

# U.S. Equity Series Fund

Quarter Ending March 31, 2019

## OVERVIEW:

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

## Performance (%)

Net of Fees, Class R6, USD	+13.05
Gross of Fees, Class III, USD	+13.19
Russell 3000 <sup>1</sup>	+14.04
<b>Value Added</b>	<b>-0.86</b>

## Major Performance Drivers

The Russell 3000 Index rebounded in the first quarter of 2019, recovering the value lost in the fourth quarter of 2018. In sharp contrast to the fourth quarter of 2018, all sectors ended the first quarter in positive territory. Areas with the largest gains included Information Technology, Real Estate, Industrials, and Energy. Amid the rebound, the Russell 3000 Value Index trailed the Russell 3000 Growth Index by 4%, highlighting the continued challenge for valuation-oriented strategies.

The portfolio trailed the benchmark in the first quarter. Stocks viewed as attractively valued underperformed, while performance of signals derived from other asset classes was mixed, and measures of fundamental growth performed relatively well. In this environment, stock selection within valuation-oriented names posed the biggest headwind.

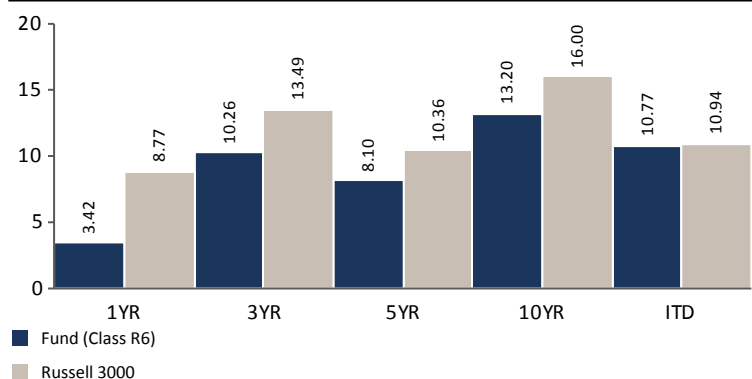
Health Care, Communication Services, and Information Technology were among the most challenging areas for stock selection including overweight holdings in Amgen (Health Care), HP (Information Technology), and Verizon (Communication Services). The portfolio returns were also impacted by underweight positions in names which posted double digit returns despite unattractive alpha forecasts. Examples of names where underweight positioning detracted include Apple (Information Technology) and Facebook (Communication Services), both of which were up more than 20% despite unattractive forecasts.

Quarter-ending weights, as a percent of equity, for the positions mentioned were: Amgen (2.4%), HP (1.8%), Verizon (0.0%), Apple (0.9%), and Facebook (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 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](http://www.gmo.com). Gross Expense Ratio Class R6 0.52% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

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 March 31, 2019



Inception date: 09/18/1985

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](http://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.

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.

<sup>1</sup> 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.