

INTERNATIONAL EQUITY ALLOCATION FUND

Investment Review: Quarter Ending December 31, 2022

OVERVIEW

The GMO International Equity Allocation Fund seeks total return greater than that of its benchmark, the MSCI ACWI ex-USA Index.

PERFORMANCE (%)

Net of Fees, Class III, Fair Value, USD	+15.24
Gross of Fees, Class III, Local Close, USD	+14.89
MSCI ACWI ex USA ¹	+14.28
Value Added	+0.61

Major Performance Drivers

- Top-down asset allocation was negative for the quarter, as Emerging Market equities underperformed Developed equities outside the U.S.
- Security selection was positive for the quarter, helped by the tailwind of decent Value outperformance in Developed equities.

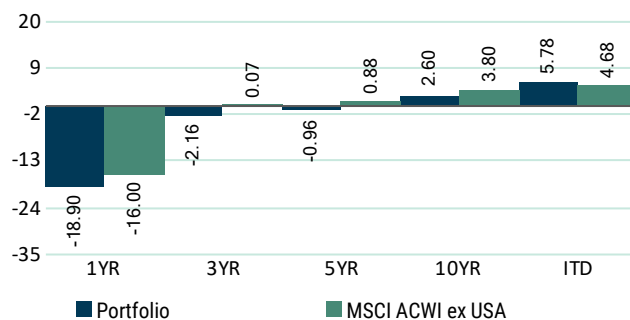
Emerging Market equities, with an emphasis on undervalued stocks within attractively valued countries/sectors, represented 36.9% of the total portfolio weight on average during the quarter. Our overweight position in emerging equities detracted from relative performance as the MSCI Emerging Markets index returned 9.7%, behind the MSCI ACWI ex USA World return of 14.3%. Security selection was positive, however, as the Emerging Market portfolio returned 9.6% and the Emerging Market ex-China portfolio returned 12.5%, ahead of the MSCI Emerging ex-China index return of 8.0%. An overweight position in Petroleo Brasileiro (Brazil Energy) featured in the top five biggest individual detractors from relative performance at the total portfolio level.

Developed ex-U.S. equities accounted for an average weight of 62.9% of the portfolio for the quarter, including the dedicated Japan Value position. This underweight position in Developed ex-U.S. had a negative impact on relative performance as Developed Markets beat Emerging Markets. Security selection within Developed was very solid and, overall, returned 18.0%. This was ahead of the MSCI World ex USA return of 16.2% and in line with the MSCI World ex USA Value return of 18.1%. Overweight positions in Banco Bilbao (Spain Financials), Rio Tinto (Australia Materials), Randstad (Netherlands Industrials), Saint-Gobain (France Industrials), and Banco de Sabadell (Spain Financials) featured in the top five biggest individual contributors to relative performance at the total portfolio level. On the flipside, overweight positions in Roche (Switzerland Health Care), Canon (Japan Information Technology), and KDDI (Japan Communication Services), along with an underweight position in Novo Nordisk (Denmark Health Care) featured in the top five biggest individual detractors from relative performance at the total portfolio level.

Portfolio weights, as a percent of equity, for the positions mentioned were: Petroleo Brasileiro (1.1%), Banco Bilbao (1.5%), Rio Tinto (1.5%), Randstad (1.0%), Saint-Gobain (1.3%), Banco de Sabadell (0.9%), Roche (2.2%), Canon (1.3%), KDDI (1.5%), and Novo Nordisk (0.0%).

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 0.69% 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 12/31/2022



Inception date: 10/11/1996

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, Market Risk-Equities, Non-U.S. Investment Risk Management and Operational Risk, Currency Risk and Derivative 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 MSCI ACWI ex USA Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of international (excluding U.S. and including emerging) large and mid capitalization stocks. 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.