

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)	3.05	3.05	13.89	3.85	3.94	3.08	6.99
Benchmark-Free Allocation Fund (gross)	3.26	3.26	14.83	4.70	4.79	3.92	7.70
CPI Index	0.71	0.71	3.06	5.51	4.12	2.82	2.58
Value Add	+2.33	+2.33	+10.83	-1.66	-0.18	+0.27	+4.41

Major Performance Drivers

- Top-down asset allocation was positive, driven largely by allocating to equities in a rebounding market.
- Security selection was modestly negative, as good performance in fixed income did not quite offset more challenging relative performance in equities.

Long-only equities represented 55.0% of the portfolio on average through the quarter, with 8.2% in Emerging Markets and 7.1% in Emerging Markets ex-China, both with a distinct Value bias, 6.3% in Japan Value, 5.2% in Developed ex-U.S. Small Value, 5.2% in Developed ex-U.S., 4.1% in Resource Equity, 4.2% in Quality Cyclical, 5.2% in U.S. Opportunistic Value, and 9.2% in International Opportunistic Value.

The equity portfolio returned 4.8% for the quarter, behind the MSCI ACWI return of 8.1%. Top-down regional exposures had a detrimental impact for the quarter as the U.S. beat Developed ex-U.S., while Emerging Markets lagged Developed Markets. Security selection was negative for the quarter as Value lagged Growth in both Developed and Emerging Markets. Our Emerging Markets portfolio returned 3.9%, well ahead of the MSCI Emerging Market index return of 2.1%, while the Emerging Markets ex-China portfolio posted 2.7%, behind the MSCI Emerging ex-China benchmark's 3.7% return. The Japan portfolio posted 6.1%, trailing the TOPIX return of 9.2%, and the Developed ex-U.S. Small Value portfolio delivered a 6.9% return, 430 bps ahead of its benchmark. The Developed ex-U.S. exposure posted 7.1%, which beat the MSCI World ex-U.S. index by 160 bps and the MSCI World ex-U.S. Value index by a bigger 300 bps. Quality Cyclical returned 7.3%, 80 bps behind its benchmark, while Resources endured a difficult quarter and posted -5.0%. The U.S. Opportunistic Value exposure returned 10.6%, beating the S&P Composite 1500 index by 30 bps, and International Opportunistic Value posted 4.2%, behind the MSCI World ex-USA return of 5.6%.

Alternative strategies averaged 33.6% through the quarter, including 7.1% in Systematic Global Macro, 4.1% in Event-Driven, 2.1% in Fixed Income Absolute Return, and 20.4% in Equity Dislocation. Alternative strategies returned 1.1% for the quarter. Equity Dislocation was up 2.7%, which was an excellent result as MSCI ACWI Value lagged MSCI ACWI Growth by 2.7%. Event-Driven was down -0.6%, as the potential acquisition of U.S. Steel by Japan's Nippon Steel faced some political pushback, and Fixed Income Absolute Return was also down -0.6%. Systematic Global Macro was down -6.2% as a relatively modest short position in Cocoa damaged returns as the price rocketed; the collateral gave a nice boost with a 1.0% return for the quarter.

Fixed income represented 11.4% of the portfolio on average through the quarter, including 4.1% in asset-backed securities, 1.2% in high-yield, 3.1% in Emerging Country Debt, and 3.1% in U.S. nominal treasuries. Our fixed income strategies returned 1.8% for the quarter, ahead of the Bloomberg U.S. Aggregate return of -0.8%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, had a solid 2.0% return, but our portfolio beat that nicely with a 5.6% return. The High Yield position returned 2.0%, a little ahead of the BofA Merrill Lynch U.S. High Yield benchmark's return of 1.5%, and asset-backed securities posted 1.5%, beating the Bloomberg U.S. Securitized index return of -0.9%. It was a tougher quarter for traditional duration and nominal U.S. treasuries fell -1.6%.

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. To obtain performance information to the most recent month-end, visit www.gmo.com.

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: 1.16%; Gross Expense Ratio: 1.24% 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 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. The local market in which the Fund is priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the fund and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return.

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.

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