

QUARTERLY INVESTMENT REVIEW

Usonian Japan Value Creation Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Usonian Japan Value Creation Strategy (net)	11.91	17.43	22.15	17.03	-	-	10.38
Usonian Japan Value Creation Strategy (gross)	12.09	17.81	22.94	17.83	-	-	11.13
Tokyo Stock Price Index (TR)	11.28	12.76	15.49	15.17	-	-	7.49
Value Add	+0.63	+4.67	+6.66	+1.86	-	-	+2.89

MAJOR PERFORMANCE DRIVERS

Japanese equities rebounded in the second quarter with the TOPIX index gaining 7.5% in yen terms. Although stocks sank at the beginning of April after the U.S. announced its intention to levy tariffs on its trading partners, including Japan, the index steadily pushed higher over the remainder of the quarter. During the initial sell-off, the yen strengthened from about 150/USD to 140/USD but settled around 145/USD at the end of the quarter. 10-year JGB yields initially plummeted from nearly 1.60% to as low as 1.06% in early April but recovered to 1.40% by the end of the month.

Buyback announcements surged over 80% in 2024 and rose again in the first half of 2025 despite the massive uncertainty around tariffs. For its part, M&A increased by three times in the first half of 2025. In light of this progress, the buyout of Toyota Industries by insiders for a song stands out. The deal was likely timed to get ahead of new TSE rules that came into effect July 22 and would have made the deal much more difficult.

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

Composite Inception Date: 30-Sep-20

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 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.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

Key factors were mixed this quarter. Value stocks underperformed growth stocks by 9.6% and small caps held their own, outperforming large caps by 20 bps.^[1] Given the threat of looming tariffs, sectors such as autos and steel were among the weakest-performing sectors. In addition, banks performed poorly in sympathy with declining interest rates. On the other hand, domestically oriented sectors such as telecom, retail, and construction performed well.

Against this backdrop, the portfolio outperformed the TOPIX. Stock selection was strong in Industrials and somewhat soft in Information Technology and Consumer Staples.

While our stock selection is purely bottom-up, understanding macro, business, and regulatory trends helps us manage the portfolio effectively. To do this, we pull out key topics in our portfolio companies and work inductively to understand which topics influenced overall company performance and the overall performance of our portfolio, with the caveat that this is not a scientific exercise. Although this thematic exercise did not yield many clear takeaways over the past few quarters, this quarter it did. In looking at the key topics for our portfolio companies during the quarter, those that impacted the most holdings were strong domestic IT demand and higher shareholder distributions on the positive side, and tariffs on the negative side. Companies related to defense and semiconductors performed especially well.

Please see our complete Quarterly Letter, available from your GMO relationship manager, for a more detailed discussion that highlights how tariff introductions may impact Japanese equities, recaps the recent upper house election, and reviews progress on corporate reform initiatives, including their positive impact on most corporate behavior.

Portfolio weights, as a percentage of equity, for the securities mentioned are as follows: Toyota Industries (2.7%).

[1] Performance of value, growth, small, and large caps is defined as the total returns of MSCI Japan Value, MSCI Japan Growth, and MSCI Japan Small Cap, and MSCI Japan Large Cap indices, respectively, in yen terms, for the period ending June 30, 2025.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

Usonian Japan Value Creation Strategy seeks total return and measures its performance against the TOPIX Total Return Index (the “Index”) for performance comparison purposes. The Strategy employs a fundamental, value-oriented approach to invest in equities of Japanese companies and companies tied economically to Japan.

In managing the Strategy, the Usonian Japan Equity team follows a disciplined, bottom-up approach using fundamental research to identify equities that we believe are undervalued with high quality balance sheets. The team spends considerable time developing a high level of knowledge about the companies in which the Strategy invests and engages collaboratively with corporate management with the ultimate goal of unlocking shareholder value and mitigating risk.

IMPORTANT INFORMATION

Comparator Index(es): TOPIX (Net of dividend withholding tax) is a free-float adjusted market capitalization-weighted index that is calculated based on all the domestic common stocks listed on the TSE First Section.

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.

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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