

WORLD MARKET NEUTRAL STRATEGY

Quarterly Investment Review

PRODUCT OVERVIEW

The GMO World Market Neutral Strategy seeks total return by maintaining long exposure to stocks that we consider attractive and short exposure to stocks that we consider unattractive. The Strategy uses a combination of proprietary stock selection models such as Valuation, Quality, and Momentum to determine the attractiveness of each individual stock. The eligible universe for both the long and short side consists of developed market equities. It is expected that the Strategy will have a low correlation to traditional risk assets, and we would not expect there to be significant net exposures to any country, sector, or industry group.

MAJOR PERFORMANCE DRIVERS

Global equity markets continued to deliver positive absolute returns across regions amid enthusiasm for AI infrastructure and strong outperformance from the Information Technology sector. This market strength persisted despite ongoing disruptions in the trade of energy, commodities, and other critical products from the Middle East. In this environment, the Energy sector underperformed after having rallied in March amid the Iran conflict.

In the second quarter, stocks with good momentum outperformed, but so did expensive stocks and stocks identified as potential value traps by our Alerts signals. There was also a divergence in our Value model performance, with the Price-to-Fair-Value model outperforming our Quality-Boosted Value model over the period, reflecting a quality headwind. In this environment, the portfolio underperformed.

The AI theme was evident with both the top contributors and the top detractors concentrated in Technology Hardware and Semiconductor names. Long positions in Dell, Infineon Technologies, and Lam Research were among the top contributors. On the flip side, shorts in Kioxia Holdings, Marvell Technology, Intel Corporation, Seagate Technology, and Western Digital Corporation were among the biggest detractors. The net impact was that the Information Technology sector was the biggest detractor in the quarter.

While Information Technology dominated performance, areas of value added included long and short stock selection in Financials, and short stock selection in Consumer Discretionary and Industrials.

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

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
World Market Neutral Strategy (net)	-3.23	5.33	10.40	-	-	-	10.40
World Market Neutral Strategy (gross)	-2.87	6.11	12.06	-	-	-	12.06
FTSE 3-Mo. T-Bill	0.93	1.87	4.05	-	-	-	4.05
Value Add	-4.16	+3.46	+6.34	-	-	-	+6.34

RISKS

Risks associated with investing in the Strategy may include: (1) Accelerated Transaction Risk: for a Fund to take advantage of certain available investment opportunities, GMO may need to make investment decisions on an expedited basis. In such cases, the information available to GMO at the time of an investment decision may be limited. GMO may not, therefore, have access; (2) Adjustable-Rate Securities Risk: Although the rate adjustment feature may act as a buffer to reduce sharp changes in the market value of adjustable rate securities, changes in market interest rates or changes in the issuer's creditworthiness may still affect their market value; and (3) Asset-Backed and Related Securities Risk: Asset-backed securities are exposed to greater risk of severe credit downgrades, illiquidity, and defaults than many other types of fixed income investments. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 30-Jun-25

***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 indicative of future results.** 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 does not yet have a GIPS-compliant report for this composite since it has not managed accounts in this strategy for a full year.**

IMPORTANT INFORMATION

Benchmark(s): The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

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

**Representative Office

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