QUARTERLY INVESTMENT REVIEW

Quality Trust

Performance returns (AUD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Quality Trust (net)	5.57	10.57	10.57	22.96	17.67	-	18.11
Quality Trust (gross)	5.73	11.24	11.24	23.69	18.37	-	18.82
MSCI World	2.48	12.43	12.43	21.84	15.47	-	16.07
Value Add	+3.09	-1.86	-1.86	+1.12	+2.20	-	+2.04

MAJOR PERFORMANCE DRIVERS

In 2025, the GMO Quality portfolio delivered a positive return after fees from a U.S. dollar perspective, ahead of the S&P 500 but behind the MSCI World Index. In the fourth quarter, the portfolio return was about 3% ahead of the broader indices.

It will surprise you very little to learn that the best returns were generated in the growth part of the portfolio this year. The top three performers were AI-related. Lam Research and KLA Corp both sell equipment essential to the manufacture of semiconductors necessary for all that AI compute. Their businesses accelerated meaningfully in the scramble to kit out new data centers. Alphabet, meanwhile, had a great year on multiple fronts: Its TPU chips emerged as a potential competitor to Nvidia's GPUs; its Gemini AI product took the lead over OpenAI's best offering in benchmarking tests; and the widening of the search market into the AI space took regulatory heat off its powerful position in conventional search.

Overall, AI made a strong contribution to portfolio returns this year. While there is no perfect measure of AI exposure for a portfolio, our best estimate is that the portfolio has been a couple of points underweight over the year relative to the S&P 500, and a little overweight vs. the MSCI World. However, the relative weight mattered less than owning the right stocks in the space.

In September, when Oracle revealed the extent to which their compute business was dominated by a single client, OpenAI, alongside their increasing operational and financial leverage, we downgraded our assessment of the company's quality to below our minimum threshold and liquidated the position over the next month or so. Oracle's stock fell 43% from its October high to the December low, so the sale has proved a good save so far.

RISKS

Risks associated with investing in the Trust 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; and (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 and other risks, please consult the Trusts Product Disclosure Statement.

Inception Date: 24-Sep-20

Performance Returns: 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. To obtain performance information to the most recent month-end, visit www.gmo.com. **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.** Net returns are presented after the deduction of management fees and incentive fees if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. Gross returns are presented gross of management fees and incentive fees if applicable. These returns include transaction costs, commissions and withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. The inception date of the fund is 23 September 2020. The inception date of the performance data above is 24 September 2020, the first full day that the GMO Quality Trust was fully invested. Performance data using an inception date of 23 September 2020 would produce a different outcome and compare fund performance over a period different to that reflected in the benchmark performance. The GMO QualityTrust ARSN 643 940 872 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656.

MAJOR PERFORMANCE DRIVERS CONT.

In 2025, enterprise software businesses performed poorly. The weakest three technology stocks in the portfolio were in this category: Salesforce, Dassault Systemes (the French lynchpin of industrial engineering design software), and Accenture (not an enterprise software provider per se, but whose corporate IT work is closely related). Each struggled for slightly different reasons but these stocks, and others like them, have derated as a group. Market participants worry about the risks from AI-native new solutions in enterprise software, presumably vibe-coded, and perhaps simply see more exciting ideas with stronger short-term tailwinds, elsewhere. The incorporation of agentic AI etc., into enterprise work will evolve over the next several years, and we suspect that the enterprise software businesses have time to become agentic suppliers of choice. With valuations running well below recent levels, we don't have to be precisely right. We smell an opportunity emerging here and have recently added capital to positions in enterprise software, including one new name for the portfolio.

Managed care companies had a number of problems - some external, some self-inflicted - and were the most significant pocket of portfolio weakness in 2025. We wrote about the challenges for this U.S.-centric sector, which sits between the consumers of healthcare (insured plan members) and the payers (usually employers or public entities) in a white paper earlier in 2025.[1] In this year of political maneuvering, the ever-present discount widened further. To cap it all, UnitedHealth delivered sufficiently disappointing results to change CEO mid-year and halve the share price to boot. We believe they have embarked on a course of self-help that will ultimately prevail and took the opportunity to acquire more UNH stock.

Also in Healthcare, life sciences equipment makers have been on the sharp end of an "R&D winter." The post-Covid biopharma boom turned into a bust of once-promising treatments and technologies. Further damaging sentiment was a series of laws and regulatory changes from both Biden and Trump: Biopharma companies feared price negotiations and tariffs, while universities struggled with NIH budget cuts and a broadly difficult financial environment. But there are signs of life as the regulatory environment stabilized and the portfolio's holding in Thermo Fisher was one of the strongest performers in the second half.

The portfolio has a substantial allocation to Healthcare, across the various sub-segments and across types of investments from compounders in core Quality like Johnson & Johnson to the high growth and undisputed leader in robotic surgery, Intuitive Surgical. We believe that investment in medical innovation will tend to be rewarded, especially at this point when the benefits of that innovation are befogged by other issues. Healthcare stocks began to pick up in the fourth quarter, and we hope that is a taste of things to come for these well-positioned companies.

Despite the tariff trauma, AI acceleration and all the other crosscurrents, the Quality portfolio got the return it deserved in aggregate in 2025; the return achieved by the portfolio closely matched the fundamental return generated by the companies in the portfolio (as measured by growth in EPS and dividends received over the period). Because trading was additive to returns, adding to Broadcom during the sell-off in April, and liquidating Oracle and so on, portfolio valuation perhaps got a little more attractive over the period.

We believe that the portfolio is well-positioned for the quarters and years ahead. Despite all the uncertainties, if we can build a portfolio of companies deploying capital effectively, with the reassurance that their valuations are under watchful review, we hope that GMO Quality can continue to play a helpful role in your overall portfolio.

Portfolio weights as a percentage of equity are as follows: Lam Research (4.1%), KLA Corporation (1.4%), Alphabet (5.3%), Nvidia (0%), Oracle (0%), Dassault Systemes (0.9%), Accenture (2.5%), UnitedHealth (2.3%), Thermo Fisher (3.7%), Johnson & Johnson (3.7%), Intuitive Surgical (1.8%), Broadcom (2.7%).

[1] Don't Blame The Middlemen – available at www.gmo.com

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Quality Trust 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 Trust'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

The Trust accepts investments from wholesale investors only. Retail investors are not able to directly invest in the Trust but may gain exposure to the Trusts by investing with certain investor directed portfolio services, master trusts, wrap accounts or custodians ("services"). GMO Australia Limited, GMO LLC, and their affiliates, do not guarantee the performance of the Trust or the repayment of an investor's capital. This information is of a general nature only and is not advice. It does not take into account the objectives, financial situation or needs of any specific investor. The offer to invest in the Trust for wholesale investors is contained in the current information memorandum. A Product Disclosure Statement ("PDS") is also available solely for use by retail investors gaining exposure to the Trust through a service. A Target Market Determination (TMD) has also been prepared for the Trust. The information memorandum PDS and TMD can be obtained by visiting our website www.gmo.com. Investors should read the information memorandum or PDS, consider their own circumstances, and obtain their own advice before making an investment decision.

Benchmark(s): 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.