

U.S. Equity Fund

Year Ending December 31, 2019

OVERVIEW:

The GMO U.S. Equity Fund seeks to deliver high total return by investing in a portfolio of U.S. equities.

Performance (%)

Net of Fees, Class III, USD	+28.57
Gross of Fees, Class III, USD	+29.16
Russell 3000 ¹	+31.02
Value Added	-1.86

Major Performance Drivers

In 2019, U.S. underperformance largely came from being overweight where we believed the valuations were quite compelling, while maintaining underweight positions in stocks which performed well despite being relatively expensive. Despite these valuation headwinds, our approach of looking for a mix of value, quality, attractive fundamental growth, and few red flags from corporate alerts helped performance relative to simple, reported, multiple-driven measures of value.

Negative contributors to performance in 2019

- A key performance theme was underweight positioning in names which detracted despite being unattractively valued, these included Apple and Microsoft (Information Technology), Facebook (Communication Services), and JP Morgan Chase (Financials).
- Information Technology was the most challenging area for stock selection, and overweight names also contributed to the value lost in the sector. HP and Juniper Networks were among the holdings that detracted, both sharing attractive valuations underpinned by other models, including positive sentiment from other asset classes.

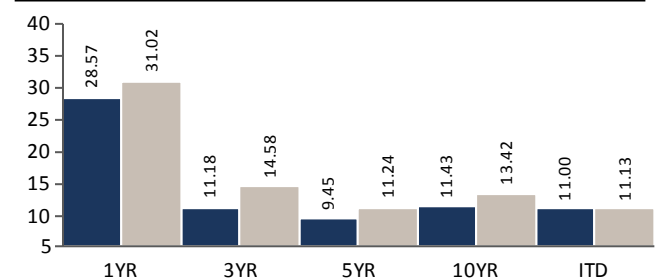
Contributors in 2019

- The Industrials sector was an area of relative strength for stock selection. Top contributors included holdings in defense contractor Lockheed Martin and underweight positioning in airline manufacturer Boeing, where positioning in the later was motivated by a mix of poor growth prospects and negative sentiment from other asset classes.
- The portfolio's underweight positioning toward the Energy sector also contributed, with incremental value added from allocation in each of the last three quarters of 2019.

Year-ending weights, as a percent of equity, for the positions mentioned were: Apple (1.0%), Microsoft (0.9%), Facebook (0.0%), JP Morgan Chase (0.0%), HP (1.6%), Juniper Networks (0.5%), Lockheed Martin (1.8%), and Boeing (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 0.49% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2019.

Annualized Return (%) as of December 31, 2019



■ Fund (Class III)

■ Russell 3000

Inception date: 09/18/1985

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, Illiquidity 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 Russell 3000 Index is an independently maintained and widely published index comprised of the stocks of the 3,000 largest U.S. companies based on total market capitalization. These companies represent approximately 98% of the total market capitalization of the U.S. equity market. Russell Investment Group is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell is a trademark of Russell Investment Group.