives and Short Sale 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 Markit iBoxx USD Liquid High Yield Index is an independently maintained index consisting of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe.