

GMO U.S. QUALITY ETF

Quarterly Investment Review

ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
NAV	-5.64	-5.64	16.86	-	-	-	17.79
S&P 500	-4.33	-4.33	17.80	-	-	-	19.51
Market Price	-5.77	-5.77	16.67	-	-	-	17.22
S&P 500	-4.33	-4.33	17.80	-	-	-	18.58

NAV Inception Date: 13-Nov-23

Market Price Inception Date: 14-Nov-23

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

Equity markets were weak in the first quarter, with the S&P 500 falling 4.3%. The U.S. Quality portfolio lagged the broader markets for the quarter.

Two themes have significantly influenced equity markets this year. The first is the reality of a more muscular U.S. foreign policy stance, as evidenced by operations in Venezuela and Iran, increasing geopolitical and economic tail risk. The second is rising concern over AI's potential to disrupt existing businesses and ongoing concerns about Capex flows within the AI ecosystem.

Energy stocks were the standout beneficiaries of the first, the gyration in geopolitics, echoing the move in the oil price and beating the broader markets by an extraordinary 40 points over the quarter.

Other asset-heavy businesses thrived during the quarter as well. The Iran war, the HALO trade (Heavy Asset, Low Obsolescence), and expectations earlier in the quarter for strong cyclical growth in 2026 all contributed to that market leadership, while the asset-light characteristics that typically define our investment universe were out of favor.

The second concern led to a splintering within the AI trade, with semiconductor supply-chain companies performing well while hyperscalers and software-related businesses came under pressure.

Continued policy risk around managed care, concerns tied to private credit, and weakness in luxury and travel after the war in Iran added to the quarter's crosscurrents.

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:** 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: 0.50%; Expense Ratio is equal to the Fund's Total Annual Operating Expenses set forth in the Fund's most recent prospectus dated 28 October 2025.**

GMO U.S. QUALITY ETF

Quarterly Investment Review

MAJOR PERFORMANCE DRIVERS CONT..

Key Contributors and Detractors

Within that environment, our semiconductor supply-chain holdings performed well, as Lam Research, KLA, and Texas Instruments benefited from AI-related demand growth and were among our most important contributors. Johnson & Johnson also contributed meaningfully and stood out within a healthcare backdrop that was otherwise mixed across our holdings. Financials helped relative results, as our underweight position and focus on companies with less vulnerability to credit risk proved beneficial amid concerns tied to AI exposure and private credit.

On the other hand, our largest headwind came from our lack of exposure to asset-heavy sectors, most notably Energy, with additional drag from Materials, Utilities, and Real Estate. Managed care holdings detracted as policy risk persisted and the 2027 Medicare advance rate notice weighed on the group. Software and software-like companies were another meaningful source of weakness as AI disruption fears rose, and that pressure was especially evident in Salesforce, Accenture, and Microsoft. Thermo Fisher also detracted, adding to the pressure within healthcare beyond managed care. Weakness in hyperscalers compounded the broader challenge across areas of the market that are usually central to our opportunity set.

Positioning

We were relatively active during the first quarter, with several purchases and sales as volatility created more opportunities to adjust the portfolio. We initiated positions in Mastercard, Synopsys, and Netflix, and added to Microsoft. We also topped up our basket of software holdings affected by AI disruption concerns, including Salesforce and Accenture. We think this basket will be much more resilient to disruption than many expect, and we were able to add at very undemanding valuations. Alongside those changes, we added to Broadcom and viewed both it and Synopsys primarily as AI beneficiaries, even though they also sit close to software. These purchases expanded our exposure across software, payments, data, and selected AI-linked businesses during the quarter.

Elsewhere, we took profit on semiconductor winners by trimming Lam Research. In managed care, we rebalanced from Elevance to Cigna based on a more cautious stance toward government-run insurance programs and a different view of management changes at the two companies. We also liquidated Wells Fargo after a period of relatively strong performance and because of the risk that private credit concerns could affect the stock price of major banks.

Outlook

A continued shutdown of the Strait of Hormuz could conceivably lead to a broader economic downturn and potentially a stagflationary environment that could benefit Quality in relative terms. Conversely, an easing of tensions would favor the sectors we do not currently own and that have recently outperformed. Within AI, we believe the market has sold off too broadly across companies where an AI disruption narrative can be constructed. We also believe the divergence between hyperscalers and semiconductors is overdone, since the same macro drivers support both categories.

Portfolio weights as a percentage of equity for the securities mentioned are as follow: Lam Research (4.4%), KLA (3.5%), Texas Instruments (3.2%), Johnson & Johnson (5.3%), Salesforce (2.9%), Accenture (2.8%), Microsoft (6.3%), Thermo Fisher (3.4%), Mastercard (1.3%), Synopsys (1.0%), Netflix (1.1%), Broadcom (4.2%), Elevance (1.5%), Cigna (1.8%), Wells Fargo (0%).

GMO U.S. QUALITY ETF

Quarterly Investment Review

PRODUCT OVERVIEW

The GMO U.S. Quality ETF seeks to generate total return by investing in 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 U.S. Quality ETF's disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of U.S.-domiciled 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 S&P 500 Index is an independently maintained and widely published index comprised of U.S. large capitalization stocks. 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.

The GMO ETFs are distributed in the United States by Foreside Fund Services LLC. GMO and Foreside Fund Services LLC are not affiliated.

GMO | PARTNERS IN INVESTING

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.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO*

SINGAPORE

SYDNEY

TOKYO**

*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

**Representative Office

www.GMO.com