

HIGH YIELD FUND

Quarter 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	+6.76
Gross of Fees, Class VI, Local Close, USD	+6.91
Markit iBoxx USD Liquid High Yield ¹	+5.87
Value Added	+1.04

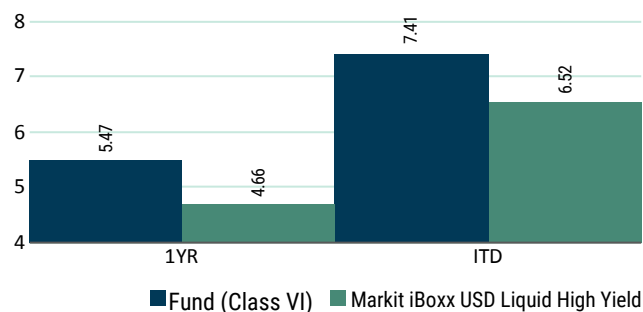
Major Performance Drivers

The Markit iBoxx USD Liquid High Yield Index returned 5.9% in Q4. Similar to Q3, lower quality bonds significantly outperformed higher quality cohorts. The CCC part of High Yield (HY) returned almost 10%, while single-B and BB bond returns were closer to the overall index. The Fallen Angel Index also outperformed, with near a 10% return for the quarter, thanks to its high exposure to the Energy sector. The pace of defaults continued to decline; on a par basis, the HY default rate for Q4 was 0.9%, down from 1.2% the previous quarter.

At quarter end the portfolio was invested in liquid portfolio products and high yield bonds. During the quarter the portfolio moved exposures between index products and increased exposure to the quality factor based on changes in our model's alpha signals. Our exposure to lower quality bonds and Fallen Angels, and to a lesser degree, the carry factor and high-quality bonds, all helped the portfolio outperform its benchmark in Q4.

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. 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.