QUALITY SPECTRUM

OVERVIEW

GMO's Focused Equity team believes that high quality companies have a sustainable competitive advantage that allows them to be excessively profitable for many years into the future, while low quality "junk" companies lack sustainable competitive advantages and generally have risky business models. The GMO Quality Spectrum Strategy contains a concentrated long book of high quality companies and levers the long portfolio by shorting a diverse portfolio of "junk" companies, with an emphasis on valuation. The Strategy expects to generate equity-like returns over time, with the long quality/short junk element designed to provide a bulwark against market drawdowns.

FACTS

Strategy Inception	31-Oct-19
Composite Inception	30-Nov-19
Total Assets	$381mm USD
Index	50% ACWI 50% 3Mo TBill Blend
Alternate Index	MSCI ACWI

PRELIMINARY* CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

	MTD	QTD	YTD	2025	2024	2023	2022	2021
Composite	7.87	7.87	16.06	15.72	22.34	25.34	-1.69	42.43
Index	-0.65	-0.65	7.37	13.14	11.42	13.75	-8.46	9.04
Alternate Index	-1.64	-1.64	11.18	22.34	17.49	22.20	-18.36	18.54

RISK PROFILE (PRELIMINARY 5-YEAR TRAILING)

Alpha (Jensen's)	9.35
Sharpe Ratio	0.82
Standard Deviation	16.68
Max Port. Drawdown (31-Dec-21 - 30-Sep-22)	-15.19

PRELIMINARY* ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

	1 Year	3 Years	5 Years	10 Years	ITD
Composite	25.30	19.08	17.66	-	16.45
Index	8.28	13.35	7.27	-	8.03
Alternate Index	12.33	22.30	10.10	-	12.61

PORTFOLIO MANAGEMENT



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



Lucas White, CFA
Joined GMO in 2006
BA, Duke University

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) Short Investment Exposure Risk: a Fund will incur a loss as a result of a short sale if the price of the security, currency or other instrument increases between the date of the short sale and the date on which the Fund replaces the borrowed security, currency or other instrument. Conversely, the Fund will realize a gain if the price of the security, currency or other instrument declines between those dates. The amount of any gain will be decreased, and the amount of any loss increased, by the amount of the premium, dividends or interest the Fund may be required to pay in connection with a short sale. Short selling exposes a Fund to unlimited risk with respect to that security, currency or other instrument due to the lack of an upper limit on the price to which an investment can rise; 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.

***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:** 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. **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.** 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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CHARACTERISTICS

	Long	Short	Index
Price/Earnings - Forecast 1 Yr Wtd Mdn	21.6x	33.4x	18.2x
Return on Equity - Forecast 1 Yr Wtd Mdn	27.5%	9.6%	22.9%
% Neg Earnings	0.0%	39.5%	2.6%
Price/Book - Hist 1 Yr Wtd Avg	6.2x	2.7x	3.7x
Dividend Yield - Hist 1 Yr Wtd Avg	1.1%	1.0%	1.6%
Free Cash Flow Yield - Hist 1 Yr Wtd Avg	3.4%	-1.7%	3.3%
Market Cap - Wtd Mdn Bil	328.3 USD	21.9 USD	185.0 USD
Number of Equity Holdings	50	296	2237
% Long/Short	155.7%	56.7%	N/A
Net Debt/EBITDA - Hist 1 Yr Wtd Mdn	0.4x	3.1x	0.3x

SECTORS (%)

Sector	Long	Short
Communication Services	16.7	-3.4
Consumer Discretionary	15.4	-3.1
Consumer Staples	10.2	-0.2
Energy	0.0	-1.4
Financials	12.6	-13.0
Health Care	37.6	-4.4
Industrials	7.5	-6.6
Information Technology	54.0	-12.9
Materials	1.7	-3.6
Real Estate	0.0	-6.2
Utilities	0.0	-1.9

MARKET CAP BAND EXPOSURES ($B)

	Long	Short
Small (5.6 & Below)	0.0	-7.5
Small - Medium (5.6 To 20.6)	5.1	-19.5
Medium (20.6 To 52.7)	10.2	-12.9
Medium - Large (52.7 To 155.0)	27.5	-12.4
Large (155.0 & Above)	112.9	-4.4

TOP HOLDINGS

Company	Country	Sector	%
Microsoft Corp	United States	Information Technology	12.1
Thermo Fisher Scientific Inc	United States	Health Care	7.2
Alphabet Inc	United States	Communication Services	6.8
Johnson & Johnson	United States	Health Care	6.7
Taiwan Semiconductor Manufacturing Co Ltd	Taiwan	Information Technology	6.6
Meta Platforms Inc	United States	Communication Services	6.4
Amazon.com Inc	United States	Consumer Discretionary	5.8
Apple Inc	United States	Information Technology	4.9
Texas Instruments Inc	United States	Information Technology	4.9
Lam Research Corp	United States	Information Technology	4.7
Total			**66.1**

TOP COUNTRIES (%)

Country	Long	Short
United States	127.7	-43.6
United Kingdom	8.7	-0.6
Taiwan	6.6	-0.7
France	5.8	-0.3
Germany	4.0	-0.1
Canada	1.6	-0.3
Spain	1.3	-0.4

REGIONS (%)

Region	Long	Short
United States	127.7	43.6
Europe	19.8	2.4
Rest of World	8.2	10.8

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IMPORTANT INFORMATION

Index(es): The MSCI ACWI (All Country World) Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed and emerging 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. Please visit https://www.gmo.com/americas/benchmark-disclaimers/ to review the complete benchmark disclaimer notice.

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.

GLOSSARY

Risk Statistics: Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. 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. Drawdown is based on the portfolio's worst performance over the period based on monthly observations.
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 portfolios in which the asset allocation strategy invests and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities. 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. This portfolio continues to hold de minimis Russian exposure as a result of past positioning and ongoing illiquidity. GMO has suspended net new purchases of Russian securities firm-wide.
Please refer to https://www.gmo.com/americas/glossary-of-terms/ for additional portfolio characteristic definitions.

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