

Resources Fund

Year Ending December 31, 2018

OVERVIEW:

The GMO Resources Fund seeks to deliver total return by investing in the securities of companies in the natural resources sector.

Performance (%)

Net of Fees, Class III, Fair Value, USD	-6.74
Gross of Fees, Class III, Local Close, USD	-6.52
MSCI ACWI Commodity Producers ¹	-11.75
Value Added	+5.23

SECTOR ALLOCATION: -0.4%

SECURITY SELECTION: +5.6%

Major Performance Drivers

Energy

Positioning:

Energy accounted for approximately 38% of our total portfolio weight during the year.

Results:

Our underweight position in Energy produced strong positive stock selection impact during the year. Overweights to Russian oil companies including Lukoil, Gazprom Neft, Tatneft, and Novatek were among our biggest contributors. Not owning North American energy companies such as Exxon Mobil and Canadian Natural Resources also helped performance.

Industrial Metal Miners

Positioning:

Industrial Metal Mining stocks accounted for approximately 39% of our total portfolio weight during the year.

Results:

Our large overweight position in Industrial Metal Mining produced a positive allocation and negative selection impact, resulting in a negative net impact. Our Copper exposure struggled as the price of copper declined almost 20% during 2018, largely due to concerns about the impact of a potential trade war on global economic growth. The Russian miner Norilsk Nickel was among our top contributors.

Agriculture

Positioning:

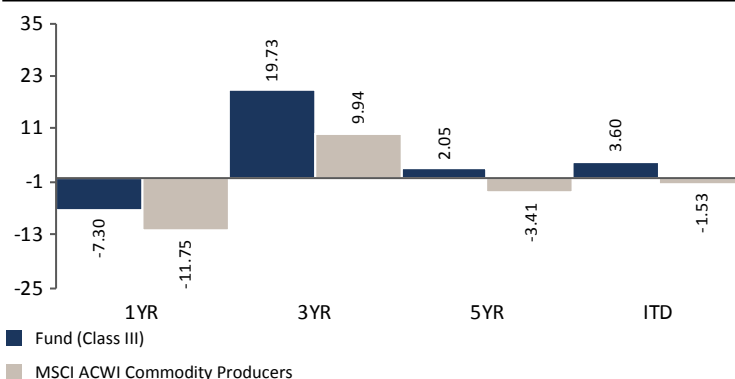
Agriculture stocks accounted for approximately 17% of our total portfolio weight during the year.

Results:

Our overweight to Agriculture stocks produced positive allocation and stock selection impacts. Salmon Farming companies were among the top contributors, with Leroy Seafood, Austevoll Seafood, and Salmar up 40%–60% during the year. Our Fertilizer exposure also helped performance.

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 0.82% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

Annualized Return (%) as of December 31, 2018



Inception date: 12/28/2011

Chart returns include purchase premiums and redemption fees impact if applicable.

Year-ending weights, as a percent of equity, for the positions mentioned were: Lukoil (2.0%), Gazprom Neft (1.9%), Tatneft (1.1%), Novatek (2.4%), Exxon Mobil (0.0%), Canadian Natural Resources (0.0%), Norilsk Nickel (2.3%), Leroy Seafood (0.0%), Austevoll Seafood (1.9%), and Salmar (0.7%).

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, Non-U.S. Investment Risk, Liquidity Risk, and Derivatives Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Distributor: Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

¹ The MSCI ACWI (All Country World) Commodity Producers Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of listed large and mid capitalization commodity producers within the global developed and emerging markets. 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.