

QUARTERLY INVESTMENT REVIEW

Usonian Japan Value Creation Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Usonian Japan Value Creation Fund (net)	6.06	6.06	7.10	9.38	-	-	8.31
Usonian Japan Value Creation Fund (gross)	6.21	6.21	7.72	10.01	-	-	8.93
Tokyo Stock Price Index (TR)	1.33	1.33	-0.10	5.71	-	-	5.16
Value Add	+4.73	+4.73	+7.20	+3.67	-	-	+3.15

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](http://www.gmo.com).** 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

Japanese equities slipped in the first quarter with the TOPIX index declining 3.6% in yen terms. Stocks were pressured as the yen appreciated from 157.2 to 150.0 due to narrowing in the U.S.-Japan yield differential. Japanese yields increased due to expectations the Bank of Japan would raise rates amid growing signs that Japan's economy has entered a virtuous wage-price cycle. Yields for the 10-year JGB climbed steadily from 1.1% to a 17-year high of 1.6% on March 27, while 10-year U.S. Treasury yields fell from 4.6% to 4.2% on concerns of slower U.S. economic growth. Stocks began to fall at the end of March in the lead-up to the Trump administration's announcement of new tariffs and plummeted in early April after the announcement before partially recovering due to revisions to those tariffs. In the first quarter, the portfolio protected capital during the market decline, consistent with our conservative investing process and domestic bias. The portfolio outperformed the benchmark in yen terms.

The value factor worked in our favor this quarter, outperforming the index.[1] Given the strengthening yen, domestic sectors such as Banks, Insurance, Real Estate, and Rail were among the top performers while exporters such as Autos and Precision were among the bottom performers.

Against this backdrop and in local terms, the portfolio declined slightly on an absolute basis but significantly led the TOPIX during the quarter. Stock selection was strong in Industrials and Healthcare with no notably weak sectors.

While our stock selection is purely bottom-up, understanding macro, business, and regulatory trends helps us manage the portfolio effectively. However, we did not discern clear patterns regarding themes within the portfolio this quarter. Rather, it appears that most of our holdings were driven by idiosyncratic factors.

We continue to find compelling opportunities through our screens, networks, and fundamental work and we initiated one new position during the quarter. We did not exit any positions during the quarter.

Please see our complete Quarterly Letter, available from your GMO relationship manager, in which we offer a more detailed discussion and share our understanding of how the new tariff introductions may impact Japanese equities.

Inception Date: 14-Sep-20  
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:** 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: 0.58%; Gross Expense Ratio: 0.74%** Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025. 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 June 30, 2024.

# QUARTERLY INVESTMENT REVIEW

## PRODUCT OVERVIEW

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

In managing the Fund, the Usonian Japan Equity team follows a disciplined, bottom-up approach using fundamental research to identify equities that we believe are undervalued and profitable with high quality balance sheets. The team spends considerable time developing a high level of knowledge about our companies and focusing on downside risk. Additionally, as long-term investors, we engage collaboratively with corporate management to unlock shareholder value.

## 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](http://www.gmo.com). Read the prospectus carefully before investing.**

**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 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

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