

# QUARTERLY INVESTMENT REVIEW

## International Equity Fund

### Performance returns (USD)

| ANNUALIZED RETURNS (QUARTER-END)  | Quarter-End | YTD   | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|-----------------------------------|-------------|-------|--------|--------|--------|---------|-----------------|
| International Equity Fund (net)   | 7.21        | 7.21  | 20.37  | 6.47   | 9.40   | 4.18    | 7.32            |
| International Equity Fund (gross) | 7.38        | 7.38  | 21.17  | 7.18   | 10.12  | 4.87    | 8.06            |
| MSCI EAFE                         | 5.67        | 5.67  | 15.19  | 4.75   | 7.30   | 4.79    | 5.38            |
| Value Add vs. MSCI EAFE           | +1.54       | +1.54 | +5.18  | +1.72  | +2.10  | -0.60   | +1.94           |
| MSCI EAFE Value                   | 4.30        | 4.30  | 17.11  | 6.53   | 6.35   | 3.47    | 6.30            |
| Value Add vs. MSCI EAFE Value     | +2.91       | +2.91 | +3.25  | -0.06  | +3.05  | +0.71   | +1.02           |

### Major Performance Drivers

Global markets carried the positive performance seen at the end 2023 into 2024, despite heightened geopolitical tensions in the Middle East, rising oil prices, and sticky inflation. The U.S. posted the strongest returns, followed by Developed Markets outside the U.S. and Emerging Markets. Many Developed Markets posted double-digit returns, including Japanese equities where exporters benefited from the yen reaching multi-decade lows. Again, China was a notable exception to the global positivity as a mix of financial and policy challenges continues to weigh on sentiment for the country and its potential to contribute to global growth.

In the first quarter, MSCI EAFE Value modestly underperformed MSCI EAFE. In this environment Momentum and Alerts models posted the strongest performance. Value model performance was mixed, while the stocks we viewed as the cheapest modestly outperformed the broader market, the top performers were stocks we viewed as expensive.

Portfolio outperformance was driven by a mix of allocation and stock selection decisions. Financials stock selection was a top contributor with notable value added in Spain, Italy, the U.K., and Hong Kong. Stock selection within Japan Information Technology was also strong. While in aggregate allocation decisions added value, the impact of individual decisions was small, including value added from overweight positioning in Information Technology and underweight positioning toward Utilities.

Challenges in the quarter included stock selection in the Netherlands, France, Consumer Discretionary, Information Technology, overweight holdings in Norway Energy, and underweight positioning in Denmark Health Care.

Inception Date: 31-Mar-87

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: (1) Market Risk -Equities: The market price of an equity may decline due to factors affecting the issuer or its industry 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) 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. market. (3) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results. 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](http://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: 0.67%; Gross Expense Ratio: 0.70%** 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. 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.

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## PRODUCT OVERVIEW

The GMO International Equity Fund seeks to generate high total return by investing primarily in non-U.S. developed market equities. The Fund measures its performance against the MSCI EAFE Index for performance comparison purposes.

The Fund's investment approach is grounded in the Systematic Equity team's belief that, in the short term, equity markets exhibit exploitable inefficiencies as a result of irrational investor actions, the imperfect flow of information, and the participation of non-economic actors, while in the long-term returns are ultimately driven by economic reality. The Fund aims to take advantage of this inefficiency by utilizing a multi-factor valuation model in conjunction with other methods, such as cross-asset signals and corporate alerts, to identify mispriced equity securities.

## IMPORTANT INFORMATION

**Comparator Index(es):** The MSCI EAFE (Europe, Australasia, and Far East) Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of international large and mid capitalization stocks. 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. The MSCI EAFE (Europe, Australasia, and Far East) Value Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of international large and mid capitalization stocks that have a value style. Large and mid capitalization stocks encompass approximately 85% of each market's free float-adjusted market capitalization. Style is determined using a multi-factor approach based on historical and forward-looking characteristics. 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.

**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](http://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