

USONIAN JAPAN VALUE STRATEGY

Quarterly Investment Review

PRELIMINARY ANNUALIZED RETURNS (JPY, %) (QUARTER-END)

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Usonian Japan Value Strategy (net)	3.96	3.96	38.25	26.59	16.82	12.55	13.29
Usonian Japan Value Strategy (gross)	4.05	4.05	38.76	27.12	17.52	13.46	14.29
Tokyo Stock Price Index (TR, Local)	3.48	3.48	34.17	22.83	14.69	12.22	12.41
Value Add	+0.48	+0.48	+4.08	+3.76	+2.13	+0.33	+0.88

MAJOR PERFORMANCE DRIVERS

Japan's equity market entered 2026 following the historic rally of 2025, trading at elevated levels as structural positives increasingly competed with short-term macro uncertainty. The year began on solid footing, supported by a weak yen, resilient corporate earnings, and expectations for continued wage growth underpinning domestic demand. As the quarter progressed, however, volatility increased amid rising oil prices, supply chain concerns, and general uncertainty following the military action in Iran by U.S. and Israeli forces.

Despite near-term volatility, we continue to view the backdrop for Japanese equities as constructive. Ongoing corporate governance reforms, sustained focus on capital efficiency, and improving shareholder returns remain important medium- to long-term supports. The portfolio remains oriented toward cash-generative companies with improving governance and conservative balance sheets, where engagement and identifiable company-specific catalysts provide clear paths to value creation without relying on any particular macro outcome.

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: 31-Jul-11

***Preliminary Performance: Final performance numbers are generally available on GMO's website within fifteen business days after month end. Investors should not rely on preliminary numbers to make investment decisions.**

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.** Data presented prior to August 1, 2017, was generated by the Japan Value Strategy manager, Drew Edwards, and his team while employed at Advisory Research, Inc. In August 2017, Usonian Investments LLC began operations, and Mr. Edwards continued his management of the Strategy with Usonian. On August 7, 2020, Usonian Investments LLC was acquired by GMO and GMO became the investment adviser to the Japan Value Strategy. Following the acquisition, Mr. Edwards continues to manage the Strategy as an employee of GMO using the same investment process. Performance shown here reflects the performance of other investment firms unaffiliated with GMO at which the accounts were managed. Performance results from prior firms have been linked to the results achieved at GMO beginning on August 7, 2020. GMO did not calculate the performance data prior to the acquisition but believes such data to be accurate. 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.

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MAJOR PERFORMANCE DRIVERS CONT..

Q1 PERFORMANCE REVIEW & POSITIONING

During the first quarter, the portfolio outperformed the benchmark. Value stocks outperformed the index by approximately 3.1%, and small-cap stocks outperformed by 2.2% in yen terms, creating a generally favorable style backdrop for the strategy, although commodity-driven market dynamics proved to be a headwind. Stock selection contributed positively in Industrials, while Health Care and Financials detracted.

Performance was notably bifurcated within the quarter. Through February, the portfolio outperformed the TOPIX by approximately 2% year to date, supported by strong earnings momentum and continued progress through engagement. In March, however, the Iran conflict and the associated surge in oil prices led to heightened volatility. Stocks that had performed well earlier in the year, as well as companies perceived as sensitive to higher energy costs, came under pressure. As a result, the strategy underperformed the market during March and finished the quarter ahead of the TOPIX index.

The shift in relative performance during March was largely driven by sharp increases in commodity prices. As a matter of investment discipline, Usonian does not seek to predict commodity cycles and generally avoids commodity-driven businesses, reflecting our view that even sound investment theses can be undermined by unfavorable commodity price movements. While this approach helps limit long-term volatility and dependence on commodity forecasts, it can create short-term headwinds during periods of rapid commodity price appreciation. At the same time, many portfolio companies are users of commodities as production inputs, and periods of acute price increases have historically moderated as companies implement pricing actions, hedging strategies, or operational adjustments, an outcome we believe remains likely in the current environment.

During the quarter, we initiated positions in two companies and exited eight, continuing to refine the portfolio while remaining disciplined on valuation and balance sheet quality.

We continue to approach each holding as engaged stewards, pursuing long-term dialogue to support shareholder-aligned change, while concentrating capital in high-quality businesses purchased at attractive valuations.

Please refer to our full Quarterly Letter, available from your GMO relationship manager. While our investment process is firmly bottom-up, monitoring macroeconomic, business, and regulatory developments remains an important input into effective portfolio management.

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PRODUCT OVERVIEW

The Strategy seeks long term capital appreciation over a full market cycle 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 Japanese equities. Additionally, the Strategy focuses on protecting capital in down markets and strives to have lower total volatility compared to the Index.

In managing the Strategy, GMO’s Usonian Japan Equity team follows a disciplined, bottom-up approach using fundamental research to identify Japanese 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

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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*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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