

QUARTERLY INVESTMENT REVIEW

International Quality ETF

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
NAV	0.05	12.34	-	-	-	-	2.88
MSCI World ex USA	5.33	25.34	-	-	-	-	20.37
Market Price	-0.25	12.35	-	-		-	2.81
MSCI World ex USA	5.33	25.34	-	-		-	20.37

NAV Inception Date: 28-Oct-24

Market Price Inception Date: 28-Oct-24

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. Exchange Traded Funds (ETFs) are bought and sold through exchange trading at market price (not NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. 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 International Quality portfolio underperformed the MSCI World ex-U.S. benchmark for the quarter.

The portfolio invests in a very different portfolio to the broader markets. The portfolio exposure is focused on a handful of competitively advantaged businesses that we believe can parlay a strong return on capital on their underlying business and disciplined capital allocation into market-beating fundamental returns over time. We keep an eye on valuation but recognize that in the long-term, fundamental returns are the prize. This approach has led to a portfolio dominated by Consumer, Health Care, Technology, and Industrial companies.

Over 2025 so far, the fundamental expected return of the underlying businesses has tracked ahead of the MSCI World ex-U.S. benchmark as we would hope. However, the total return has lagged behind the benchmark as international investors bid up other parts of the market, especially in financials, where European and Japanese banks have had a stellar quarter, but also evident in autos, generating double-digit returns, and mining companies, where returns were even higher. We historically found few high-quality companies in these highly cyclical and often debt-laden sectors.

Health Care stocks have been in the doldrums in part due to the Trump administration's designs to reset the relationship between the U.S. and its trading partners. Although the temperature of the dialogue has been heated at times, we expect the industry to be able to accommodate U.S. demands with relatively little pain for the companies themselves as demand for these drugs appears price inelastic (buyers, especially in Europe, may have to deal with price rises down the road). This dynamic is especially relevant for Novo Nordisk, which also must get past some homegrown issues, including changes in management and board competition. Ultimately, we need those changes to help right the ship and Novo will remain a very close second in a price inelastic and growing market.

The portfolio's consumer names have also been out of favor, especially in alcoholic beverages, as markets fret over whether the current downturn in revenues is cyclical or structural in nature. Although there are several well-rehearsed arguments on the structural side, they have generally been in place for many years, while the current malaise has more recent origins. The portfolio's beverage positions trade at very undemanding multiples and should benefit markedly should normal service resume here.

At the time of writing in the third week of October, the portfolio had delivered stronger absolute returns than the S&P 500, which is itself well into double digits. The launch thesis behind the International Quality portfolio was partly that the U.S. markets had become dangerously concentrated. That remains true today, and we find it particularly interesting that the portfolio has been able to nudge ahead of the U.S. markets while holding a very different set of exposures. Many of the world's leading businesses are domiciled outside of the USA, and have limited exposure to the great AI theme driving U.S. markets higher. Should AI and the Magnificent 7 suffer a setback, we would expect the International Quality portfolio represent a usefully diversifying opportunity, without compromising too much on anticipated fundamental returns.

Portfolio weights, as a percentage of equity, for the securities mentioned are as follows: Novo Nordisk (3.0%).

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) Non-U.S. Investment Risk: the market prices of many non-U.S. securities (particularly of companies tied economically to emerging countries) fluctuate more than those of U.S. securities. Many non-U.S. markets (particularly emerging markets) are less stable, smaller, less liquid, and less regulated than U.S. markets, and the cost of trading in those markets often is higher than it is in U.S. markets. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** Exchange Traded Funds (ETFs) are bought and sold through exchange trading at market price (not NAV), and are not individually redeemed from the fund. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. The GMO ETFs are distributed in the United States by Foreside Fund Services LLC. GMO and Foreside Fund Services LLC are not affiliated. **Total Annual Fund Operating Expenses: 0.60% Expense Ratio is equal to the Fund's Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated October 28, 2024.**

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PRODUCT OVERVIEW

The GMO International Quality ETF seeks to generate total return by investing primarily in non-U.S. 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 GMO International Quality ETF's disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of non-U.S. companies and aims to exploit a long-term investment horizon while withstanding short-term volatility in an actively managed ETF format.

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 MSCI World ex-USA Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed markets, excluding the United States. 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.

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