

Risk Premium Fund

Quarter Ending December 31, 2018

OVERVIEW:

The GMO Risk Premium Fund aims to achieve a long-term total return commensurate with that of global equity markets by selling put options on major global equity indices.

Performance (%)

| | |
|--|--------------|
| Net of Fees, Class III, Fair Value, USD | -10.49 |
| Gross of Fees, Class III, Local Close, USD | -10.37 |
| CBOE S&P 500 PutWrite Index | -11.26 |
| Value Added | +0.89 |

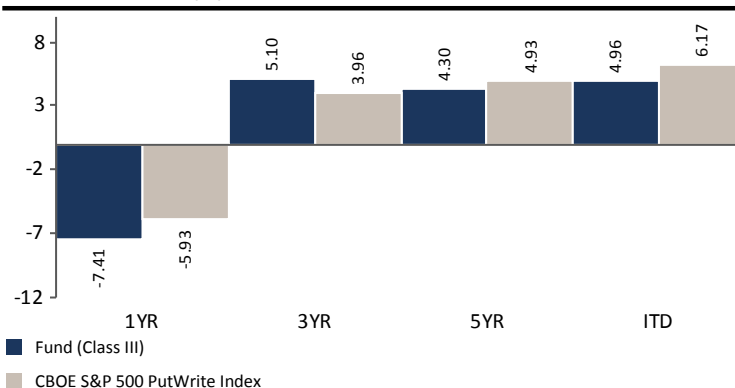
Major Performance Drivers

Equity volatility returned during the last quarter of 2018. The sanguine market conditions during the second and third quarters were displaced by equity volatility more reminiscent of the first quarter. Implied and realized equity volatility rose, domestic and international equities swooned, sovereign yields declined, oil re-entered a bear market, and credit spreads widened. Worries about trade tensions and a China slowdown negatively impacted investor sentiment. Pricing of these market risk factors also occurred in the context of thin market liquidity and little depth. This naturally led to more days of large market moves. On the positive side of the ledger, the Federal Reserve began communicating a more flexible path forward for rates, economic fundamentals in the US remain sound, and the US dollar traded sideways for most of the last quarter.

Given that these cross currents drove volatility higher, this was a challenging period for volatility carry strategies. US and Asian short variance positions were punished, whereas European equity short volatility fared better in relative terms. Risk Premium benefited from exposure to the FTSE, which led to outperformance during the quarter, especially in December.

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 Class R6 0.48% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018 as amended.

Annualized Return (%) as of December 31, 2018



Inception date: 12/14/2012

Chart returns include 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, 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.