QUALITY INVESTMENT FUND USD CLASS

Quarterly Investment Review

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

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
Quality Investment Fund USD Class (net)	-7.47	-7.47	11.65	15.84	10.92	13.92	13.14
Quality Investment Fund USD Class (gross)	-7.34	-7.34	12.23	16.45	11.51	14.55	13.78
MSCI World	-3.57	-3.57	18.90	16.77	10.27	11.80	10.26
Value Add vs. MSCI World	-3.89	-3.89	-7.25	-0.92	+0.65	+2.11	+2.88
S&P 500 (Net)	-4.42	-4.42	17.36	17.82	11.58	13.58	12.98
Value Add vs. S&P 500 (Net)	-3.04	-3.04	-5.72	-1.98	-0.66	+0.34	+0.16

Data Source: GMO

MAJOR PERFORMANCE DRIVERS

Equity markets were weak in the first quarter, with the S&P 500 and MSCI World indices down 4.3% and 3.6% in dollar terms, respectively. The Quality portfolio lagged the broader markets for the quarter. Two themes shaped markets. First, a more assertive U.S. foreign policy, highlighted by operations in Venezuela and Iran, increased geopolitical and economic tail risk. Second, concerns intensified that AI could disrupt incumbent business models, alongside ongoing questions about where capex will ultimately accrue across the AI ecosystem. Energy stocks were the clearest beneficiaries of the geopolitical backdrop, tracking moves in oil prices and outperforming the broader market by an extraordinary 40 points over the quarter. Other asset-heavy businesses also performed well. The Iran war, the HALO trade, and earlier-quarter expectations for strong cyclical growth in 2026 helped drive that leadership, while the asset-light characteristics that typically define our investment universe were out of favor. Within AI, performance diverged: semiconductor supply-chain companies held up well, while hyperscalers and software-related businesses came under pressure. Continued policy risk in managed care, concerns around private credit, and weakness in luxury and travel following the war in Iran added to the quarter’s crosscurrents.

In this environment, our semiconductor supply-chain holdings performed well. Lam Research, Taiwan Semiconductor, KLA, and Texas Instruments benefited from AI-related demand growth and were among our most significant contributors. Johnson & Johnson also added meaningfully and stood out within a healthcare backdrop that was otherwise mixed across our holdings. Financials supported relative results as well, as our underweight position and focus on businesses with less credit risk proved helpful amid concerns about AI exposure and private credit.

RISKS

Risks associated with investing in the Fund 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 Fund's Prospectus.

Inception Date: 10-Nov-10

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 of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower. Gross of fees, expenses and transaction costs, if any. If these fees, expenses and costs were included, performance would be lower. A dilution adjustment may be applied on a subscription or redemption of shares to reflect the costs of dealing in the Fund’s assets.The return on investment in the Fund may increase or decrease as a result of currency fluctuations if an investor’s investment is made in a currency other than that used in the past performance calculation. If the Fund holds assets in currencies other than the base currency of the Fund and/or you invest in a share class that is denominated in a different currency than the base currency of the Fund, subject to any hedging at share class or Fund level, the value of your investment may be impacted by changes in the relative prices of the relevant currencies. The use of financial derivative instruments by the Fund may result in increased gains or losses within the Fund. 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.

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MAJOR PERFORMANCE DRIVERS CONT..

Our largest headwind was our limited exposure to asset-heavy sectors, most notably Energy, with additional drag from Materials, Utilities, and Real Estate. Managed care holdings detracted as policy risk persisted and the 2027 Medicare advance rate notice weighed on the group. Software and software-like companies were another meaningful source of weakness as AI disruption fears rose, with particular pressure evident in Salesforce, Accenture, SAP, Microsoft, Dassault Systèmes, and Amadeus. Thermo Fisher also detracted, adding to broader pressure in healthcare beyond managed care. Global luxury and travel names underperformed following the Iran attacks, while weakness in hyperscalers compounded the challenge across parts of the market that are typically central to our opportunity set.

We were relatively active during the first quarter, with volatility creating opportunities to adjust the portfolio. We initiated positions in Mastercard, Synopsys, Netflix, Constellation Software, and Experian, and we added materially to Microsoft and SAP. We also added to a basket of software holdings impacted by AI disruption concerns, including Salesforce, Dassault Systèmes, Amadeus, and Accenture. We believe these businesses will prove far more resilient to disruption than the market currently implies, and we were able to add at very undemanding valuations. In addition, we increased Broadcom and viewed both it and Synopsys primarily as AI beneficiaries, even though they sit close to software. Collectively, these purchases expanded our exposure to software, payments, data, and select AI-linked businesses during the quarter.

Elsewhere, we took profits in semiconductor winners by trimming Taiwan Semiconductor and Lam Research, and we exited ASML. In managed care, we rebalanced from Elevance to Cigna, reflecting a more cautious stance toward government-run insurance programs and a different view of management changes at the two companies. We also sold Wells Fargo following a period of strong performance, given the risk that private credit concerns could pressure major bank stocks. Finally, we liquidated Magnum Ice Cream after its spinout from Unilever (another holding).

A prolonged shutdown of the Strait of Hormuz could lead to a broader economic downturn and a potentially stagflationary environment, an outcome that could benefit Quality on a relative basis. Conversely, an easing of tensions would likely favor the sectors we do not currently own and that have recently outperformed. Within AI, we believe the market has sold off too broadly across companies where an AI disruption narrative can be constructed. We also think the divergence between hyperscalers and semiconductors is overdone, since the same macro drivers ultimately support both categories.

Portfolio weights as a percent of equity for the securities mentioned are as follows: Lam Research (4.0%), Taiwan Semiconductor (4.5%), KLA (1.6%), Texas Instruments (2.6%), Johnson & Johnson (4.7%), Salesforce (2.2%), Accenture (2.0%), SAP (2.0%), Microsoft (6.1%), Dassault Systèmes (0.7%), Amadeus (0.7%), Thermo Fisher (3.4%), Mastercard (1.3%), Synopsys (1.0%), Netflix (1.1%), Constellation Software (0.7%), Experian (0.5%), Broadcom (2.7%), ASML (0%), Elevance (1.5%), Cigna (1.8%), Wells Fargo (0%), Magnum Ice Cream (0%), and Unilever (1.7%).

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PRODUCT OVERVIEW

The GMO Quality Investment Fund 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 Fund'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.

This is a marketing communication and a financial promotion. Past performance does not predict future returns.

IMPORTANT INFORMATION

This is a marketing communication and a financial promotion. This is not a contractually binding document. An investor should consider all of the Fund's characteristics including the investment objectives, risks, charges and expenses before investing. This and other important information can be found in the Fund's prospectus and the KIID/PRIIPs KID. To obtain a prospectus and the KIID/PRIIPs KID please visit www.gmo.com. Read the prospectus and the KIID/PRIIPs KID carefully before investing and do not base any final investment decision on this communication alone.

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Investors and potential investors can also obtain the prospectus and key investor information, and a summary of investor rights and information on access to collective redress mechanisms, in English and local languages where the Fund is registered, under the Literature section at the following website:

https://www.gmo.com/europe/product-index-page/equities/quality-strategy/quality-investment-fund---dqf/

Please note that the management company of the Fund may decide to terminate the arrangements made for the marketing of the Fund in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: https://www.gmo.com/europe/product-index-page/equities/quality-strategy/quality-investment-fund---dqf/

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