GLOBAL REAL RETURN (UCITS) FUND USD CLASS A

Quarterly Investment Review

PRODUCT OVERVIEW

The Fund seeks to achieve a return in excess of that of its benchmark, the OECD G7 Consumer Price Index, by allocating dynamically across asset classes, free from the constraints of traditional benchmarks. The Fund seeks annualized excess returns of 5% (net of fees) above the OECD G7 Consumer Price Index, over a complete market cycle.

The philosophy that underlies all of GMO's Asset Allocation investment strategies is the belief that, at times and in the short term, the pricing of asset classes can deviate from true intrinsic value, but mean reverts to appropriate valuation levels over the long term. GMO's proprietary 7-Year Asset Class Forecasts form the foundation of our investment process, providing a framework to assess the return opportunity embedded in different asset classes. We use that approach to allocate to what we believe are the most attractively priced asset classes.

This is a marketing communication and a financial promotion. Past performance does not predict future returns.

MAJOR PERFORMANCE DRIVERS

Long-only equities represented 43.2% of the portfolio on average through the quarter, with 8.3% in Emerging Markets with a distinct value bias, 5.7% in Japan Fundamental Value, 4.7% in developed ex-US Small Value, 4.8% in Developed ex-US, 3.6% in Resource equity, 4.8% in US Opportunistic Value, 8.6% in International Opportunistic Value, and 2.7% in Japan Small Value.

The equity portfolio returned 5.9% for the quarter, ahead of the MSCI ACWI return of 1.6%. Top-down regional allocations were very unhelpful as the US strongly outperformed both developed ex-USA and emerging markets, though this was somewhat offset by value outperforming growth for the quarter. Security selection was positive for the quarter. Our Emerging Markets portfolio returned 7.7%, ahead of the MSCI Emerging Markets Index return of -0.4%. The Japan Fundamental Value portfolio posted 7.1%, compared to the TOPIX return of 7.2%, while the Japan Small Value exposure posted 11.1%, and the Developed ex-USA Small Cap portfolio delivered 6.4%. The Developed ex-USA exposure posted 2.4%, beating the MSCI World ex-USA Index by 150 bps, but lagging the MSCI World ex-USA Value Index by 130 bps. Resource equity posted -3.3%. The US Opportunistic Value exposure returned 6.4%, which was 240 bps ahead of the MSCI USA Value Index return of 4.0%, and International Opportunistic Value posted 6.8%, ahead of the MSCI World ex-USA Value return of 3.7%.

Alternative strategies averaged 31.9% over the quarter, including 5.5% in Systematic Global Macro, 3.8% in Event-Driven, 2.9% in emerging market currencies, 1.3% in Trend, and 18.5% in Equity Dislocation. Alternative strategies returned 6.2% for the quarter, including the return on collateral. Equity Dislocation returned 8.4%, nicely ahead of the MSCI ACWI Value minus MSCI ACWI Growth comparator return of 4.2%. Systematic Global Macro posted 0.0%, Event-Driven was up 0.6%, and the emerging market currency exposure returned 1.8%.

Fixed income represented 24.9% of the portfolio on average through the quarter, including 2.8% in Asset-Backed Securities and 22.1% in US Treasuries. Our fixed income strategies returned -6.1% for the quarter, behind the Bloomberg US Aggregate return of -3.5%. Asset-Backed Securities posted -0.4%, ahead of the Bloomberg U.S. Securitized Index return of -4.1%. It was a tough quarter for traditional duration, and the US Treasury exposure fell -6.8%.

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ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Global Real Return (UCITS) Fund USD Class A (net)	3.17	12.56	19.51	15.61	9.57	6.43	5.40
Global Real Return (UCITS) Fund USD Class A (gross)	3.40	13.30	20.56	16.64	10.56	7.39	6.35
OECD CPI G7	0.52	3.02	3.02	2.66	3.91	2.99	2.43
Value Add	+2.64	+9.54	+16.49	+12.95	+5.66	+3.44	+2.97

Data Source: GMO

RISKS

Risks associated with investing in the Fund may include: (1) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility; (2) Market Risk - Equities: the market price of equities may decline due to factors affecting the issuer, its industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares; and (3) Non-U.S. Investment Risk: the market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets) are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets. For a more complete discussion of these and other risks, please consult the Fund's Prospectus.

Inception Date: 20-Aug-12

Performance Returns: Performance for the year of inception is less than a full calendar year. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com. **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.** Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower. Gross of fees, expenses and transaction costs, if any. If these fees, expenses and costs were included, performance would be lower. A dilution adjustment may be applied on a subscription or redemption of shares to reflect the costs of dealing in the Fund's assets.The return on investment in the Fund may increase or decrease as a result of currency fluctuations if an investor's investment is made in a currency other than that used in the past performance calculation. If the Fund holds assets in currencies other than the base currency of the Fund and/or you invest in a share class that is denominated in a different currency than the base currency of the Fund, subject to any hedging at share class or Fund level, the value of your investment may be impacted by changes in the relative prices of the relevant currencies. The use of financial derivative instruments by the Fund may result in increased gains or losses within the Fund. Returns include a substantial, one-time proceed from the sale of certain Russian securities. The one-time sale of these securities contributed 0.97% (1-day performance impact). Performance for other time periods was also positively impacted. Without these proceeds, performance would have been lower. Additional information is available upon request.

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IMPORTANT INFORMATION

This is a marketing communication and a financial promotion. This is not a contractually binding document. An investor should consider all of the Fund's characteristics including the investment objectives, risks, charges and expenses before investing. This and other important information can be found in the Fund's prospectus and the KIID/PRIIPs KID. To obtain a prospectus and the KIID/PRIIPs KID please visit www.gmo.com. Read the prospectus and the KIID/PRIIPs KID carefully before investing and do not base any final investment decision on this communication alone.

Benchmark(s): The OECD (Organization for Economic Cooperation and Development) CPI (Consumer Price Index) G7 is published monthly by the OECD for the G7 countries of Canada, France, Germany, Italy, Japan, the U.K. and the U.S. The index is compiled by aggregating the national consumer price indices in each period, using estimates of household private final consumption expenditure ("HFCE") as weights. The HFCE for each country is converted into a common currency using purchasing power parities ("PPPs") which are rates of currency conversion that eliminate the differences in price levels between countries. The PPP used in the zone estimates relate specifically to HFCE and are not the same as the PPP for gross domestic product, which are more commonly available. The benchmark return is published on a one month lag. Until this data is available all benchmark return calculations assume a 0% estimate for the missing month.

The Fund is a sub-fund of GMO Funds plc, an umbrella fund with segregated liability between sub-funds, which is authorised by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended. The authorisation of GMO Funds plc is not an endorsement or guarantee of GMO Funds plc by the Central Bank. Neither the Central Bank nor the UK's Financial Conduct Authority has approved and or takes responsibility for the contents of this document or for the financial soundness of the Fund or for GMO Funds plc. GMO Funds plc is an EEA UCITS scheme which is recognised under Part 6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, as amended.

GMO UK Limited Authorised and Regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is registered with the AFM.

The Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.

Investors and potential investors can also obtain the prospectus and key investor information, and a summary of investor rights and information on access to collective redress mechanisms, in English and local languages where the Fund is registered, under the Literature section at the following website:

https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund---grruf/

Please note that the management company of the Fund may decide to terminate the arrangements made for the marketing of the Fund in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: https://www.gmo.com/europe/product-index-page/multi-asset-class/benchmark-free-allocation-strategy/global-real-return-ucits-fund---grruf/

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ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

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*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area
**Representative Office