QUARTERLY INVESTMENT REVIEW

International Quality ETF

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
NAV	4.06	16.90	16.90	-	-	-	5.98
MSCI World ex USA	5.20	31.85	31.85	-	-	-	22.26
Market Price	4.24	17.11	17.11	-		-	6.07
MSCI World ex USA	5.20	31.85	31.85	-		-	22.26

NAV Inception Date: 28-Oct-24
Market Price Inception Date: 28-Oct-24
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

With another year of market ebullience behind us, we take stock of both the fourth quarter and the full year and share our thoughts on the portfolio for the years ahead.

The portfolio delivered in two ways this year, but disappointed through a third lens. We will discuss each in turn.

As a diversification tool, International Quality performed as you might have hoped. When the Magnificent 7 took a tumble in the early part of the year, the portfolio held up dramatically better. And though in the end it was another good year for the U.S. tech big dogs, with the Mag 7 up more than 25%, this portfolio of exclusively international securities generated a strong absolute return that was close to that of the S&P 500.

Also reassuringly, the International Quality portfolio got the return it deserved in aggregate in 2025; the return achieved closely matched the fundamental return generated by the companies in the portfolio (as measured by growth in earnings and dividends received over the period). The portfolio aims to generate strong returns over the long term by hitching a ride on the coattails of quality companies—over the long term, shareholder returns converge with fundamental returns. This year, the two converged over a single calendar year. As a result, the portfolio's aggregate valuation at 21 times earnings, which we judged attractive at the start of the year, remains roughly unchanged.

What about the disappointment? You certainly could have made better returns elsewhere in international markets. The MSCI EAFE Index was up 31.2% for the year. The challenge for international quality investing was evident: the best returns were found in lower-quality areas, and quality investors generally struggled in a relative sense. Of the three GICS sectors that outperformed the market, the strongest by far were Financials and Utilities. Both of these areas rely on leverage to juice returns, and we have traditionally not had much joy seeking competitively advantaged businesses there. The third winning sector was Industrials, where the portfolio does have an allocation, and our selections outperformed comfortably. The best-returning holdings came from locomotion—between countries by airplane in the case of Ryanair and Safran, and between floors via elevators in the case of Kone.

The sectors where we traditionally invest—Technology, Healthcare, and Consumer—lagged in international markets this year, and we are optimistic that there are opportunities brewing in each of these areas.

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 - 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) Non-U.S. Investment Risk: the market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets) are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets. 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: 0.60% Expense Ratio is equal to the Fund's Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated October 28, 2025.**

MAJOR PERFORMANCE DRIVERS CONT.

Technology

AI was front of mind for technology investors. The portfolio's AI exposure is mainly via semiconductor companies (the largely U.S.-listed AI hyperscaler giants are out of scope here, and we have found Chinese AI hard to justify on quality grounds). The semis had a great year, as the build-out of data centers implied continued voracious demand. We benefited from exposure to TSMC as it manufactured the AI chips used by the hyperscalers, and in turn, gained from exposure to two of TSMC's suppliers - ASML and Tokyo Electron. Both provide critical manufacturing equipment that is indispensable to producing the advanced semiconductors that underpin today's AI compute.

The portfolio's remaining tech holdings come from software, and this was a different story. In thinking about the quality implications of AI, it seems there will be winners in AI applications that are yet to emerge, and the share prices of software companies around the world reflect some level of worry about who gets displaced. Picking start-ups is beyond our remit, but we do need to assess the ability of existing software companies to compete, or perhaps more importantly, deter potential new entrants. We reason that the proximity of a software company's product to critical corporate data (think systems of record) will likely become a key determinant of AI success in the years ahead. Why? In order to use AI effectively, corporations need to get their data in the cloud and in the right form. This is no small task. We expect that a) companies are unlikely to want to add further complexity by switching software providers at the same time, and b) the time scale involved (years) means that the incumbents will have plenty of time to perfect their agentic offerings.

Travel software leader Amadeus IT, listed in Spain, is an instructive example. To simplify, Amadeus does three things: it is the leading provider of IT to airlines, it sits between the airlines and the buyers of certain types of airline tickets, and it is modernizing reservations for some of the largest hotel chains. At first blush, it sounds like AI could upend the airline ticket distribution business as AI-driven travel planners become more important, but in our view, the company's transactional expertise makes it more likely to be a partner of AI than disintermediated by it. Amadeus's other software offerings are so core to their clients that they seem rather hard to dislodge. But like other enterprise software, Amadeus' valuation has softened, and we believe the potential return on offer is compelling.

Healthcare

Healthcare spending as a share of GDP has been rising materially for at least 50 years, not just in the U.S., but across the OECD countries for which we have good data. It might be convenient to explain that away as a rapacious industry squeezing its consumers; the reality is less sensational, but warmer and fuzzier. Healthcare spend has risen while the prices of many consumer items have stagnated because society places a high value on healthcare, and the demand for innovative medical solutions is very real.

That may sound like a good setup, and it is, but investing in healthcare can be a messy affair with political, scientific, operational, epidemiological, and other issues frequently obscuring the bigger picture.

Most of the portfolio's healthcare holdings delivered at least decent absolute returns, driven by fundamentals, and still finished the year attractively priced. The clear exception was Novo Nordisk, which had a year to forget. Novo Nordisk and Eli Lilly have slugged it out in diabetes treatment for a century or so, but more recently, the field of play moved to GLP-1 drugs for weight loss. This year, Lilly moved ahead on the next generation of injectables while Novo's shares sagged. We believe that Novo's position in GLP-1s—e.g., its oral offering—and the likelihood that competitiveness between the two companies will ebb and flow in the future, comfortably underpin Novo Nordisk's current modest valuation.

Consumer

Consumer companies, especially in the traditionally more defensive Consumer Staples sector, are trading close to decade-low multiples. For many years, consumer staples were, ahem, staples of quality portfolios as they were able to convert relatively modest revenue growth into strong fundamental returns by virtue of their high returns on capital. They could thereby compound nicely over time, while offering a defensive return profile.

The after-effects of the pandemic are still ricocheting through the sector. Companies like Unilever and Nestle were squeezed by rising commodity prices and underinvested in their brands to try to maintain margins, while the resulting strains on the cost of living drove increased share for the hard discounters that emphasize private-label products. More impactfully for the portfolio, drinks companies' sales accelerated during the "revenge partying" phase after lockdowns ended, only for them to be caught off guard when behavior normalized, and sales began a still-ongoing contraction. Diageo is the largest and best distributed spirits company on the planet. Investors fret that the drivers of lower revenues are secular rather than cyclical in nature. Given that the stock only traded below its current multiple for a brief period in the depths of the Global Financial Crisis, we suspect that this scenario is baked into the share price. We are inclined to believe that this is more of a cyclical story and that Diageo's strengths will be better appreciated in the future, but time will tell.

We believe that the portfolio is well-positioned for the quarters and years ahead. By building a portfolio of companies deploying capital effectively and keeping a watchful eye on valuations, we believe that GMO International Quality can continue to play a helpful role in your overall portfolio.

Portfolio weights, as a percentage of equity, for the securities mentioned are as follows: Ryanair (2.5%), Safran (3.6%), Kone (2.1%), TSMC (5.3%), ASML (4.1%), Tokyo Electron (1.7%), Amadeus (4.2%), Novo Nordisk (2.7%), Eli Lilly (0%), Unilever (3.6%), Nestle (3.5%), and Diageo (2.6%).

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO International Quality ETF seeks to generate total return by investing primarily in non-U.S. 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 GMO International Quality ETF’s disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of non-U.S. companies and aims to exploit a long-term investment horizon while withstanding short-term volatility 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 World ex-USA Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed markets, excluding the United States. 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.

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