SMALL CAP QUALITY FUND

Quarterly Investment Review

PRODUCT OVERVIEW

The GMO Small Cap Quality Fund seeks to generate total return by investing primarily in equities of U.S. small cap companies that 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 U.S. small cap companies and aims to exploit a long-term investment horizon while withstanding short-term volatility.

MAJOR PERFORMANCE DRIVERS

While large cap U.S. equities rose in the third quarter, small cap stocks declined, likely due to cyclical pressures from rising interest rates. The S&P 500 rose 2.3%, while our benchmark, the Small Cap S&P 600, fell -7.9%. The Small Cap Quality portfolio modestly underperformed our benchmark.

Sector selection was negative in the quarter and was partially offset by favorable stock selection. Our IT and Industrial overweights were negative, as was our Energy underweight, which was partially offset by our overweight position in Consumer Staples.

Our positions in Cactus, Ollie's Bargain Outlet, and Medpace were our strongest drivers of relative return, while Aaon, Onto Innovation, and Veeco were our largest detractors. AI-related stocks performed notably poorly in the quarter, and each of our underperformers is closely tied to the AI infrastructure build-out.

Cactus manufactures and services pressure control equipment for oil and gas drilling, most notably wellhead systems. It benefited from strong earnings results and a favorable oil price environment in the 3rd quarter.

Ollie's Bargain Outlet is a chain of closeout stores, selling deeply discounted merchandise. The stock began to recover in the 3rd quarter after weak results in the first half of the year related to high gas prices.

Medpace is a contract research organization that specializes in running trials for small biotech companies. Its stock benefited from a resurgence in the biotech industry.

Aaon manufactures HVAC equipment, most notably for data centers. The stock performed poorly after margins missed expectations in its 2Q results; broader AI-stock weakness also impacted its returns in the period.

Onto Innovation manufactures semiconductor capital equipment used for inspection and metrology. It performed poorly as part of the broader sell-off in AI beneficiaries.

Veeco Instruments is a diversified manufacturer of semiconductor capital equipment. It performed poorly, as several of its product lines were beneficiaries of the AI build-out, and it thus traded off with other AI-exposed names.

We remain frustrated by our difficult year. Over time, we believe that focusing on high-quality businesses will lead to outsized returns with less downside risk. Through careful risk control at the portfolio level, we limit our exposure to bets on value or growth, or difficult-to-predict macroeconomic trends such as the trajectory of interest rates. Instead, we focus on identifying companies benefiting from strong competitive advantages, healthy balance sheets, and good management teams that are available at attractive valuations.

Portfolio weights, as a percent of equity, for the positions mentioned were: Cactus (3.2%), Ollie's Bargain Outlet (3.7%), Medpace (2.4%), Aaon (2.4%), Onto Innovation (3.1%), and Veeco (1.3%).

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

	Quarter-End	*YTD*	*1-Year*	*3-Year*	*5-Year*	*10-Year*	*Since Inception*
Small Cap Quality Fund (net)	-8.97	5.59	6.63	7.52	-	-	12.99
Small Cap Quality Fund (gross)	-8.81	6.11	7.34	8.23	-	-	13.73
S&P 600	-7.93	14.08	16.02	14.81	-	-	11.58
Value Add	-1.05	-8.50	-9.39	-7.29	-	-	+1.41

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. **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.** 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.

Inception Date: 20-Sep-22

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) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility; (2) 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; and (3) Smaller Company Risk: smaller companies may have limited product lines, markets, or financial resources, lack the competitive strength of larger companies, have less experienced managers or depend on a few key employees. The securities of companies with smaller market capitalizations often are less widely held and trade less frequently and in lesser quantities, and their market prices often fluctuate more, than the securities of companies with larger market capitalizations. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** Annualized Returns may include the impact of purchase premiums and redemption fees. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

Net Expense Ratio: 0.67%; Gross Expense Ratio: 0.72% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least 30 June 2027. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated 30 June 2026.

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 SmallCap 600® seeks to measure the small-cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. 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.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

ABOUT GMO

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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*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area
**Representative Office