

## QUALITY

## OVERVIEW

The GMO Quality Trust 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 Trust'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 (AUD, NET OF FEES, %)

	MTD	QTD	YTD	2023	2022	2021	2020
Portfolio	2.76	2.76	22.54	28.55	-8.48	32.55	6.57
Benchmark	3.81	3.81	21.37	23.03	-12.24	29.29	6.83

## ANNUALIZED TOTAL RETURNS (AUD, NET OF FEES, %)

	1 Year	3 Years	5 Years	10 Years	ITD
Portfolio	27.60	15.16	-	-	18.94
Benchmark	29.22	11.35	-	-	15.56

## FACTS

APIR Code	GMO1447AU
ISIN	AU60GMO14472
Inception	23-Sep-20
Total Assets	\$350mm AUD
Management Fee	0.607% p.a.
Buy/Sell Spread	0.05%
Pricing Frequency	Daily
Distribution Frequency	Quarterly
Liquidity	Daily
Benchmark	MSCI World

## RISK PROFILE (SINCE INCEPTION 30-SEP-20)

Alpha (Jensen's)	3.61
Beta	0.98
R Squared	0.88
Sharpe Ratio	1.40
Standard Deviation	11.83

## FUND RATINGS

Lonsec Rating	Highly Recommended
Zenith Rating	Recommended

## 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 Trust 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 Trusts Product Disclosure Statement.

**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](http://www.gmo.com). **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.** Net returns are presented after the deduction of management fees and incentive fees 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. The inception date of the fund is 23 September 2020. The inception date of the performance data above is 24 September 2020, the first full day that the GMO Quality Trust was fully invested. Performance data using an inception date of 23 September 2020 would produce a different outcome and compare fund performance over a period different to that reflected in the benchmark performance. The GMO Quality Trust ARSN 643 940 872 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656. Buy/Sell Spread: Entry/ Exit Transaction Cost Allowance. Distribution Frequency: Distributions are assessed on a quarterly basis. Management Fees: Inclusive of GST and net of any applicable Input Tax Credits and/or Reduced Input Tax Credits.

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## CHARACTERISTICS

	<i>Portfolio</i>	<i>Benchmark</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	23.1x	22.9x
Return on Equity - Forecast 1 Yr Wtd Mdn	27.1%	21.5%
Market Cap - Wtd Mdn Bil	371.8 AUD	205.3 AUD
Number of Equity Holdings	43	1385
Net Debt/EBITDA - Hist 1 Yr Wtd Mdn	0.3x	0.5x

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Benchmark</i>
Communication Services	8.8	7.8
Consumer Discretionary	10.6	10.2
Consumer Staples	10.6	6.3
Energy	0.0	4.0
Financials	7.6	15.8
Health Care	23.6	11.4
Industrials	4.8	11.0
Information Technology	34.0	25.0
Materials	0.0	3.6
Real Estate	0.0	2.3
Utilities	0.0	2.7

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Benchmark</i>
Small (5.5 & Below)	0.0	1.0
Small - Medium (5.5 To 16.4)	0.3	7.5
Medium (16.4 To 43.4)	7.4	15.3
Medium - Large (43.4 To 119.4)	17.3	24.0
Large (119.4 & Above)	75.0	52.2

## TOP COUNTRIES (%)

<i>Country</i>	<i>Portfolio</i>	<i>Benchmark</i>
United States	76.9	72.7
United Kingdom	7.6	3.6
France	4.4	2.7
Germany	3.4	2.2
Taiwan	3.3	0.0
Switzerland	2.6	2.4
Netherlands	0.9	1.1
Spain	0.7	0.7
Cash	0.1	0.0
Australia	0.0	1.8

## REGIONS (%)

<i>Region</i>	<i>Portfolio</i>	<i>Benchmark</i>
United States	76.9	72.7
Europe	19.6	15.8
Rest of World	3.3	11.5
Cash Equivalents	0.1	0.0

## TOP HOLDINGS

<i>Company</i>	<i>Sector</i>	<i>%</i>
Microsoft Corp	Information Technology	5.9
Apple Inc	Information Technology	5.2
Meta Platforms Inc	Communication Services	4.4
Alphabet Inc	Communication Services	4.4
Oracle Corp	Information Technology	3.6
UnitedHealth Group Inc	Health Care	3.5
Johnson & Johnson	Health Care	3.5
Taiwan Semiconductor Manufacturing Co Ltd	Information Technology	3.3
Abbott Laboratories	Health Care	3.2
Visa Inc	Financials	3.1
<b>Total</b>		<b>40.1</b>

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## IMPORTANT INFORMATION

**Benchmark(s):** 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.

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## 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 funds in which the asset allocation funds invest and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities.

## LONSEC INVESTMENT RATING

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## ZENITH INVESTMENT RATING

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## 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.

AMSTERDAM

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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

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