

Resources Fund

Quarter Ending December 31, 2018

OVERVIEW:

The GMO Resources Fund seeks to deliver total return by investing in the securities of companies in the natural resources sector.

Performance (%)

Net of Fees, Class III, Fair Value, USD	-12.13
Gross of Fees, Class III, Local Close, USD	-12.23
MSCI ACWI Commodity Producers ¹	-17.17
Value Added	+4.94

SECTOR ALLOCATION: +4.0%

SECURITY SELECTION: +1.0%

Major Performance Drivers

Energy

Positioning: Energy accounted for approximately 35% of our total portfolio weight during the quarter.

Results: Being underweight Energy helped our portfolio, as did strong stock selection within Energy. Both Clean Energy and Fossil Fuels contributed positively to performance, while Energy Services detracted. Lukoil and Vestas were among our top contributors.

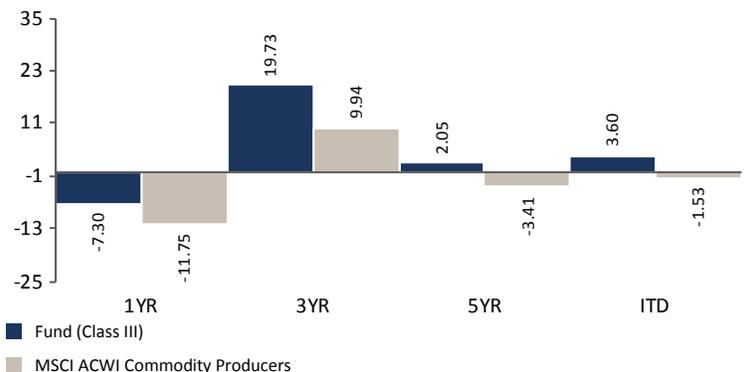
Metals

Positioning: Industrial Metal Mining stocks accounted for approximately 40% of our total portfolio weight during the quarter.

Results: Strong positive allocation impact from Metals outweighed slightly negative selection impact, resulting in a positive net impact. Within Metals, Diversified Metals & Mining was our best performing segment, delivering positive allocation and selection impact. Norilsk Nickel was among the top contributors. Our Copper exposure was a slight drag on the portfolio. Over this period, the price of copper declined approximately 5%, largely due to concerns about the impact of a potential trade war on global economic growth. However, there was some positive incremental news regarding Freeport-McMoRan, one of our largest copper positions. During the quarter, Freeport-McMoRan announced the completion of a deal with Indonesia granting Freeport a new mining license. This removes a source of uncertainty around Freeport's operations at Grasberg, a large, low cost copper asset.

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 investors 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. Gross Expense Ratio of 0.82% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018.

Annualized Return (%) as of December 31, 2018



Inception date: 12/28/2011

Chart returns include purchase premiums and redemption fees impact if applicable.

Agriculture

Positioning: Agriculture and Aquaculture companies accounted for approximately 20% of our total portfolio weight during the quarter.

Results: Our overweight position produced positive allocation and stock selection impacts. Fertilizer, Farming, and Fish Farming companies were the best performers. Ros Agro, a Russian farming company, was up approximately 10% on strong earnings during the quarter.

Quarter-ending weights, as a percent of equity, for the positions mentioned were: Lukoil (2.0%), Vestas (2.1%), Norilsk Nickel (2.3%), Freeport-McMoRan (5.2%), and Ros Agro (1.5%).

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. 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.

¹ The MSCI ACWI (All Country World) Commodity Producers Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of listed large and mid capitalization commodity producers within the global developed and emerging markets. 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.