

QUARTERLY INVESTMENT REVIEW

Quality Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Quality Fund (net)	-2.19	18.92	18.92	9.44	14.40	14.06	10.26
Quality Fund (gross)	-2.06	19.51	19.51	9.98	14.95	14.61	10.79
S&P 500	2.41	25.02	25.02	8.94	14.52	13.10	10.28
Value Add vs. S&P 500	-4.60	-6.10	-6.10	+0.50	-0.12	+0.96	-0.02
MSCI World	-0.16	18.67	18.67	6.34	11.16	9.95	8.18
Value Add vs. MSCI World	-2.03	+0.25	+0.25	+3.10	+3.23	+4.11	+2.08

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

2024 was another vintage year for equity investors. Absolute returns were generally positive across global markets, and the Quality portfolio had a return slightly ahead of the MSCI World index but trailed the S&P 500.

Your portfolio generated its returns in the first three quarters of the year, remaining ahead of the U.S. market until the dying days of September. Absolute returns for the portfolio were negative in the final quarter, in contrast to the broader markets' gains. Although we didn't appreciate it immediately, the strategy's relative return began to move early in the third quarter with the betting odds on Trump's chances of winning the presidency. Much of the relative sector performance in Q4 could be interpreted as responses to the Trump policy platform (e.g., with respect to the potential inflationary impact of tariffs, deportations, some aspects of deregulation) alongside a preference for lower interest rates.

As bond yields rose, users of leverage (Real Estate and Utilities) and bond proxies (Consumer Staples and Health Care) were weak. Payers of rates (Financials that borrow short and lend long) and "friends of Donald" (Technology and Consumer Discretionary, e.g., Tesla/Musk, Nvidia, Broadcom) did well. The relatively defensive orientation of your portfolio was an uncomfortable place to be. Overweights in Consumer Staples and Health Care were a drag, and owning the less racy plays in Technology hurt too. Non-U.S. holdings generated lower returns as the initial implications of MAGA and the potential for tariff hardball was priced in and the dollar strengthened.

Disappointing as the quarter was, the silver lining is that we have seen this movie, or one quite like it, before. In the last quarter of 2016, when Trump was elected for the first time, we saw a similar pattern of beneficiaries in terms of sectors and so on, and we also saw our strategy's YTD gain against the broader markets evaporate over a short period. That time around, most of the relative market moves were reversed as markets saw that Trump's aspirations would be hard to implement in practice. By the end of Q1, the strategy was back on track. The Trump team appears to be somewhat more cohesive in 2025, but we suspect that the path ahead will have its twists and turns. We do not presume to make a specific short-term forecast, but believe that investing in well-managed, competitively advantaged businesses with an eye on valuation will generate attractive returns going forward.

Inception Date: 6-Feb-04

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: 0.50%; Gross Expense Ratio: 0.51% 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.

Health Care is an attractive sector for us in terms of quality and valuation and is our second largest exposure behind Information Technology. However, 2024 presented a challenging environment. Particularly notable was the Managed Care industry that provides health insurance and other services supporting the U.S. health care system. This industry was cast tragically into the spotlight this quarter with the murder of UnitedHealth Group executive Brian Thompson. While we empathize with those wrestling with the strain of health issues, all health systems must make difficult trade-offs as funding is finite. This terrible event unleashed a torrent of often misplaced vitriol against U.S. health insurers; individuals interact directly with insurers, but often people do not realize that health insurers act under the instruction of the ultimate payer – typically private corporations or the government. Looking through all the complexity, their profit margins are not excessive and the utilization management programs they implement on behalf of their clients are an essential lever to manage the growth in U.S. health care spend. Many of the other health care players have incentives to maximize the amount of spend, no matter what the benefits. We see this negative sentiment as a buying opportunity – one that is a repeated motif in the political cycle – and, as such, we have added to our positions in UnitedHealth as well as our other holdings, Elevance and Cigna.

Where do we go from here? We read the same newspapers as you do and, as usual, the future seems much more unpredictable than the past. Indeed, there is plenty to worry about from geopolitics, debt levels, fractious domestic politics, technological change, etc. We try not to spend too much time forecasting a precise shape of things to come. We prefer to lean against detailed shorter-term views that are priced in by the market with confidence. We suspect the consensus that emerged toward the end of last year around developments in U.S. politics is one of those cases. Whether we're right or wrong on that, we believe that your portfolio of well-managed, competitively advantaged businesses trading on valuations that make sense will likely generate compelling returns in the coming quarters and years. In addition, we note that the shares in quality businesses tend to hold up better than the broader market should times turn tougher.

Portfolio weights, as a percentage of equity, for the securities mentioned above were: Nvidia (0.0%), Broadcom (0.0%), Tesla (0.0%), United Health (3.8%), Elevance (2.6%), and Cigna (1.4%).

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Quality Fund seeks to generate total return by investing primarily in equities the Focused Equity team believes to be of high quality.

The team believes that companies with established track records of historical profitability and strong fundamentals – high quality companies – are able to outgrow the average company over time and are therefore worth a premium price. The Fund's disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of global companies and aims to exploit a long-term investment horizon while withstanding short-term volatility.

IMPORTANT INFORMATION

Comparator Index(es): The S&P 500 Index is an independently maintained and widely published index comprised of U.S. large capitalization stocks. S&P does not guarantee the accuracy, adequacy, completeness or availability of any data or information and is not responsible for any errors or omissions from the use of such data or information. Reproduction of the data or information in any form is prohibited except with the prior written permission of S&P or its third party licensors. The MSCI World Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed 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.

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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO*

SINGAPORE

SYDNEY

TOKYO**

*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

www.GMO.com