QUARTERLY INVESTMENT REVIEW

U.S. Quality ETF

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
NAV	-2.19	-2.19	5.98	-	-	-	18.46
S&P 500	-4.27	-4.27	8.25	-	-	-	20.75
Market Price	-2.07	-2.07	6.10	-		-	17.61
S&P 500	-4.27	-4.27	8.25	-		-	19.13

NAV Inception Date: 13-Nov-23
Market Price Inception Date: 14-Nov-23
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 the Index for performance comparison purposes only and, where applicable, to compute a performance fee.

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, the S&P 500 dropped by 4.3%. The U.S. Quality portfolio posted a negative return but was ahead of 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. The best performing stocks in the portfolio came from this group and included Abbott Labs and Johnson & Johnson.

The decline in the Magnificent 7 tech stocks accelerated over the quarter. At the time of writing a few days into April they were well into bear market territory, with Tesla faring worst. Technology stocks had their worst quarter since the Growth selloff in 2022, underperforming the global markets by a low double-digit amount, reflective of weakening conviction in AI as a panacea to all market ills. The strategy's tech holdings featured heavy in a worst performer list headed by Oracle and Salesforce. This list included Accenture, which had a rough quarter as the market worried that the c8% of revenues derived from the U.S. government is in the crosshairs of DOGE and improvement across the rest of the company's book of business is being largely ignored.

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) 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. **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 November 1, 2024.**

MAJOR PERFORMANCE DRIVERS CONT.

On paper, then, you might have expected our tech heavy portfolio of multinationals to have had a torrid quarter. In practice, however, our orientation to invest in higher quality businesses gave the portfolio more defensive characteristics, and this proved helpful in a testing period for investors.

To prove the point, the quarter had two quite notable days. On "DeepSeek Monday," the market discounted the possibility of a serious cost reduction in the building of AI models with negative implications for parts of the semi-conductor industry, and positive implications for the users of AI. On the first "The Tariffs Are A-Coming Day," markets processed the seriousness of intent of the U.S. administration in altering global trade flows. These two events served as a kind of stress test for equity portfolios and on each the U.S. Quality portfolio had convincing wins.

Holdings were broadly stable over the period, but we did add one new position during the quarter, Uber. Uber offers ridesharing and food delivery services and is often the scale player, e.g., in U.S. ridesharing. The stock has been weak recently as investors fret over the consequences of progress in autonomous driving, with Waymo (owned by Alphabet) extending its successful "robotaxi" launch from San Francisco to other U.S. cities and Tesla reaffirming its own "robotaxi" ambitions. This may sound like an encroachment on Uber's turf, but we believe that autonomous driving is at least as likely to be a good thing for Uber in the end as a bad thing. Assuming other firms are hot on Waymo's tail, Uber has the reach and the rolodex that we suspect will result in them being the preferred partner for autonomous vehicles providers, as a hybrid model with a mix of human and more capital-intense computerized drivers is more likely to be optimal than an all-autonomous fleet for the foreseeable future. Recently, we have been finding more names that we want to buy than sell, which is one of the better problems to have.

In a quarter in which the divergence in regional returns was stark, it is worth noting that the Quality Team now has a full suite of Quality strategies on offer. We launched the U.S. Quality Strategy in July of 2023 to complement the global strategy, which now has a 20-year track record. In August of 2024, we launched the international version with our International Quality Strategy. 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 noted 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!

We believe that our suite of quality strategies offers a constructive way to gain exposure to equity markets, with some reassurance that if markets do hit a difficult patch, investors tend to gravitate toward the reasonably valued, competitively advantaged businesses with which we aim to fill the portfolios.

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

Portfolio weights for the period for the securities mentioned were as follows: Abbott Laboratories (4.5%), Johnson & Johnson (4.5%), Oracle (4.0%), Accenture (3.3%), Salesforce (3.0%), Uber (1.1%), Tesla (0.0%).

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO U.S. Quality ETF seeks to generate total return by investing in 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 U.S. Quality ETF's disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of U.S.-domiciled 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 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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