

U.S. EQUITY FUND

Investment Review: Quarter Ending December 31, 2022

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	+10.13
Gross of Fees, Class III, USD	+10.26
S&P Composite 1500 ¹	+7.79
Value Added	+2.47

Major Performance Drivers

Markets rebounded in the fourth quarter amid the hope that high inflation levels were moderating and that higher interest rates might not push the U.S. into recession given its strong employment numbers. The Russian aggression in Ukraine continued to weigh on energy and food prices, but the abrupt reversal in December of China's Covid lockdowns raised hopes that the world was taking another step toward normality. Consumer Discretionary and Communication Services stocks declined but all other sectors ended in positive territory within the S&P Composite 1500 index and most sectors posted double-digit increases.

The S&P 1500 Composite Value index outperformed the S&P 1500 Composite Growth index in the fourth quarter. In this environment, both Value and Growth model groups posted robust performance, with additional contributions from Cross Asset signals and Corporate Alerts.

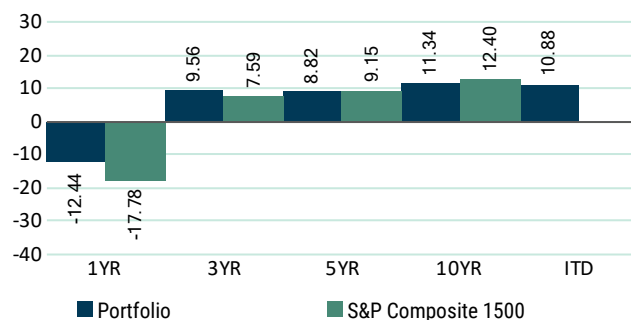
Consumer Discretionary was the top stock selection contributor this quarter. Underweight positions in Tesla and Amazon were among the top contributors, as both stocks posted sharp drops to end the year. Overweights toward PVH Corporation and Taylor Morrison Home Corporation were also top contributors within Consumer Discretionary.

Challenges in the quarter included overweight positioning toward Consumer Discretionary stocks and stock selection within Consumer Staples and Industrials. The largest detractors included underweight positioning toward JPMorgan Chase (Financials) and overweight positioning toward Qualcomm (Information Technology).

Portfolio weights, as a percent of equity, for the positions mentioned were: Tesla (0.0%), Amazon (0.2%), PVH Corporation (0.5%), Taylor Morrison Home Corporation (0.7%), JPMorgan Chase (0.0%), and Qualcomm (1.9%).

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 0.50% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2022.

ANNUALIZED RETURN (%) AS OF 12/31/2022



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 S&P Composite 1500 combines three leading indices, the S&P 500, the S&P MidCap 400, and the S&P SmallCap 600, to cover approximately 90% of U.S. market capitalization. It is designed for investors seeking to replicate the performance of the U.S. equity market or benchmark against a representative universe of tradable stocks.