BENCHMARK-FREE ALLOCATION FUND

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 a complete market cycle. 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. GMO's Asset Allocation approach is flexible, not pre-determined by static allocations or benchmark-related ranges, constrained only by our unwillingness to overpay for an asset. We also seek to add value through security selection within both traditional and alternative asset classes.

MAJOR PERFORMANCE DRIVERS

Long-only equities represented 45.0% of the portfolio on average through the quarter, with 8.8% in Emerging Markets with a distinct value bias, 6.1% in Japan Fundamental Value, 4.8% in Developed ex-U.S. Small Value, 4.9% in Developed ex-U.S., 3.7% in Resource equity, 5.0% in U.S. Opportunistic Value, 8.9% in International Opportunistic Value, and 2.8% in Japan Small Value.

The equity portfolio returned 6.0% for the quarter, well ahead of the MSCI ACWI return of 1.6%. Top-down regional allocations were very unhelpful as the U.S. 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 7.0%, ahead of the MSCI Emerging Markets Index return of -0.4%. The Japan Fundamental Value portfolio posted 7.3%, compared to the TOPIX return of 7.2%, while the Japan Small Value exposure posted 12.4%, and the Developed ex-USA Small Cap portfolio delivered 6.4%. The Developed ex-USA exposure posted 2.5%, beating the MSCI World ex-USA Index by 160 bps, but lagging the MSCI World ex-USA Value Index by 120 bps. Resource equity posted -2.4%. The U.S. Opportunistic Value exposure returned 6.5%, which was 250 bps ahead of the MSCI USA Value Index return of 4.0%, and International Opportunistic Value posted 6.7%, ahead of the MSCI World ex-USA Value return of 3.7%.

Alternative strategies averaged 29.0% through the quarter, including 14.3% in Equity Dislocation and 12.8% in the Alternative Allocation Strategy, which is a broad and diversified range of alternative approaches in a single holding, and a 1.9% exposure to emerging market currencies. Alternative strategies returned 8.0% for the quarter, including the return on collateral. Equity Dislocation returned 7.8%, ahead of the MSCI ACWI Value minus MSCI ACWI Growth comparator return of 4.2%. The Alternative Allocation Strategy posted 7.9% for the quarter, and the emerging market currency exposure returned 2.0%.

Fixed income represented 26.0% of the portfolio on average through the quarter, including 1.9% in Asset-Backed Securities and 24.1% in U.S. Treasuries. Our fixed income strategies returned -5.7% for the quarter, behind the Bloomberg U.S. Aggregate return of -3.5%. Asset-Backed Securities posted -0.3%, ahead of the Bloomberg U.S. Securitized Index return of -4.1%. It was a tough quarter for traditional duration, and the U.S. Treasury exposure fell -6.1%.

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

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
Benchmark-Free Allocation Fund (net)	2.88	12.48	19.45	15.23	9.71	6.59	7.76
Benchmark-Free Allocation Fund (gross)	3.10	13.18	20.44	16.19	10.63	7.47	8.49
CPI Index	0.47	2.48	3.01	2.81	4.04	3.32	2.61
Value Add	+2.41	+10.00	+16.44	+12.42	+5.68	+3.27	+5.15

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. **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.** The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee. Returns include a substantial, one-time litigation settlement recovery received on December 16, 2024. This event contributed 2.45% to 2024 annual performance. Performance for other periods, including this date, was also positively impacted, sometimes materially. Without this recovery, performance would have been lower in both absolute terms and relative to the benchmark. Returns include a substantial, one-time proceed from the sale of certain Russian securities. The one-time sale of these securities contributed 0.93% (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.

Inception Date: 23-Jul-03

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.

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. **Performance Returns:** Annualized Returns may include the impact of purchase premiums and redemption fees. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

Net Expense Ratio: 1.35%; Gross Expense Ratio: 1.50% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least 30 June 2027. 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 30 June 2026.

IMPORTANT INFORMATION

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.

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.

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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.

AMSTERDAM | BOSTON | LONDON | SAN FRANCISCO* | SINGAPORE | SYDNEY | TOKYO**

*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