GMO DOMESTIC RESILIENCE ETF

Quarterly Investment Review

ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
NAV	9.12	9.12	-	-	-	-	11.81
MSCI USA Mid Cap (Gross)	-1.71	-1.71	-	-	-	-	-1.50
S&P 500	-4.33	-4.33	-	-	-	-	-1.79
Market Price	9.05	9.05	-	-		-	11.77
MSCI USA Mid Cap (Gross)	-1.71	-1.71	-	-		-	-1.50
S&P 500	-4.33	-4.33	-	-		-	-1.79

NAV Inception Date: 30-Sep-25
Market Price Inception Date: 30-Sep-25
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. 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. The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee.

MAJOR PERFORMANCE DRIVERS

After two months of strong returns to start 2026, Domestic Resilience joined the broader equity market in posting negative returns in March as U.S. military action in Iran rattled investors around the globe. While our portfolio's first quarter performance was strong in both absolute and relative terms, the period's volatility is worth exploring further.

Domestic Resilience's strong January and February returns came amidst some encouraging signs of growth in the U.S. industrial economy. Such growth has been a long time coming. While the U.S. technology sector has performed exceptionally well in recent years, this strength has masked weakness in industrial America. The trucking sector, for example, has struggled to work through excess capacity built up during COVID and a challenging regulatory backdrop that left too many unsafe trucks and drivers on the road. Capacity reductions and an improved regulatory environment gave investors cause for optimism early in 2026, which benefited Domestic Resilience's positions in Old Dominion Freight Line, SAIA, and Knight-Swift Transportation. These names performed very well early in the quarter, and despite a retreat in March, were strong contributors to first-quarter returns. The market's focus on Iran in March understandably caused pullbacks in many areas, but our portfolio's positions in Energy and Defense names served as useful ballast to the overall portfolio during the volatility. Oil company ConocoPhillips was Domestic Resilience's best performer for March and the first quarter overall. The company's resilience was on full display during the Iran situation due to its ability to benefit from an increase in oil prices without worrying about its own supply, thanks to a heavily U.S.-based energy inventory.

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) 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; (2) 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; and (3) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** 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. The GMO ETFs are distributed in the United States by Foreside Fund Services LLC. GMO and Foreside Fund Services LLC are not affiliated. **Total Annual Fund Operating Expenses: 0.50%; Expense Ratio is equal to the Fund's Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated 28 October 2025.**

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MAJOR PERFORMANCE DRIVERS CONT..

Our position in Northrop Grumman reflects our belief that in an increasingly chaotic world, established defense companies stand poised to benefit from an increase in global defense budgets. For both the U.S. and countries around the world, the Iran situation is a reminder that achieving peace through strength requires a continued investment in strength.

The HALO Effect

The market's volatility – with a strong January-February rally followed by a March correction – highlights the benefit of our long-term focus on the fundamentals. In periods of short-term volatility, investment prognosticators often reach for simple ways to explain market moves. During the quarter, we heard the acronym HALO used repeatedly to describe the types of companies that were leading the market. HALO stands for "heavy assets, low obsolescence," and we received a few questions as to whether it was a good description for Domestic Resilience. The answer is yes and no. Yes, because we do own a large number of "real economy" companies that we believe are disproportionate beneficiaries of American reindustrialization. These companies indeed focus on "heavy" assets like trucks, energy, aggregates, railroads, and countless other products and services that form the industrial backbone of the American economy. But we think clever acronyms like HALO are often backward-looking and explain the "what" better than the "why." For instance, in the multi-year research process that led to the creation of the Domestic Resilience portfolio, we never once heard the term HALO, which makes sense given that it appears to have been invented this past quarter! In contrast, our understanding of both the importance and investment implications of American reindustrialization came from a careful examination of the major forces that caused industrial offshoring over the last several decades and the events that have catalyzed the American reindustrialization opportunity for decades to come. We believe that understanding the "why" gives us a significant advantage in selecting investments for Domestic Resilience because it enables us to look beyond what happens to be working in the investment world at any given moment and focus more deeply on the fundamental forces that will impact future returns.

As Yogi Berra famously observed, "It's tough to make predictions, especially about the future." We believe the prospects for American reindustrialization are strong, but don't claim to have a crystal ball that ensures we will get it perfect. We approach the task of investing your capital with a balance of humility regarding our own predictive powers and an intense focus on doing the fundamental research that determines which companies we own. To that end, let's do what we love the most: talk stocks!

Locked In Amid AI Fears

Last month, we discussed opportunities within the industrial U.S. economy for companies to harness the hopes and fears regarding AI advancements to make money for shareholders. Continuing that thread, let's talk more about our position in Allegion. Allegion – which we mentioned in our November 2025 report – makes locks for doors. We think of this type of company as a natural "picks and shovels" beneficiary of American reindustrialization. We don't know exactly where the next manufacturing plant will be built, but we're confident it will require doors. Allegion, alongside competitor Assa Abloy, is a leading producer of locks for commercial buildings. While Allegion has a strong market position, one concern is whether advancements in AI will make designing a building easier and erode Allegion's competitive advantage.

One of the services Allegion offers as part of its product offering is called "spec writing," a task that speaks to the surprising complexity of the door lock business. While locks may seem like a simple product, there are many options for builders to consider, and a key aspect of their decision process is whether different locks adhere to local building codes. Such codes often differ from community to community, requiring a "boots on the ground" expertise that Allegion has historically provided to builders and their architects as they meet local building specifications. The job of a spec writer is to navigate both design and code requirements for each project to help ensure all door locks meet the local standard. By providing spec writing services, Allegion gets the advantage of a front-row seat to the building design process from which it can recommend its own products. While building owners and architects have the ultimate decision-making authority, we wondered whether advancements in AI would reduce Allegion's competitive advantage, as building owners could be less reliant on the company for spec writing. After speaking to several industry experts, we came away feeling comfortable that such a scenario is unlikely. Like many aspects of the American industrial economy, spec writing appears to be an area where AI makes existing players better and more efficient, rather than eliminating them. And for Allegion, spec writing complements other key competitive advantages, most notably the company's extensive product catalog and decades of experience operating in the industry. Put more simply, if an enterprising entrepreneur wanted to challenge Allegion using AI-powered spec writing, we think they would run into countless obstacles.

This type of fundamental analysis serves two purposes for Domestic Resilience. First, it gives us a better qualitative understanding of a company's competitive position and risk factors. Second, it allows us to tailor our quantitative assessments of future earnings to the specifics of the situation, helping us navigate periods of market turmoil with confidence. While we certainly didn't predict the Iran-driven market selloff in the first quarter, our research into Allegion's risks gave us increased comfort in our assumptions and led us to add to Domestic Resilience's position during the March selloff.

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MAJOR PERFORMANCE DRIVERS CONT.

Domestic Resilience Q1 2026 Performance

While we don't manage the portfolio in a benchmark-aware manner, the portfolio outperformed both the MSCI ACWI USA Mid Cap Index and our alternate benchmark, the S&P 500, for the first quarter. Given our focused investment strategy, we expect portfolio returns to often differ, sometimes substantially, from benchmark returns over shorter time periods. Over the long term, we aim to exceed the performance of both benchmarks, but the path to doing so will have its short-term ups and downs.

Portfolio weights, as a percentage of equity, for the positions mentioned were: Old Dominion Freight Line (2.5%), SAIA (1.7%), Knight-Swift Transportation (3.3%), ConocoPhillips (4.4%), Northrop Grumman (3.7%), and Allegion (1.6%).

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PRODUCT OVERVIEW

The GMO Domestic Resilience ETF seeks total return by investing in equities the Focused Equity team believes are poised to benefit as companies bring industrial production back onshore and the United States aims to strengthen its position in a changing world.

The team believes that companies in key sectors, including Manufacturing & Automation, Transportation & Logistics, Energy & Materials, and Defense, are well-positioned to benefit from American reindustrialization.

The GMO Domestic Resilience ETF's disciplined approach to security selection utilizes time-tested GMO principles emphasizing company quality and valuation to select securities with superior risk-adjusted return characteristics and aims to benefit from a long-term investment horizon in an actively managed ETF format.

IMPORTANT INFORMATION

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.

Comparator Index(es): The MSCI USA Mid Cap (Gross) Index is an independently maintained and widely published index comprised of mid cap segments of the US market. 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.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.

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