

SMALL CAP QUALITY

OVERVIEW

The GMO Small Cap Quality Strategy 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 Strategy'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.

FACTS

| | |
|---------------------|-------------|
| Strategy Inception | 31-Aug-22 |
| Composite Inception | 31-Aug-22 |
| Total Assets | \$813mm USD |
| Index | S&P 600 |

CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

| | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2024</i> | <i>2023</i> | <i>2022</i> |
|-----------|------------|------------|------------|-------------|-------------|-------------|
| Composite | -1.08 | -1.08 | -4.31 | 9.66 | 32.87 | 4.01 |
| Index | -0.88 | -0.88 | 3.33 | 8.70 | 16.05 | -1.60 |

RISK PROFILE (SINCE INCEPTION 31-AUG-22)

| | |
|--------------------|-------|
| Alpha (Jensen's) | 4.98 |
| Beta | 0.78 |
| R Squared | 0.82 |
| Sharpe Ratio | 0.41 |
| Standard Deviation | 18.38 |

ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

| | <i>1 Year</i> | <i>3 Years</i> | <i>5 Years</i> | <i>10 Years</i> | <i>ITD</i> |
|-----------|---------------|----------------|----------------|-----------------|------------|
| Composite | -5.08 | 12.36 | - | - | 12.45 |
| Index | 5.51 | 8.20 | - | - | 8.18 |

PORTFOLIO MANAGEMENT



Tom Hancock
Joined GMO in 1995
MS, Rensselaer
Polytechnic Institute;
PhD, Harvard University



Hassan Chowdhry
Joined GMO in 2007
MBA, Massachusetts
Institute of Technology;
MPA, Harvard University



James Mendelson
Joined GMO in 2019
BA, Yale University

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

Performance Returns: 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. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®).** A Global Investment Performance Standards (GIPS®) Composite Report is available at www.gmo.com by clicking the GIPS® Composite Report link in the documents section of the strategy page. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report. 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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CHARACTERISTICS

| | <i>Portfolio</i> | <i>Index</i> |
|---|------------------|--------------|
| Price/Earnings - Forecast 1 Yr Wtd Mdn | 22.0x | 17.8x |
| Return on Equity - Forecast 1 Yr Wtd Mdn | 17.2% | 12.0% |
| Sales/Share - Hist 5 Yr Wtd Mdn Growth Rate | 9.8% | 7.8% |
| Dividend Yield - Hist 1 Yr Wtd Avg | 0.8% | 1.6% |
| Free Cash Flow Yield - Hist 1 Yr Wtd Avg | 3.4% | 3.6% |
| Market Cap - Wtd Mdn Bil | 6.8 USD | 3.1 USD |
| Number of Equity Holdings | 40 | 585 |
| Net Debt/EBITDA - Hist 1 Yr Wtd Mdn | -0.1x | 1.3x |

MARKET CAP BAND EXPOSURES (\$B)

| | <i>Portfolio</i> | <i>Index</i> |
|------------------------------|------------------|--------------|
| Small (6.1 & Below) | 39.6 | 84.8 |
| Small - Medium (6.1 To 19.1) | 60.4 | 13.4 |
| Medium (19.1 To 48.6) | 0.0 | 1.9 |

SECTORS (%)

| <i>Sector</i> | <i>Portfolio</i> | <i>Index</i> |
|------------------------|------------------|--------------|
| Communication Services | 4.1 | 3.1 |
| Consumer Discretionary | 11.7 | 13.0 |
| Consumer Staples | 8.8 | 2.4 |
| Energy | 1.7 | 4.5 |
| Financials | 10.0 | 17.5 |
| Health Care | 8.0 | 11.1 |
| Industrials | 28.6 | 18.0 |
| Information Technology | 19.8 | 16.5 |
| Materials | 7.2 | 4.7 |
| Real Estate | 0.0 | 7.1 |
| Utilities | 0.0 | 2.1 |

TOP HOLDINGS

| <i>Company</i> | <i>Sector</i> | <i>%</i> |
|-----------------------|------------------------|-------------|
| Fabrinet | Information Technology | 4.3 |
| AAON Inc | Industrials | 4.1 |
| New York Times Co/The | Communication Services | 4.1 |
| PriceSmart Inc | Consumer Staples | 4.0 |
| Balchem Corp | Materials | 3.9 |
| Allegion plc | Industrials | 3.7 |
| Aramark | Consumer Discretionary | 3.7 |
| RBC Bearings Inc | Industrials | 3.6 |
| Woodward Inc | Industrials | 3.6 |
| Cirrus Logic Inc | Information Technology | 3.5 |
| Total | | 38.5 |

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IMPORTANT INFORMATION

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 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.

For private bank intermediaries in Singapore and Hong Kong, these materials are intended for institutional and Accredited/Professional Investors Use Only.

GLOSSARY

Risk Statistics: Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio.

Sector Exposures: The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS. **Top Holdings:** Portfolio holdings are percent of equity. Where applicable, the top holdings are derived by looking through to the underlying portfolios in which the asset allocation strategy invests and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities. 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.

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

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