QUARTERLY INVESTMENT REVIEW

Quality Cyclicals Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Quality Cyclicals Fund (net)	5.06	9.03	21.51	6.69	-	-	17.09
Quality Cyclicals Fund (gross)	5.17	9.36	22.01	7.12	-	-	17.56
MSCI ACWI	6.61	18.66	31.76	8.09	-	-	15.64
Value Add	-1.55	-9.64	-10.25	-1.39	-	-	+1.45

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.

MAJOR PERFORMANCE DRIVERS

For several quarters, investors have debated not whether there would be a recession, but how big it would be. The third quarter was punctuated with two broad sell-offs of a relatively minor nature and, in the case of the Japanese stock markets, a brief but significant one with the Topix down more than 20% peak to trough in local terms. Sell-offs notwithstanding, Q3 was the fourth consecutive positive quarter, with the MSCI World returning 6.4%. Markets do apparently “climb a wall of worry,” to deploy an old market saw.

The Quality Cyclicals portfolio underperformed the index, with pain coming from the allocation to semi-conductor companies. Having contributed positively in the prior quarters, the turnaround in the semi cap names was disappointing in that we had begun trimming our exposure, selling around 20% of the holding in Micron at higher prices in March and June. We trimmed a small amount each of Micron and LAM at the end of September and post quarter-end sold more to fund a purchase of ASML, which we believe is ultimately a higher quality prospect than either and was hit hard by a move to further restrict trade with China. We believe that ASML’s technology is irreplaceable at this point and the company is better insulated from geopolitical risk than others with its largely western supply chain. We would expect that the pain of any serious disruption to chipmaking in Taiwan would be partly mitigated as production moved elsewhere.

The portfolio was also hit by weakness in the oil price. Your portfolio retains a strategic allocation to resources companies. We have long argued that resources companies offer a stronger return than the average equity through the cycle in compensation for their difficult return characteristics and this quarter showed the harder side of that. Your portfolio holds allocations to shale expert EOG and to broader-based Shell and Chevron. None appear demandingly priced.

Brighter spots in the portfolio were Consumer, Financials, Real Estate, and Industrials. Each has some amount of exposure to rates. As long bonds yields fell by c1% in the quarter, this provided a measure of support. We have been adding to these areas over the quarter; in Consumer adding Kerry Group, in Real Estate adding to Persimmon and Howden Joinery in the U.K.*, and in Industrials Assa Abloy and Ashtead with their exposure to the U.S. We also added to IMCD where signs of life are returning to the specialty chemicals sectors after a period of increased inventory control.

Inception Date: 12-May-20

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) 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. (2) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. (3) Focused Investment Risk: The Fund invests its assets in the securities of a limited number of issuers, and a decline in the market price of a particular security held by the Fund may affect the Fund's performance more than if the Fund invested in the securities of a larger number of issuers.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: 0.41%; Gross Expense Ratio: 0.58% 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.

We liquidated exposure to two positions this quarter. GE has completed its transition to a pure play on aviation, and the stock price responded strongly to the clean-up of this once mighty conglomerate. We believe that the company retains a strong leadership position in jet engine manufacture but bridle at the P/E, which now sits squarely in the 30s, well above the valuation holding Safran and GE joint venture partner Safran. We exited Macau casino owner Galaxy Entertainment – the thesis has more or less played out there, but the stock did not respond as we had hoped. We believe that your capital can be deployed more productively elsewhere.

While concern over the state of the global economy will inevitably have an impact on investor psychology toward cyclical businesses, the strongest cyclicals can use nimble capital allocation to create additional value should a downturn materialize. We believe that your portfolio of stronger cyclical businesses, each with the potential to deliver decent fundamentals over the cycle, will bring healthy returns over the long term.

Portfolio weights, as a percent of equity, for the positions mentioned were: Micron 1.9%, Lam Research 1.8%, ASML 1.1%, EOG 2.8%, Shell 2.5%, Chevron 1.9%, Kerry Group 1.0%, Persimmon 2.1%, Howden Joinery 1.3%, Assa Abloy 0.5%, Ashtead 1.5%, IMCD 1.2%, GE 0.0%, Safran 3.8%, Galaxy Entertainment 0.0%

*The GICS sectors for Persimmons and Howard Joinery are Consumer Discretionary and Industrials respectively.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Quality Cyclicals Fund seeks to generate total return by investing in leading cyclical businesses. Leveraging their long-term disciplined approach to investing in high quality companies, GMO's Focused Equity team selects from a high-conviction universe of cyclical businesses that it believes are of higher quality than their industry peers. These quality cyclical businesses tend to be structurally underappreciated by the market, which at times of elevated stress can create attractive investment opportunities.

IMPORTANT INFORMATION

Comparator Index(es): The MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of 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. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice.

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.