

QUARTERLY INVESTMENT REVIEW

Global Asset Allocation Fund

RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	8.83	16.14	16.14	2.77	6.28	4.07	-
Gross of Fees (Class III)	8.99	16.79	16.79	3.36	6.87	4.62	-
GMO Global Asset Allocation Index	9.57	16.21	16.21	2.66	8.19	5.97	-
Value Added (vs. GMO Global Asset Allocation Index)	-0.73	-0.07	-0.07	0.11	-1.91	-1.90	-

Major Performance Drivers

– Top-down asset allocation was negative for the quarter. This was due primarily to the allocation to alternatives, which could not keep up with rebounding traditional assets.

– Security selection was negative for the quarter, as lots of small relative losses more than offset very strong performance in Emerging Markets.

Equities represented an average of 63.8% of the portfolio during the quarter, including 7.4% in Emerging Markets, 7.4% in Emerging Markets ex-China, 13.5% in Developed ex-U.S., 3.2% in Quality, 5.3% in U.S., 2.1% in U.S. Small Cap Value, 3.2% in U.S. Small Cap Quality, 3.1% in Quality Cyclical, 7.1% in U.S. Opportunistic Value, 4.2% in Japan Value, and 7.3% in International Opportunistic Value.

The equity portfolio returned 10.8% for the quarter, just trailing the MSCI ACWI return of 11.0%. Top-down regional exposures had limited impact for the quarter as the U.S. moderately beat developed ex-U.S., while an excellent showing from Emerging ex-China offset the effects of poor performance by China. Security selection was negative for the quarter as Value lagged Growth in Developed Markets. The Emerging Market equities portfolio returned 13.7%, which was 580 bps ahead of the MSCI Emerging Market index, and Emerging Markets ex-China returned 16.1%, which was 310 bps ahead of the MSCI Emerging Markets ex-China index return of 13.0%. In Developed ex-U.S. markets, the portfolio posted 8.7%, 180 bps behind the MSCI World ex-U.S. index, and International Opportunistic Value underperformed by 310 bps. In the U.S., the broad U.S. portfolio return of 11.3% trailed the S&P Composite 1500 by 50 bps while U.S. Opportunistic Value underperformed by 80 bps, but Quality outperformed the S&P 500 by 20 bps. Quality Cyclical outperformed, while the U.S. Small Value and U.S. Small Quality portfolios both underperformed. The Japan Value portfolio returned 6.9%, behind the TOPIX by 110 bps. Being very slightly underweight to equities had limited impact on relative performance as they just beat the blended benchmark.

Alternatives represented 13.0% on average through the quarter, which was all invested in the Alternative Allocation strategy. The Alternative Allocation strategy posted a return of 0.8% for the quarter, unable to keep pace as both equities and bonds soared. Within the Alternative Allocation strategy, put selling and Event Driven enjoyed strong quarters and Systematic Global Macro was also positive. The credit strategies and asset allocation spread trades had limited impact this quarter while Fixed Income Absolute Return detracted modestly. That left Equity Dislocation making the largest negative impact as it is a sizeable position and had a tough quarter. Our position in alternatives detracted from relative performance as they underperformed the blended benchmark.

Fixed income represented 23.0% on average through the quarter, including 3.1% in asset-backed securities, 3.4% in Emerging Country Debt, 12.4% in Multi-Sector Fixed Income, and 4.1% in a U.S. Nominal Treasury position. Our fixed income strategies returned 7.2% for the quarter, ahead of the Barclays U.S. Aggregate index return of 6.8%. Asset-backed securities were up nicely with a return of 3.1%, while Multi-Sector Fixed Income was better at 6.0% and the U.S. Nominal Treasuries did similarly, delivering 5.5%. The U.S. 10-year nominal yield finished the quarter a significant 71 bps lower than where it started, at 3.88%, round-tripping to the levels we saw at the end of June, which led to an excellent quarter for duration. Our Emerging Country Debt portfolio returned 12.1%, which was nicely ahead of the EMBI Global Diversified index return of 9.2%. Our underweight to fixed income had a positive impact on performance against the asset allocation benchmark.

Inception Date: 28-Jun-96

Risks: Risks associated with investing in the Fund may include: (1) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry 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. (2) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results (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. 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. 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: 0.68%; Gross Expense Ratio: 0.73% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2024. 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, 2023.**

Performance information prior to June 30, 2002, was achieved prior to a change in the Funds principal investment strategies. From its inception until June 28, 2002, the GMO Global Asset Allocation Fund was named the GMO World Equity Allocation Fund and was benchmarked against the MSCI All Country World Index, primarily investing in equities. On June 28, 2002, the Fund changed principal investment strategies.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The Fund seeks to achieve a total return greater than that of its benchmark of 65% MSCI All Country World Index and 35% Bloomberg U.S. Aggregate Index, over a complete market cycle, by allocating dynamically across asset classes.

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.

IMPORTANT INFORMATION

Benchmark(s): The GMO Global Asset Allocation Index is an internally maintained benchmark computed by GMO, comprised of (i) the MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) through 6/28/2002 and (ii) the GMO Global Asset Allocation (Blend) Index thereafter. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder.

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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