QUARTERLY INVESTMENT REVIEW

International Quality Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
International Quality Strategy (net)	2.78	2.78	-	-	-	-	-3.03
International Quality Strategy (gross)	2.93	2.93	-	-	-	-	-2.78
MSCI World ex USA	6.20	6.20	-	-	-	-	3.60
Value Add	-3.42	-3.42	-	-	-	-	-6.62

MAJOR PERFORMANCE DRIVERS

In a period in which the news flow became a torrent, with a one-man volatility generator in the form of Donald Trump often at the source, global equities had a negative quarter. The divergence in regional returns however was stark; European equities outperformed tech heavier U.S. equities by more than 15%, the widest margin in 35 years. MSCI EAFE returned 6.9% while the S&P 500 fell 4.3%. The International Quality portfolio outperformed our U.S. Quality portfolio (but in a low-quality-favoring environment, trailed EAFE as noted below).

It is hard to separate this European equity renaissance from the new U.S. administration's dealings with traditional U.S. allies (e.g., from playing hardball with NATO over spending contrasting apparent softball with Putin; via attempts to influence politics in third world countries; to tariffs). The aggregate has had something of a galvanizing effect on political leadership. Most notably, Europe's appetite for investment in infrastructure and defense spending was transformed by Germany's decision to unshackle the country from its fiscal debt brake. As a result, European financials and beneficiaries of defense and infrastructure led the market higher. Energy, communications and telecoms also performed well although we do not typically find competitively advantaged business models in these areas. The strategy's best performers were European. Knorr Bremse – the German "brakes for trucks and trains" company with good exposure to potential European infrastructure investment – was the strongest of the group. Safran, Nestle, and Roche were close behind.

RISKS

Risks associated with investing in the Strategy 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. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 31-Oct-24

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 predictive of future performance.** Net returns are presented after the deduction of a model advisory fee and incentive fee 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. Fees paid by accounts within the composite may be higher or lower than the model fees used. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **GMO does not yet have a GIPS-compliant report for this composite since it has not managed accounts in this strategy for a full year.** The portfolio is actively-managed, is not managed relative to a benchmark and uses the Index for performance comparison purposes only and, where applicable, to compute a performance fee.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

In our launch white paper[1] for the International Quality strategy, we highlighted how investors in U.S. equities, especially those with a growth orientation, have been making concentrated bets in the largest tech names. We highlighted how the International Quality strategy could play a role in diversifying this exposure. Even so, we were surprised by the degree to which the Magnificent 7 and the International Quality strategy have offset each other in absolute terms since the strategy's launch. In the period to the end of 2024, the Magnificent 7 rose while the strategy fell. In the first quarter of 2025, the Magnificent 7 tech stocks fell 18% while International Quality stocks rose!

Of course, the strategy's tech holdings, e.g., Taiwan Semiconductors, were not immune from weakness in the Technology sector, but in aggregate the portfolio behaved as one might expect – offering reasonable upside participation during the strongest markets and bringing some resilience during the period of weakness toward quarter end.

In the last couple of days of the quarter and the first week April, markets were materially weak leading into and then coming out of Trump's "Liberation Day." This provided a stern bear market test, and the results were encouraging as the strategy held up several percentage points better than the broader markets.

We tend to aggregate the portfolio into three parts – core, value, and growth – and it was the core group that performed best in the quarter and provided "back bone" during the selloff. The core is spread across Consumer and Healthcare names that tend to be more immune to changes in expectations with regard to the economy.

In this group we would highlight BioMerieux as an example holding. BioMerieux is a French business with a global footprint in medical testing with market leading diagnostic capabilities in bacterial testing (e.g., rapid pathogen identification in sepsis) and infectious disease diagnostics (accurate analysis of samples at scale in hospitals and. more recently. clinics). Through a combination of in-house research and astute capital allocation, BioMerieux has built a defensible, world class business without reaching for financial leverage. You may not have heard of it, but if you ever have the misfortune to require testing for sepsis, BioMerieux's equipment may just save your life.

Holdings were broadly stable over the quarter. Novo Nordisk and its predecessors have been locked into a battle of innovation around diabetes care with Eli Lilly for a century. Novo's stock has been weak of late as GLP-1 clinical results were relatively disappointing. However, we suspect that leadership will rotate as it has in the past and treated the stock price weakness as an opportunity to add GLP-1 exposure to the strategy at an attractive price point. Timing these purchases is rarely straightforward and Novo is no exception, but we believe that the addition of Novo Nordisk will enhance returns in coming quarters and years.

[1] International Quality: The Perfect Pairing for Your U.S. Large Cap Portfolio? – available at www.gmo.com

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO International Quality Strategy 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 Strategy'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.

IMPORTANT INFORMATION

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.

The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.