

QUARTERLY INVESTMENT REVIEW

Usonian Japan Value Creation Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Usonian Japan Value Creation Fund (net)	10.53	16.02	23.85	4.99	-	-	9.65
Usonian Japan Value Creation Fund (gross)	10.69	16.52	24.56	5.59	-	-	10.28
Tokyo Stock Price Index (TR)	6.79	12.23	21.18	2.71	-	-	6.56
Value Add	+3.74	+3.79	+2.67	+2.28	-	-	+3.09

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

Japanese equities experienced a volatile quarter. After briefly reaching a new all-time high, the TOPIX index ended the third quarter with a total return of -5.0% (local) after experiencing significant volatility due to macroeconomic adjustments at the beginning of August and new political leadership at the end of September. At the end of July, the Bank of Japan (BOJ) raised its policy rate for the first time since March, signaling further rate hikes. Shortly after, U.S. government bond yields plunged as traders anticipated Fed cuts following a weak July jobs report. The BOJ's hawkish stance and the perceived need for Fed rate cuts led to a rapid strengthening of the yen and a severe sell-off in Japanese stocks, known as the "Carry Trade Unwind." This trade had built up over years as investors borrowed at low interest rates in Japan to invest in higher-yielding assets overseas. The expected shift in U.S. and Japanese monetary policies began narrowing interest rate spreads, prompting some investors to close their positions.

The swift unwinding of the carry trade caused the yen to strengthen as investors sold overseas assets and repatriated capital to Japan. This rapid yen appreciation likely fueled the massive sell-off in Japanese equities, as hedged overseas investors closed out their trades by buying yen and selling Japanese stocks. While the extent of the carry trade unwinding is unclear, most agree that significant pressure was released in early August. By mid-August, calm had returned, albeit at a lower level.

At the end of September, markets rallied on expectations of Sanae Takaichi, perceived as a market-friendly candidate, winning the LDP leadership contest. Markets then fell on the election of Shigeru Ishiba, who was perceived as being unfriendly to equities.

Usonian's portfolios performed well over the quarter relative to our benchmark. While value underperformed the index by 0.8%, small caps outperformed the index by 5.7%.^[1] Larger stocks bore the brunt of the sell-off during the quarter as systematic traders sold positions in ETFs, futures, and large, liquid stocks. Over the past 12 months, value has underperformed the market by 1.7% and small caps have underperformed by 2.2%.

Against this backdrop, the portfolio led the TOPIX index, which declined 5.0% during the quarter in local terms. Stock selection was strong, particularly in Consumer Discretionary, Financials, Health Care, and Industrials. The portfolio also outperformed the index over the past 12 months. We were pleased that during the volatile third quarter the portfolio was able to provide downside protection. For a more detailed discussion on these topics, please see our complete Quarterly Letter, available from your GMO relationship manager.

[1] Performance of the market, value, and small caps is defined as the Total Returns of MSCI Japan, MSCI Japan Value, and MSCI Japan Small Cap indices, respectively, in yen terms, for the period ending September 30, 2024.

Inception Date: 14-Sep-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: 0.58%; 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.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

Usonian Japan Value Creation Fund seeks total return and measures its performance against the TOPIX Total Return Index (the "Index") for performance comparison purposes. The Fund employs a fundamental, value-oriented approach to invest in equities of Japanese companies and companies tied economically to Japan.

In managing the Fund, the Usonian Japan Equity team follows a disciplined, bottom-up approach using fundamental research to identify equities that we believe are undervalued and profitable with high quality balance sheets. The team spends considerable time developing a high level of knowledge about our companies and focusing on downside risk. Additionally, as long-term investors, we engage collaboratively with corporate management to unlock shareholder value.

IMPORTANT INFORMATION

Comparator Index(es): TOPIX (Net of dividend withholding tax) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section.

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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