

QUARTERLY INVESTMENT REVIEW

Benchmark-Free Allocation Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Benchmark-Free Allocation Fund (net)	0.41	3.47	11.83	3.80	3.70	2.79	6.92
Benchmark-Free Allocation Fund (gross)	0.62	3.90	12.76	4.65	4.55	3.63	7.63
CPI Index	0.26	1.36	3.03	4.93	4.16	2.79	2.58
Value Add	+0.15	+2.11	+8.80	-1.13	-0.46	-0.00	+4.34

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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. Prior to January 1, 2012, BFAF served as the principal component of a broader GMO real return strategy. Beginning on January 1, 2012, BFAF has been managed as a standalone investment. To obtain performance information to the most recent month-end, visit www.gmo.com.

MAJOR PERFORMANCE DRIVERS

- Top-down asset allocation was positive as each of equities, alternatives, and fixed income had a positive quarter. Allocation within equities hampered returns as many Developed ex-U.S. markets struggled.
- Security selection was modestly negative as Resource Equity, Quality Cyclical, and Systematic Global Macro had a challenging quarter.

Long-only equities represented 56.5% of the portfolio on average through the quarter, with 6.4% in Emerging Markets and 5.8% in Emerging Markets ex-China, both with a distinct Value bias; 6.1% in Japan Fundamental Value; 5.3% in Developed ex-U.S. Small Value; 6.2% in Developed ex-U.S.; 5.0% in Resource Equity; 4.3% in Quality Cyclical; 6.1% in U.S. Opportunistic Value; 9.6% in International Opportunistic Value; and 1.7% in Japan Small Value.

Inception Date: 23-Jul-03
Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.
Risks: Risks associated with investing in the Fund may include those as follows. (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. (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 risks and others, please consult the Fund's prospectus. Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis.
If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash.
Net Expense Ratio: 1.23%; Gross Expense Ratio: 1.29% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2024.

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MAJOR PERFORMANCE DRIVERS CONT.

The equity portfolio returned 0.1% for the quarter, behind the MSCI ACWI return of 2.9%. Top-down regional exposures had a detrimental impact for the quarter as the U.S. beat Developed ex-U.S., although this was partially offset by it being a reasonable quarter for Emerging Markets. Security selection was a little negative for the quarter, driven by a challenging time for Quality Cyclical and the Resource Equity exposures. Our Emerging Markets portfolio returned 8.3%, again well ahead of the MSCI Emerging Market index return of 5.3%, while the Emerging Markets ex-China portfolio posted 3.2%, behind the MSCI Emerging ex-China benchmark's 4.6% return. The Japan Fundamental Value portfolio posted -2.8%, ahead of the TOPIX return of -3.7%, while the Japan Small Value exposure posted -3.0%. The Developed ex-U.S. small cap portfolio delivered a 1.1% return, 210 bps ahead of its benchmark. The Developed ex-U.S. exposure posted 0.8%, which beat the MSCI World ex-U.S. index by 130 bps and the MSCI World ex-U.S. Value index by a smaller 100 bps. Quality Cyclical returned -3.1%, 600 bps behind its benchmark, while Resources endured another difficult quarter and posted -3.9%. The U.S. Opportunistic Value exposure returned -1.6%, a little behind the MSCI USA Value index return of -1.4%, and International Opportunistic Value posted -0.6%, behind the MSCI World ex-USA return of 0.0%.

Alternative strategies averaged 32.1% through the quarter, including 7.0% in Systematic Global Macro, 4.1% in Event-Driven, and 20.7% in Equity Dislocation. The small Fixed Income Absolute Return allocation was taken to zero over the course of the quarter. Alternative strategies returned 1.1% for the quarter. Equity Dislocation was up 0.8%, which was an excellent result as MSCI ACWI Value lagged MSCI ACWI Growth by some 6.8%. Systematic Global Macro was down -2.3%, driven by equity and commodity positioning. Event-Driven was up 0.2%, and the collateral gave a nice boost to the alternatives sleeve with a 1.1% return for the quarter.

Fixed income represented 11.4% of the portfolio on average through the quarter, including 4.1% in asset-backed securities, 0.8% in high-yield, 3.1% in Emerging Country Debt, and 3.4% in U.S. nominal treasuries. Our fixed income strategies returned 1.0% for the quarter, ahead of the Bloomberg U.S. Aggregate return of 0.1%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, had a 0.3% return, but our portfolio beat that nicely with a 1.4% return. The High Yield position returned 0.1%, broadly in line with the BofA Merrill Lynch U.S. High Yield benchmark's return of 0.2%, and asset-backed securities posted 1.6%, beating the Bloomberg U.S. Securitized index return of 0.1%. It was a tougher quarter for traditional duration and the nominal U.S. treasury exposure fell -0.4%.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The Fund seeks to generate positive total return by allocating dynamically across asset classes, free from the constraints of traditional benchmarks. Over a complete market cycle, the Fund seeks annualized returns of 5% (net of fees) above the Consumer Price Index and annualized volatility (standard deviation) of 5-10%.

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 insight to allocate to what we believe are the most attractively priced asset classes.

IMPORTANT INFORMATION

Comparator Index(es): The CPI (Consumer Price Index) for All Urban Consumers US All Items is published monthly by the U.S. government as an indicator of changes in price levels (or inflation) paid by urban consumers for a representative basket of goods and services. CPI Index returns are typically reported on the 15th of the month. The CPI data reported may not include the most recent month-end which could impact the data that GMO has provided.

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 funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

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

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