

Quality Series Fund

Year Ending December 31, 2019

OVERVIEW:

The GMO Quality Series Fund seeks to deliver total return by investing in equities of companies that the GMO Focused Equity team believes to be of high quality.

Performance (%)

Net of Fees, Class R6, Fair Value, USD	+31.41
Gross of Fees, Class III, Local Close, USD	+32.32
S&P 500 ¹	+31.49
Value Added	+0.84

Major Performance Drivers

We are pleased to report that your portfolio was able to keep up with the S&P 500 Index in 2019, ending the year slightly ahead of the S&P 500 Index and comfortably ahead of the MSCI World Index in dollar terms. The strength of the portfolio and the broader equity markets may seem extraordinary, but two aspects are worth highlighting at the outset. First, the return must really be put in the context of market weakness in the last quarter of 2018, especially in growth stocks. Since the end of September of that year, the S&P 500 has returned a less remarkable 13.7%. Second, despite the large headline number, we note that the portfolio continues to generate returns with a beta to the market of less than 1, i.e., delivering more on the days when markets are weaker. In addition, we have some confidence that the beta will fall should the market come under duress (when investors might be expected to think more about quality).

2019 Contributors

- In 2019 the portfolio's returns were broad-based. The portfolio delivered returns above 25% in six of the seven GICS sectors in which it is invested, the exception being Industrials.
- After Apple's well-documented surge, Taiwan Semiconductor was the strongest contributor, as the dominant industry leader in semiconductor fabrication was buoyed by efforts across its clientele to support next generation phones, data centers, and a host of other hardware.

2019 Detractors

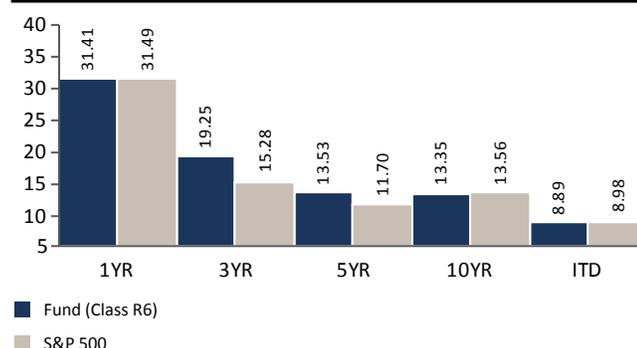
- In a repeat of recent years, the portfolio's Technology holdings delivered lower returns than the raging global Technology sector as a result of the somewhat more conservative nature of the portfolio's Tech positions.
- Stock selection within Industrials also detracted from performance as 3M bore the brunt of downgrades to global economic growth earlier in the year.

Year-ending weights, as a percent of equity, for the positions mentioned were: Apple (5.0%), Taiwan Semiconductor (3.0%), and 3M (3.0%).

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 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 Class R6 0.57% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2019.

The inception date refers to that of the GMO Trust Fund. Class R6 shares were first offered on January 1, 2012. Performance data quoted for each GMO Series Trust Fund reflects the performance data of the corresponding GMO Trust Fund restated to reflect the fees and expenses associated with the GMO Series Fund.

Annualized Return (%) as of December 31, 2019



Inception date: 02/06/2004

Includes purchase premiums and redemption fees impact if applicable.

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, Focused Investment Risk, Non-U.S. Investment Risk, and Currency 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.

Each GMO Series Trust Fund is a feeder fund investing substantially all of its assets in shares of a corresponding GMO Trust Fund (i.e., a master fund). Each Series Trust Fund's sole portfolio holding, other than cash, is shares of the corresponding Trust Fund.

¹ The S&P 500 Index is an independently maintained and widely published index comprised of U.S. large capitalization stocks. 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.