

QUARTERLY INVESTMENT REVIEW

Small Cap Quality Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Small Cap Quality Fund (net)	5.78	-4.59	-2.04	-	-	-	15.68
Small Cap Quality Fund (gross)	5.95	-4.27	-1.39	-	-	-	16.44
S&P 600	4.90	-4.46	4.60	-	-	-	7.68
Value Add	+0.88	-0.13	-6.64	-	-	-	+8.00

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.

MAJOR PERFORMANCE DRIVERS

The U.S. market began the quarter with a steep decline, driven by fears of economic damage from tariffs. The S&P 500 fell 11.2% through April 8th, but as worst case outcomes were apparently taken off the table, the S&P 500 steadily recovered, finishing the quarter up 10.9%. Our benchmark, S&P 600, rose 4.9% through the quarter.

The Small Cap Quality portfolio rose over the period, outperforming our benchmark in the second quarter. Our portfolio performed exceptionally well in the first weeks of April, as tariff worries drove a flight to quality, but gave back some of its outperformance as the market rallied.

Through the quarter our sector selection was favorable but was partially offset by stock selection. In particular, our overweighting of Industrials was favorable, as was our underweighting of Health Care and Real Estate, partially offset by our overweight in Consumer Staples. Our weights in Curtiss-Wright, Woodward, and Fabrinet contributed positively to our stock selection, but were more than offset by our positions in Globus Medical, Booz Allen Hamilton, and J&J Snack Foods.

Curtiss-Wright is a diversified supplier to the A&D and nuclear power industries. Strong first quarter results, a favorable backdrop in A&D, and signs that expanding nuclear power would be a focus for the Trump administration all contributed to Curtiss-Wright's rising share price.

Woodward is a supplier of aerospace, defense, and industrial equipment focused on various control systems and components for engines and turbines. Continued strong results, as well as exposure to favorable themes in civil aerospace and defense, drove strong share price performance for the company.

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: 0.75% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2026. 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, 2025.

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MAJOR PERFORMANCE DRIVERS CONT.

Fabrinet is an outsourced manufacturer of optical networking equipment; Nvidia's networking division is its largest customer today. The stock performed poorly on earnings due to lackluster growth in its Nvidia derived business but recovered strongly as the market absorbed the potential for revenue ramp-ups across other new and expanded customer relationships, such as Amazon and Ciena.

Globus Medical manufactures spinal surgery equipment, including spinal implants and robotic surgical devices. The stock declined dramatically on earnings, as a number of negative factors, ranging from a slowdown in robotics sales to an expected delay in FDA manufacturing approvals, all led to a significant earnings miss. Though wary of the weak results, we believe most of the headwinds Globus faced are unlikely to recur and expect improving results going forward.

Booz Allen Hamilton is a government IT contractor; we acquired the stock after it had suffered a dramatic DOGE-driven decline, and we believed that the market had priced in the risk of a major earnings slowdown this year. As we expected, their quarterly results were quite weak. What we did not expect was that the market would be quite so surprised by the magnitude of the decline in the company's civil business. We remain optimistic about the long-term trajectory of Booz, and believe the government's need to rely on outsourced tech talent will only grow over time, as DOGE-related layoffs make it difficult for the government to hire talent directly.

J&J Snack Foods is a producer of snack products, such as ICEE beverages and Dippin' Dots, as well numerous baked goods. The stock fell on weak quarterly results, driven by cost pressures and a difficult box office (movie theaters are a key end market for the business). We anticipate a recovery in profitability as pricing gradually comes in to offset cost pressures and the box office improves.

This quarter was a fine quarter for our portfolio. We were pleased to see our strongest relative returns during the period of peak market fear. We anticipate our portfolio will remain defensive and well positioned to outperform in choppy markets. We believe that focusing on high quality businesses is an effective and highly differentiated way to invest in small caps. 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 are able to focus on identifying companies benefiting from strong competitive advantages, healthy balance sheets, and good management teams that are available at attractive valuations. Over time, we expect the strong performance of these businesses will continue to drive healthy returns for our investors.

Portfolio weights, as a percentage of equity, for the securities mentioned are as follows: Curtiss-Wright (2.3%), Woodward (3.9%), Fabrinet (3.6%), Globus Medical (3.1%), Booz Allen Hamilton (2.7%), J&J Snack Foods (1.8%), Nvidia (0.0%), Amazon (0.0%), Ciena (0.0%).

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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.

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.

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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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