

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)	3.66	7.25	13.88	5.76	4.70	3.42	7.02
Benchmark-Free Allocation Fund (gross)	3.87	7.92	14.82	6.63	5.56	4.26	7.73
CPI Index	0.52	1.89	2.34	4.70	4.18	2.85	2.57
Value Add	+3.13	+5.36	+11.54	+1.06	+0.52	+0.57	+4.45

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 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.

MAJOR PERFORMANCE DRIVERS

- Top-down asset allocation was positive, as equities and fixed income had a strong quarter.
- Security selection was negative, as the performance of the alternative strategies allocation hampered returns.

Long-only equities represented 55.9% of the portfolio on average through the quarter, with 5.3% in Emerging Markets and 5.1% in Emerging Markets ex-China, both with a distinct Value bias, 6.4% in Japan Fundamental Value, 5.2% in developed ex-U.S. Small Value, 6.4% in Developed ex-U.S., 4.8% in Resource Equity, 3.9% in Quality Cyclical, 6.1% in U.S. Opportunistic Value, 9.5% in International Opportunistic Value, and 3.2% in Japan Small Value.

The equity portfolio returned 7.8% for the quarter, ahead of the MSCI ACWI return of 6.6%. Top-down regional exposures had a positive impact for the quarter as the U.S. lagged Developed ex-U.S.; it was also a good quarter for Emerging Markets, although this was driven largely by a spectacular 23.5% return in China, while the rest of Emerging Markets did not fare so well. Security selection was essentially flat for the quarter as good results in Japan offset some underperformance in U.S. Value and Emerging Markets. Our Emerging Markets portfolio returned 6.6%, behind the MSCI Emerging Market index return of 8.7%, while the Emerging Markets ex-China portfolio posted 6.7%. The Japan Fundamental Value portfolio posted 11.7%, ahead of the TOPIX return of 6.8%, while the Japan Small Value exposure posted 11.6%, and the Developed ex-U.S. Small Cap portfolio delivered 8.4%. The Developed ex-U.S. exposure posted 8.4%, which beat the MSCI World ex-USA index by 60 bps but lagged the MSCI World ex-USA Value index by 130 bps. Quality Cyclical returned 5.1%, 150 bps behind its benchmark, while Resource Equity posted 2.7%. The U.S. Opportunistic Value exposure returned 6.6%, 310 bps behind the MSCI USA Value index return of 9.7%, and International Opportunistic Value posted 10.1%, ahead of the MSCI World ex-USA Value return of 9.7%.

Alternative strategies averaged 32.5% through the quarter, including 7.2% in Systematic Global Macro, 4.4% in Event-Driven, and 20.9% in Equity Dislocation. Alternative strategies returned -1.5% for the quarter. Equity Dislocation returned -3.9%, an unfortunate result given that MSCI ACWI Value beat MSCI ACWI Growth, although the strategy remains well ahead of the naïve approach for the year-to-date and longer time periods. Systematic Global Macro was down -6.4%, driven largely by commodity positioning, while Event-Driven was up 2.6% and the collateral gave a nice boost to the alternative sleeve with a 2.5% return for the quarter.

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. (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. **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: 1.23%; Gross Expense Ratio: 1.29% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025. 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, 2024.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

Fixed income represented 11.7% of the portfolio on average through the quarter, including 4.1% in asset-backed securities, 2.1% in Emerging Country Debt, and 5.5% in U.S. Treasuries. Our fixed income strategies returned 3.9% for the quarter, behind the Bloomberg U.S. Aggregate return of 5.2%. Emerging Country Debt, as measured by the J.P. Morgan EMBIG-D index, had a 6.2% return, and the portfolio beat that modestly with a 6.6% return. The asset-backed securities posted 3.2%, trailing the Bloomberg U.S. Securitized index return of 5.4%. It was also a solid quarter for traditional duration and the U.S. Treasury exposure rose 3.8%.

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. 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.

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

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