

GLOBAL EQUITY ALLOCATION FUND

Year Ending December 31, 2020

OVERVIEW

The GMO Global Equity Allocation Fund seeks total return greater than that of its benchmark, the MSCI ACWI.

PERFORMANCE (%)

Net of Fees, Class III, Fair Value, USD	+9.52
Gross of Fees, Class III, Local Close, USD	+10.09
MSCI ACWI + ¹	+16.25
Value Added	-6.16

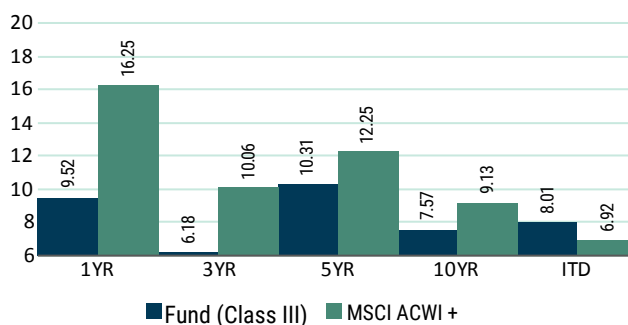
Major Performance Drivers

The Covid-19 pandemic rocked markets in the first quarter, with the MSCI ACWI Index down -21.4%. Unprecedented global monetary and fiscal stimulus triggered an incredible recovery, which was further spurred on by positive vaccine developments in November. Despite the ongoing public health and economic uncertainties, the MSCI ACWI posted a, somewhat remarkable in the circumstances, 16.3% return for 2020. It was a major headwind to performance to have a valuation-driven approach to investing. For 2020, the difference between a value and growth approach was truly astounding, as the MSCI ACWI Growth Index returned a whopping 33.6% while the MSCI ACWI Value Index was actually negative, at -0.3%. There was also a sizeable disparity in returns across developed markets as the S&P 500 returned an impressive 18.4% while MSCI World ex-U.S. languished far behind with a 7.6% return.

- Emerging equities, with an emphasis on undervalued stocks within attractively valued countries/sectors, represented an average position of 27% of the portfolio and returned 6.5%. Although emerging markets did absolutely fine, with the MSCI Emerging Markets Index posting an impressive 18.3%, a value bias was hugely detrimental as the MSCI Emerging Markets Value Index trailed considerably with a relatively paltry 5.5% return.
- U.S. equities accounted for 30% of the total portfolio on average through the year, made up of Quality, U.S. Small Cap Value, broad U.S. equity, and Cyclical Focus. This leaves the portfolio almost 30% underweight U.S. equities in total, and this subtracted from relative performance as the MSCI USA Index returned 20.7%, beating MSCI ACWI. Security selection in the U.S. was strong, particularly in Cyclical Focus, but unfortunately this was more than offset by the bias to Small Cap Value, which trailed badly as the S&P 600 Value Index posted just 2.5% for 2020.
- Developed ex-U.S. equities had an average weight of 43% in the portfolio, and this sizeable overweight compared to the benchmark detracted from relative returns as the MSCI World ex-U.S. Index delivered a modest 7.6% return. Stock selection within Developed ex-U.S. was slightly ahead of the benchmark, which was a great result given our valuation approach as the MSCI World ex-U.S. Value Index posted an ugly -3.2%. Stock selection benefitted from good contributions in Australia, the UK, France, Spain, and Italy.

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. Gross Expense Ratio of 0.59% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2020.

ANNUALIZED RETURN (%) AS OF 12/31/2020



Inception date: 11/26/1996
Includes purchase premiums and redemption fees impact if applicable.

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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, Derivatives and Short Sales Risk and Fund of Funds Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

¹ The MSCI ACWI (All Country World) + Index is an internally maintained benchmark computed by GMO, comprised of (i) the GMO Global Equity Index, an internally maintained benchmark computed by GMO, comprised of 75% S&P 500 Index and 25% MSCI ACWI ex-U.S. Index (MSCI Standard Index Series, net of withholding tax) through 5/31/2008 and (ii) the MSCI ACWI Index (MSCI Standard Index Series, net of withholding tax) thereafter. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. 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.