

QUARTERLY INVESTMENT REVIEW

Multi-Sector Fixed Income Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Multi-Sector Fixed Income Fund (net)	5.05	4.45	10.74	-2.23	-0.24	1.66	4.34
Multi-Sector Fixed Income Fund (gross)	5.16	4.79	11.21	-1.82	0.17	2.08	4.77
Bloomberg U.S. Aggregate	5.20	4.45	11.57	-1.39	0.33	1.84	4.30
Value Add	-0.14	+0.00	-0.83	-0.84	-0.58	-0.18	+0.04

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.**

MAJOR PERFORMANCE DRIVERS

After delivering mostly flat performance throughout the first half of the year, sentiment improved for duration bearing assets in the third quarter, and the Bloomberg U.S. Aggregate index returned +5.20% for the period. Weaker than expected employment data was the catalyst, and an uptick in the unemployment rate and a soft jobs report in August brought the Federal Reserve's dual mandate squarely into focus. Inflation data continued to moderate.

U.S. Treasury yields moved lower by 80 basis points on average during the quarter, with much of the move occurring in July, but yields trended lower still in August and September. The curve steepened aggressively - yields in the 1-3-year maturity sector rallied 108 basis points while 20+y bond yields traced lower 40 basis points.

More accommodative financial conditions boosted risky asset returns, and the index credit spread tightened 3 basis points during the period. Agency mortgages delivered the best excess returns, with higher coupon pools outpacing their lower coupon counterparts. In investment-grade corporate debt, all rating cohorts traded tighter versus the treasury curve but were led by the AAA subsector. Spreads in both the government-related and asset-backed sectors widened slightly.

Multi-Sector Fixed Income's core portfolio lagged the index, primarily from sector allocation tilts. An underweight to agency mortgages and overweight to non-agency securitized credit each hurt relative performance, though the strategy benefited slightly from an off-benchmark position in emerging sovereign debt. Security selection was strong within the investment-grade corporate basket, where valuation-based signals posited gains while momentum and quality indicators drew down. Systematic alpha overlay strategies added value during the quarter.

Alpha Overlay

Systematic alpha overlay performance was positive during the third quarter, attributable to gains in the duration and G10 currency models. The curve slope and emerging currency models registered losses.

The duration model benefited primarily from market timing, but market selection also helped. Given the sustained trend lower in global interest rates, momentum and sentiment-based signals were robust. Valuation factors helped deliver cross-market alpha in European and Swedish rates. The curve model struggled with market selection, suffering from a steepener in Switzerland.

In G10 currencies, being net short U.S. dollar and long Japanese yen was beneficial. Valuation indicators drove performance, while carry and sentiment underwhelmed. Long positions in Mexican peso and Colombian peso, driven by carry factors, were responsible for losses in the emerging currency model.

Inception Date: 30-Apr-97

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) Credit Risk: The risk that the issuer or guarantor of a fixed income investment or the obligor of an obligation underlying an asset-backed security will be unable or unwilling to satisfy its obligation to pay principal and interest or otherwise to honor its obligations in a timely manner. (3) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. 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: 0.44%; Gross Expense Ratio: 0.74% 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.

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PRODUCT OVERVIEW

The GMO Multi-Sector Fixed Income Fund seeks to achieve total return in excess of that of its benchmark, the Bloomberg U.S. Aggregate Index, by extracting alpha opportunities without taking any secular bias in duration, maturity, rating, and overall aggregate composition. The Fund's investment program has two principal components. One component seeks to achieve a return commensurate with that of the Fund's benchmark. The second component seeks to add value relative to the Fund's benchmark by making investments that often will not track its benchmark.

IMPORTANT INFORMATION

Benchmark(s): The Bloomberg U.S. Aggregate Index is an independently maintained and widely published index comprised of U.S. fixed rate debt issues having a maturity of at least one year and rated investment grade or higher.

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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