

# GMO ULTRA-SHORT INCOME ETF

## Quarterly Investment Review

### PRODUCT OVERVIEW

The GMO Ultra-Short Income ETF aims to generate current income while preserving capital. The ETF invests in a portfolio of low-duration, high-quality fixed income securities, including U.S. Treasuries, collateralized loan obligations ("CLOs"), repurchase agreements, and other investment-grade assets.

Managed by GMO's Short Duration Strategies team, the ETF aims to offer flexible and efficient cash management by strategically deploying capital to the most liquid, high-quality opportunities to seek to enhance returns with low volatility.

### MAJOR PERFORMANCE DRIVERS

U.S. fixed income markets posted strong results in the second quarter of 2026, with gains in both total return and excess return terms. Although U.S. interest rates continued to move higher across the curve, tighter credit spreads more than offset the rate headwind, helping drive positive excess returns. Lower-quality corporate and securitized credit generally outperformed higher-quality segments, reversing the quality-led pattern that shaped market performance in the first quarter. The Federal Reserve left its target rate unchanged at 3.50%–3.75%, though its tone became more hawkish as policymakers continued to emphasize inflation risks.

Against this backdrop, the portfolio outperformed its benchmark, the 3-month Treasury Bill, supported primarily by its high-quality credit exposure.

The portfolio remained defensively positioned from an interest rate perspective, with average duration held below 0.5 years throughout the period. Spread duration moved within a narrow range of 0.5 to 0.7 years and ended the quarter at 0.5 years. The portfolio's average coupon and yield finished the period at 4.4% and 4.6%, respectively, providing a steady income profile while keeping overall duration risk limited.

During the quarter, we shifted a portion of the portfolio's U.S. Treasury note and bill exposure into Agency securities, specifically Federal Home Loan Bank notes. The move allowed us to capture a modest risk-adjusted yield pickup while preserving the portfolio's emphasis on quality and liquidity.

As we entered the third quarter of 2026, the portfolio remained concentrated in short-duration, high-quality assets, with roughly 70% in AAA CLOs, 20% in U.S. Treasury notes and bills, 5% in Agencies, 4% in U.S. Treasury floating rate notes, and less than 1% in short U.S. TIPS.

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

|                   | Quarter-End | YTD  | 1-Year | 3-Year | 5-Year | 10-Year | Since Inception |
|-------------------|-------------|------|--------|--------|--------|---------|-----------------|
| NAV               | 1.00        | 1.98 | -      | -      | -      | -       | 2.76            |
| FTSE 3-Mo. T-Bill | 0.93        | 1.87 | -      | -      | -      | -       | 2.61            |
| Market Price      | 0.96        | 1.93 | -      | -      | -      | -       | 2.78            |
| FTSE 3-Mo. T-Bill | 0.93        | 1.87 | -      | -      | -      | -       | 2.61            |

NAV Inception Date: 27-Oct-25

Market Price Inception Date: 27-Oct-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](http://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.

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 - Fixed Income Investments: The market price of a fixed income investment can decline due to a number of market-related factors, including rising interest rates and widening credit spreads or decreased liquidity stemming from the market's uncertainty about the value of a fixed income investment (or class of fixed income investments); (2) Market Risk-Asset-Backed Securities Risk: The market price of asset-backed securities, like that of other fixed income investments with complex structures, can decline for a variety of reasons, including investor uncertainty about their credit quality and the reliability of their payment streams. Payment streams associated with asset-backed securities held by the Fund depend on many factors (e.g., the cash flow generated by the assets backing the securities, deal structure, and creditworthiness of any credit-support provider), and a problem in any of these factors can lead to a reduction in the payment stream GMO expected the Fund to receive when the Fund purchased the asset-backed security, and (3) 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. For a more complete discussion of these risks and others, 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: 0.20%; 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.**

### 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](http://www.gmo.com). Read the prospectus carefully before investing.

**Benchmark(s):** The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

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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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