

QUALITY

OVERVIEW

The GMO Quality Strategy seeks to generate total return by investing primarily in 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 Strategy's disciplined approach uses both quantitative and fundamental techniques to assess the relative quality and valuation of global companies and aims to exploit a long-term investment horizon while withstanding short-term volatility.

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2023</i>	<i>2022</i>	<i>2021</i>	<i>2020</i>	<i>2019</i>
Composite	1.65	5.81	21.53	29.76	-15.46	25.85	18.52	31.52
Index	2.14	5.89	22.08	26.29	-18.11	28.71	18.40	31.49
Alternate Index	1.83	6.36	18.86	23.79	-18.14	21.82	15.90	27.67

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

	<i>1 Year</i>	<i>3 Years</i>	<i>5 Years</i>	<i>10 Years</i>	<i>ITD</i>
Composite	35.80	13.20	16.99	14.73	10.51
Index	36.35	11.91	15.97	13.38	10.30
Alternate Index	32.43	9.08	13.04	10.07	8.29

FACTS

Strategy Inception	06-Feb-04
Composite Inception	29-Feb-04
Total Assets	\$27.0bn USD
Index	S&P 500
Alternate Index	MSCI World

RISK PROFILE (5-YEAR TRAILING)

Alpha (Jensen's)	2.45
Beta	0.89
R Squared	0.95
Sharpe Ratio	0.89
Standard Deviation	16.44

PORTFOLIO MANAGEMENT



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



Ty Cobb, CFA
Joined GMO in 1997
MS, Suffolk University



Anthony Hene, CFA
Joined GMO in 1995
MS, University of Oxford

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. (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 risks and others, please consult the Fund's offering documents. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information. **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 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. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®). A Global Investment Performance Standards (GIPS®) Composite Report is available on 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 not managed relative to a benchmark. References to an index are for informational purposes only.**

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CHARACTERISTICS

	<i>Portfolio</i>	<i>Index</i>	<i>Alternate Index</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	24.4x	25.7x	23.4x
Return on Equity - Forecast 1 Yr Wtd Mdn	27.0%	27.0%	21.4%
Dividend Yield - Hist 1 Yr Wtd Avg	1.4%	1.3%	1.7%
Free Cash Flow Yield - Hist 1 Yr Wtd Avg	3.1%	2.9%	3.5%
Market Cap - Wtd Mdn Bil	238.2 USD	257.8 USD	132.5 USD
Number of Equity Holdings	43	497	1386
Net Debt/EBITDA - Hist 1 Yr Wtd Mdn	0.3x	0.3x	0.6x

MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Index</i>	<i>Alternate Index</i>
Small (5.8 & Below)	0.0	0.1	1.0
Small - Medium (5.8 To 17.2)	0.4	2.6	7.8
Medium (17.2 To 43.9)	7.1	11.0	15.5
Medium - Large (43.9 To 120.9)	17.9	19.9	24.0
Large (120.9 & Above)	74.6	66.4	51.7

TOP COUNTRIES (%)

<i>Country</i>	<i>Portfolio</i>	<i>Index</i>	<i>Alternate Index</i>
United States	76.4	100.0	71.8
United Kingdom	7.4	0.0	3.7
France	4.5	0.0	2.9
Germany	3.3	0.0	2.3
Taiwan	3.0	0.0	0.0
Switzerland	2.7	0.0	2.5
Cash	1.1	0.0	0.0
Netherlands	1.1	0.0	1.2
Spain	0.7	0.0	0.7
Australia	0.0	0.0	1.9

REGIONS (%)

<i>Region</i>	<i>Portfolio</i>	<i>Index</i>	<i>Alternate Index</i>
United States	76.4	100.0	71.8
Europe	19.5	0.0	16.4
Rest of World	3.0	0.0	11.7
Cash Equivalents	1.1	0.0	0.0

SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Index</i>	<i>Alternate Index</i>
Communication Services	8.5	8.9	7.6
Consumer Discretionary	10.5	10.1	10.3
Consumer Staples	11.1	5.9	6.5
Energy	0.0	3.3	3.9
Financials	6.8	12.9	15.4
Health Care	24.2	11.6	11.7
Industrials	5.0	8.5	11.1
Information Technology	33.9	31.7	24.8
Materials	0.0	2.2	3.8
Real Estate	0.0	2.3	2.3
Utilities	0.0	2.5	2.7

TOP HOLDINGS

<i>Company</i>	<i>Sector</i>	<i>%</i>
Microsoft Corp	Information Technology	6.1
Apple Inc	Information Technology	5.2
Meta Platforms Inc	Communication Services	4.3
Alphabet Inc	Communication Services	4.1
Oracle Corp	Information Technology	3.6
UnitedHealth Group Inc	Health Care	3.5
Johnson & Johnson	Health Care	3.4
Texas Instruments Inc	Information Technology	3.1
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	3.0
Elevance Health Inc	Health Care	3.0
Total		39.3

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IMPORTANT INFORMATION

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 MSCI World Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of global developed 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.

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.

GLOSSARY

Risk Statistics: Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. 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.

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.

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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