

QUARTERLY INVESTMENT REVIEW

Emerging Country Debt Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Emerging Country Debt Fund (net)	1.33	7.03	19.59	1.19	2.96	3.81	11.98
Emerging Country Debt Fund (gross)	1.47	7.32	20.23	1.73	3.51	4.37	12.60
J.P. Morgan EMBI Global Diversified +	0.30	2.34	9.23	-2.60	0.07	2.24	8.21
Value Add	+1.03	+4.69	+10.36	+3.78	+2.90	+1.57	+3.77

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. 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. To obtain performance information to the most recent month-end, visit www.gmo.com.

MAJOR PERFORMANCE DRIVERS

The J.P. Morgan EMBI Global Diversified (EMBIG-D) benchmark returned 0.3% for the quarter. The index's spread over Treasuries widened by 49 bps, finishing at 391 bps, mainly due to Venezuela's phased re-entry in the index. The spread return was 0.4% over the period and the 10-year Treasury yield rose by 20 bps to 4.40%, resulting in a -0.1% interest rate return.

The portfolio had a negative impact from country selection and a positive impact from security selection for the period. Within country selection, the portfolio's overweight positions in Argentina (+4.0%), Suriname (+3.9%), Turkey (+1.8%), Tunisia (+2.3%), and Bahrain (+1.4%) contributed positively. However, these gains were offset by negative contributions from overweight positions in Venezuela (-8.7% since its re-entry into the index at the end of April), Gabon (-7.9%), Ecuador (-3.8%), Kenya (-4.6%), and Egypt (-1.5%).

In terms of security selection alpha among in-index countries, South Africa and Tunisia had large positive impacts, while Brazil and Egypt were notable detractors. Among out-of-index countries, Venezuela, Congo, and Albania contributed positively, whereas the Russian Federation and the Bahamas detracted from alpha. In the quasi-sovereign category, Venezuela was the top contributor, while Ukraine was the main detractor.

As of the end of the period, the portfolio's largest overweights are Venezuela, Argentina, and Jordan, while the largest underweights are China, Qatar, and Malaysia. Notable changes in the portfolio include increased overweight positions in Jordan, Tunisia, and India. Additionally, the portfolio's overweight in Vietnam decreased, and South Africa shifted from an overweight to an underweight position. The underweight in Indonesia also increased.

Inception Date: 19-Apr-94

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) 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. (2) Market Risk - Fixed Income: The market price of a fixed income investment can decline due to market-related factors, including rising interest rates and widening credit spreads, or decreased liquidity due to market uncertainty about the value of a fixed income investment (or class of fixed income investments). In addition, the market prices of emerging country sovereign and quasi-sovereign debt instruments can decline due to uncertainty about their credit quality and the reliability of their payment streams. (3) Illiquidity Risk: Low trading volume, lack of a market maker, large position size, or legal restrictions may limit or prevent the Fund from selling particular securities or closing derivative positions at desirable prices. 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.

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PRODUCT OVERVIEW

The GMO Emerging Country Debt Fund's objective is total return in excess of that of its benchmark, the J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBIG-D). The Fund invests primarily in external debt of sovereigns and quasi-sovereigns.

GMO's Emerging Country Debt team focuses on bottom-up issue selection, seeking to find issues with similar default characteristics but better long-term total return potential than the issues in EMBIG-D. We believe that our approach provides value-oriented clients with long-term investment objectives a significantly higher likelihood of outperforming the EMBIG-D than the approaches employed by other emerging debt managers who focus on economic forecasting, market timing, and other macro/top-down approaches.

IMPORTANT INFORMATION

Benchmark(s): The J.P. Morgan EMBI (Emerging Markets Bond) Index Global Diversified + is an internally maintained benchmark computed by GMO, comprised of (i) the J.P. Morgan EMBI+ Index through 12/31/1999, (ii) the J.P. Morgan EMBI Index Global through 2/28/2020, and the J.P. Morgan EMBI Index Global Diversified (iii) thereafter.

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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