

# QUALITY INVESTMENT USD CLASS J

## OVERVIEW

The GMO Quality Investment Fund seeks to generate total return by investing primarily in equities 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 global companies and aims to exploit a long-term investment horizon while withstanding short-term volatility.

**This is a marketing communication and a financial promotion. Past performance does not predict future returns.**

## FACTS

|                     |               |
|---------------------|---------------|
| Class               | USD Class J   |
| ISIN                | IE0007JW0050  |
| Class Inception     | 07-Jul-22     |
| Fund Inception      | 10-Nov-10     |
| Total Assets        | \$5.1bn USD   |
| Management Fee      | 1.00% p.a.    |
| Pricing Frequency   | Daily         |
| SFDR Classification | Article 6     |
| Index               | MSCI World    |
| Alternate Index     | S&P 500 (Net) |

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

|                 | MTD   | QTD   | YTD   | 2024  | 2023  | 2022  |
|-----------------|-------|-------|-------|-------|-------|-------|
| USD Class J     | -0.54 | -0.54 | -1.98 | 17.93 | 28.44 | -0.15 |
| Index           | 0.89  | 0.89  | -0.92 | 18.67 | 23.79 | 0.74  |
| Alternate Index | -0.70 | -0.70 | -5.04 | 24.50 | 25.67 | -1.04 |

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

|                 | 1 Year | 3 Years | 5 Years | 10 Years | ITD   |
|-----------------|--------|---------|---------|----------|-------|
| USD Class J     | 8.49   | -       | -       | -        | 15.02 |
| Index           | 12.16  | -       | -       | -        | 14.56 |
| Alternate Index | 11.64  | -       | -       | -        | 14.68 |

Data Source: GMO

## RISK PROFILE (5-YEAR TRAILING)

|                    |       |
|--------------------|-------|
| Alpha (Jensen's)   | 1.83  |
| Beta               | 0.94  |
| R Squared          | 0.93  |
| Sharpe Ratio       | 0.81  |
| Standard Deviation | 15.21 |

## 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:** 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](http://www.gmo.com). **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.** 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. A dilution adjustment may be applied on a subscription or redemption of shares to reflect the costs of dealing in the Fund's assets. The return on investment in the Fund may increase or decrease as a result of currency fluctuations if an investor's investment is made in a currency other than that used in the past performance calculation. If the Fund holds assets in currencies other than the base currency of the Fund and/or you invest in a share class that is denominated in a different currency than the base currency of the Fund, subject to any hedging at share class or Fund level, the value of your investment may be impacted by changes in the relative prices of the relevant currencies. The use of financial derivative instruments by the Fund may result in increased gains or losses within the Fund. 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.

## PORTFOLIO MANAGEMENT



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



**Ty Cobb, CFA**  
Joined GMO in 1997  
MS, Suffolk University



**Anthony Hene, CFA**  
Joined GMO in 1995  
MS, University of Oxford

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## CHARACTERISTICS

|  | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|--|------------------|--------------|------------------------|
| Price/Earnings - Forecast 1 Yr Wtd Mdn   | 21.8x            | 21.7x        | 23.3x                  |
| Return on Equity - Forecast 1 Yr Wtd Mdn | 25.6%            | 20.4%        | 25.4%                  |
| Dividend Yield - Hist 1 Yr Wtd Avg       | 1.5%             | 1.8%         | 1.4%                   |
| Free Cash Flow Yield - Hist 1 Yr Wtd Avg | 3.7%             | 3.7%         | 3.1%                   |
| Market Cap - Wtd Mdn Bil                 | 233.5 USD        | 130.7 USD    | 236.2 USD              |
| Number of Equity Holdings                | 46               | 1327         | 497                    |
| Net Debt/EBITDA - Hist 1 Yr Wtd Mdn      | 0.4x             | 0.6x         | 0.4x                   |

## SECTORS (%)

| <i>Sector</i>          | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|------------------------|------------------|--------------|------------------------|
| Communication Services | 8.1              | 8.0          | 9.3                    |
| Consumer Discretionary | 10.0             | 10.2         | 10.3                   |
| Consumer Staples       | 9.0              | 6.6          | 6.2                    |
| Energy                 | 0.0              | 3.6          | 3.2                    |
| Financials             | 7.4              | 17.3         | 14.5                   |
| Health Care            | 25.7             | 10.8         | 10.8                   |
| Industrials            | 5.0              | 11.2         | 8.5                    |
| Information Technology | 34.8             | 23.9         | 30.3                   |
| Materials              | 0.0              | 3.4          | 2.0                    |
| Real Estate            | 0.0              | 2.2          | 2.3                    |
| Utilities              | 0.0              | 2.8          | 2.6                    |

## MARKET CAP BAND EXPOSURES (\$B)

|                                | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|--------------------------------|------------------|--------------|------------------------|
| Small (5.3 & Below)            | 0.0              | 0.7          | 0.0                    |
| Small - Medium (5.3 To 16.7)   | 0.5              | 7.5          | 2.8                    |
| Medium (16.7 To 44.5)          | 5.7              | 15.6         | 10.7                   |
| Medium - Large (44.5 To 126.9) | 19.8             | 25.1         | 19.2                   |
| Large (126.9 & Above)          | 74.1             | 51.1         | 67.3                   |

## TOP COUNTRIES (%)

| <i>Country</i> | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|----------------|------------------|--------------|------------------------|
| United States  | 74.1             | 71.0         | 100.0                  |
| United Kingdom | 8.0              | 3.8          | 0.0                    |
| France         | 4.9              | 2.9          | 0.0                    |
| Germany        | 3.2              | 2.7          | 0.0                    |
| Taiwan         | 2.9              | 0.0          | 0.0                    |
| Cash           | 2.8              | 0.0          | 0.0                    |
| Switzerland    | 1.8              | 2.6          | 0.0                    |
| Denmark        | 0.8              | 0.6          | 0.0                    |
| Netherlands    | 0.8              | 1.1          | 0.0                    |
| Spain          | 0.8              | 0.8          | 0.0                    |

## REGIONS (%)

| <i>Region</i>    | <i>Portfolio</i> | <i>Index</i> | <i>Alternate Index</i> |
|------------------|------------------|--------------|------------------------|
| United States    | 74.1             | 71.0         | 100.0                  |
| Europe           | 20.2             | 17.2         | 0.0                    |
| Rest of World    | 2.9              | 11.8         | 0.0                    |
| Cash Equivalents | 2.8              | 0.0          | 0.0                    |

## TOP HOLDINGS

| <i>Company</i>                            | <i>Sector</i>          | <i>%</i>    |
|---|------------------------|-------------|
| Microsoft Corp                            | Information Technology | 6.4         |
| Alphabet Inc                              | Communication Services | 4.2         |
| Apple Inc                                 | Information Technology | 4.2         |
| Meta Platforms Inc                        | Communication Services | 4.0         |
| Abbott Laboratories                       | Health Care            | 3.4         |
| Johnson & Johnson                         | Health Care            | 3.3         |
| SAP SE                                    | Information Technology | 3.0         |
| Oracle Corp                               | Information Technology | 2.9         |
| Taiwan Semiconductor Manufacturing Co Ltd | Information Technology | 2.9         |
| UnitedHealth Group Inc                    | Health Care            | 2.9         |
| <b>Total</b>                              |                        | <b>37.2</b> |

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## IMPORTANT INFORMATION

**This is a marketing communication and a financial promotion. This is not a contractually binding document. An investor should consider all of the Fund's characteristics including the investment objectives, risks, charges and expenses before investing. This and other important information can be found in the Fund's prospectus and the KIID/PRIIPs KID. To obtain a prospectus and the KIID/PRIIPs KID please visit [www.gmo.com](http://www.gmo.com). Read the prospectus and the KIID/PRIIPs KID carefully before investing and do not base any final investment decision on this communication alone.**

**Index(es):** The MSCI World Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed markets. MSCI data may not be reproduced or used for any other purpose. MSCI provides no warranties, has not prepared or approved this report, and has no liability hereunder. The S&P 500 (Net) Index is an independently maintained and widely published index comprised of U.S. large capitalization stocks. The return reflects the dividend reinvestment after the deduction of withholding tax. 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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Investors and potential investors can also obtain the prospectus and key investor information, and a summary of investor rights and information on access to collective redress mechanisms, in English and local languages where the Fund is registered, at the following website:

<https://www.gmo.com/europe/product-index-page/equities/quality-strategy/quality-investment-fund---dqf/>

Please note that the management company of the Fund may decide to terminate the arrangements made for the marketing of the Fund in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPs KID, available at: <https://www.gmo.com/europe/product-index-page/equities/quality-strategy/quality-investment-fund---dqf/>

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## GLOSSARY

**Country Exposures:** Based on equity holdings. **Region Exposures:** Based on equity holdings.

**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 funds in which the asset allocation funds invest and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities.

## 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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