

OPPORTUNISTIC INCOME FUND

Quarter Ending March 31, 2021

OVERVIEW

The GMO Opportunistic Income Fund seeks capital appreciation and current income by investing primarily in securitized credit securities.

PERFORMANCE (%)

Net of Fees, Class VI, USD	+1.45
Gross of Fees, Class VI, USD	+1.58
Bloomberg Barclays U.S. Securitized+ ¹	-1.18
Value Added	+2.76

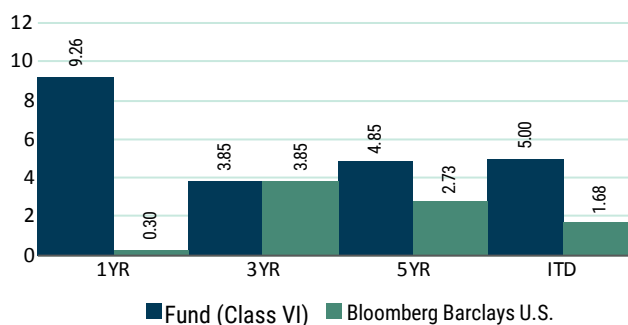
Major Performance Drivers

Total returns for securitized products were mixed in the first quarter of 2021, while base rates (swap and Treasury yields) continued to move higher, resulting in mostly negative total returns for fixed rate assets. Specifically, U.S. rates continued to edge higher during the quarter as optimism surrounding the reopening U.S. economy and wide distribution of COVID vaccines, along with inflation concerns, supported an upward trajectory in rates. Overall, in the corporate credit markets, returns were mixed with Investment Grade finishing with a -4.5% total return, and High Yield returning +0.9%. On the base rate side, swap rates net rose by 63 basis points, ending at 1.06% (U.S. 5-year).

In structured products, excess returns (vs. swaps/Libor) were mixed but positively skewed in the first quarter as credit spreads continued to tighten while rates surged. Additionally, down-in-quality sectors generally outperformed those higher in quality. Credit Risk Transfer deals on residential mortgages reported positive excess returns, ranging from +0.2% to +2.4% on various tranches. Additionally, in the residential space, Non-Agency Residential Mortgage-Backed Securities (RMBS) bond performance was positive with various collateral type excess returns from +2.5% to +4.2% in Q1. Single Family Rentals a somewhat hybrid member of the RMBS cohort, also posted gains, with excess returns across the capital structure ranging from +0.4% to +0.7%. In Commercial Mortgage-Backed Securities (CMBS), a longer duration asset, overall performance was up 1.6% in excess on the quarter, with last cash flow (LCF) AAA securities posting +1.1% excess returns, and lower rated BBB tranches posting +3.7%. Floating rate Asset-Backed Securities (ABS) performance from Students Loans was positive in Q1, posting +0.9% excess returns. Overall performance in the Collateralized Loan Obligation (CLO) market was up +0.5% in excess during the quarter; excess returns in the lower part of the capital structure were relatively higher, with BBB posting +0.7% and BB posting +2.6%.

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 0.51% 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 03/31/2021



Inception date: 10/03/2011
Includes purchase premiums and redemption fees impact if applicable.

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At quarter-end, 43% of the portfolio was rated AAA, although approximately 51% of the portfolio was rated single-A or better. Approximately 19% of the portfolio was invested in Student Loans, 18% in RMBS, 14% in CMBS, 12% in CDO and CLO securities, 7% in Small Balance Commercial, and 2% in other ABS.

Absolute performance was positive for the quarter, with gains driven by the CMBS sector, followed by gains from the Student Loan and RMBS sectors. Other sectors, including Small Balance Commercial, CLO, and other ABS sectors, also contributed positively during the quarter. While not enough to fully offset gains, the portfolio's hedge positions in long interest rate futures and credit hedge positions detracted during the quarter.

(Ratings are lowest of Moody's, Standard & Poor's, Fitch, DBRS, and Kroll. No rating is used if none of the five listed provides a rating.)

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 Credit Risk, Market Risk - Asset-Backed Securities, Illiquidity Risk, Focused Investment Risk, and Market Risk - Fixed Income. 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 Bloomberg Barclays U.S. Securitized + Index is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan U.S. 3 Month Cash through 12/30/2016 and (ii) the Bloomberg Barclays U.S. Securitized thereafter.