

## U.S. QUALITY ETF

## OVERVIEW

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

Using a powerful blend of quantitative and fundamental analysis, we look for quality companies that generate high and sustainable return on capital, with identifiable high-returning assets, durable business models, and long-term capital discipline.

## WHY GMO QUALITY

- GMO is a pioneer in quality investing with 40+ years of experience
- Our valuation focus seeks to enhance returns and mitigate risk
- The actively managed ETF structure may offer tax efficiency

## CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

|              | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2023</i> |
|--------------|------------|------------|------------|-------------|
| NAV          | -3.34      | -3.34      | 8.05       | 6.65        |
| Benchmark    | -4.08      | -4.08      | 6.04       | 8.39        |
| Market Price | -3.27      | -3.27      | 8.05       | 5.50        |
| Benchmark    | -4.08      | -4.08      | 6.04       | 6.34        |

## ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

|              | <i>1 Year</i> | <i>3 Years</i> | <i>5 Years</i> | <i>10 Years</i> | <i>ITD</i> |
|--------------|---------------|----------------|----------------|-----------------|------------|
| NAV          | -             | -              | -              | -               | 15.23      |
| Benchmark    | -             | -              | -              | -               | 14.94      |
| Market Price | -             | -              | -              | -               | 13.99      |
| Benchmark    | -             | -              | -              | -               | 12.76      |

NAV Inception Date: 13-Nov-23

Market Price Inception Date: 14-Nov-23

**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.** Exchange Traded Funds (ETFs) are bought and sold through exchange trading at market price (not NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns.

## FACTS

|              |             |
|--------------|-------------|
| Inception    | 13-Nov-23   |
| Ticker       | QLTY        |
| CUSIP        | 90139K100   |
| Exchange     | NYSE        |
| Total Assets | \$587mm USD |
| Benchmark    | S&P 500     |

## ANNUAL EXPENSES (%)

|                                      |      |
|--------------------------------------|------|
| Total Annual Fund Operating Expenses | 0.50 |
| Expense Ratio                        | 0.50 |

**Expense Ratio** is equal to the Fund's Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated October 30, 2023.

## PORTFOLIO MANAGEMENT



**Tom Hancock**  
Joined GMO in 1995  
MS, Rensselaer  
Polytechnic Institute;  
PhD, Harvard University



**Ty Cobb, CFA**  
Joined GMO in 1997  
MS, Suffolk University



**Anthony Hene, CFA**  
Joined GMO in 1995  
MS, University of Oxford

**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) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results. (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. The GMO ETFs are distributed in the United States by Foreside Fund Services LLC. GMO and Foreside Fund Services LLC are not affiliated.

## U.S. QUALITY ETF

## CHARACTERISTICS

|                                          | <i>Portfolio</i> | <i>Benchmark</i> |
|------------------------------------------|------------------|------------------|
| Price/Earnings - Forecast 1 Yr Wtd Mdn   | 22.4x            | 22.4x            |
| Return on Equity - Forecast 1 Yr Wtd Mdn | 27.7%            | 26.5%            |
| Market Cap - Wtd Mdn Bil                 | 215.4 USD        | 213.8 USD        |
| Number of Equity Holdings                | 36               | 497              |
| Net Debt/EBITDA - Hist 1 Yr Wtd Mdn      | 0.3x             | 0.3x             |

## MARKET CAP BAND EXPOSURES (\$B)

|                                | <i>Portfolio</i> | <i>Benchmark</i> |
|--------------------------------|------------------|------------------|
| Small (5.4 & Below)            | 0.0              | 0.1              |
| Small - Medium (5.4 To 15.5)   | 3.9              | 2.7              |
| Medium (15.5 To 40.4)          | 2.3              | 11.1             |
| Medium - Large (40.4 To 111.8) | 14.6             | 20.4             |
| Large (111.8 & Above)          | 79.3             | 65.6             |

## SECTORS (%)

| <i>Sector</i>          | <i>Portfolio</i> | <i>Benchmark</i> |
|------------------------|------------------|------------------|
| Communication Services | 8.5              | 9.1              |
| Consumer Discretionary | 9.1              | 10.3             |
| Consumer Staples       | 10.3             | 6.2              |
| Energy                 | 0.0              | 4.1              |
| Financials             | 7.7              | 13.1             |
| Health Care            | 26.1             | 12.3             |
| Industrials            | 5.6              | 8.8              |
| Information Technology | 32.6             | 29.2             |
| Materials              | 0.0              | 2.4              |
| Real Estate            | 0.0              | 2.2              |
| Utilities              | 0.0              | 2.3              |

## TOP HOLDINGS

| <i>Company</i>         | <i>Sector</i>          | <i>%</i>    |
|------------------------|------------------------|-------------|
| Microsoft Corp         | Information Technology | 6.9         |
| Alphabet Inc           | Communication Services | 4.7         |
| Johnson & Johnson      | Health Care            | 4.1         |
| UnitedHealth Group Inc | Health Care            | 4.0         |
| Oracle Corp            | Information Technology | 3.9         |
| Meta Platforms Inc     | Communication Services | 3.8         |
| Texas Instruments Inc  | Information Technology | 3.7         |
| Apple Inc              | Information Technology | 3.6         |
| KLA Corp               | Information Technology | 3.6         |
| Coca-Cola Co/The       | Consumer Staples       | 3.5         |
| <b>Total</b>           |                        | <b>41.8</b> |

# U.S. QUALITY ETF

## IMPORTANT INFORMATION

**Benchmark(s):** 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.

**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.**

## GLOSSARY

**Sector Exposures:** The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS.

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## 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