QUARTERLY INVESTMENT REVIEW

Climate Change Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Climate Change Strategy (net)	15.07	3.33	-9.64	-7.78	2.53	-	3.48
Climate Change Strategy (gross)	15.31	3.76	-8.89	-7.02	3.36	-	4.31
MSCI ACWI	11.53	10.05	16.17	17.34	13.65	-	10.90
Value Add	+3.54	-6.72	-25.81	-25.12	-11.12	-	-7.42

MAJOR PERFORMANCE DRIVERS

The second quarter held no shortage of drama. It was really four seasons in one day as the quarter shrugged off a "liberation day"/tariff bear market, then potential spreading of conflict in the Middle East, and moved into a risk-on rally. Commodity markets also oscillated wildly on geopolitics and tariffs, copper and uranium both rising while oil ended slightly down. In addition, the climate sector dealt with "will they, won't they" volatility created by the passage of President Trump's landmark piece of legislation – the One Big Beautiful Bill Act (OBBBA). Many initially feared the bill would mean a full unwind of the Biden Administration's Inflation Reduction Act (IRA) and repriced companies in the sector accordingly. Yet as we have pointed out previously, including in this paper The Future of the Inflation Reduction Act[1] and on lead portfolio manager Lucas White's last webcast, there was upside risk that few in the long-only asset management community were positioned for. Specifically, if the worst-case scenario did not come to pass and some level of federal funding remained in place, we could see many names re-rate.Against this backdrop, the Climate Change portfolio was up, outperforming the MSCI ACWI Index by a significant margin.

RISKS

Risks associated with investing in the Strategy may include: (1) 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; (2) 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; and (3) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

Composite Inception Date: 30-Apr-17

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 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. 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 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.

MAJOR PERFORMANCE DRIVERS CONT.

This result was strong enough that it warrants a different type of commentary this quarter. Below are three key reasons why we believe now is the time to stay invested in the Climate Change portfolio.

– Momentum is building: Our companies generally reported strong results over the quarter. From our top 15 positions, the majority reported both revenue and earnings beats and were rewarded by significant outperformance. Our Clean Energy segment was up around 16% for the quarter, underscoring the improving fundamentals of the higher quality companies.

– Policy headwinds are easing. With the uncertainty around the OBBBA largely behind us, investor sentiment is beginning to improve. Safe harboring provisions seem better for solar and wind projects than feared, although still a little murky due to a subsequent executive order. This is broadly positive for our solar inverter names (SolarEdge, Enphase), including our utility scale solar names (NEXTracker, Array), residential solar installer SunRun, thin film solar panel manufacturer First Solar, and our wind turbine producer (Vestas). Energy storage tax credits have not changed structure meaning there will be substantial federal support for the battery industry and potentially for solar + battery solutions. The bill also makes it harder for Chinese produced batteries to be sold in the U.S. and that may slightly benefit our Korean battery manufacturers (LG Chem, Samsung). Carbon capture, nuclear, geothermal, hydro and clean fuel provisions saw no material change or, if anything, an improvement under the bill, meaning there will continue to be a supportive tax credit environment. In addition to the implicit support from the new bill, the Biofuels portfolio also had one of its strongest quarters as two significant catalysts came to pass. First, the U.S. EPA is increasing its biomass-based biofuels demand by 67%, with a bias toward domestically produced biomass. Second, the California Air Resources Board (CARB) announced amendments to the Low Carbon Fuel Standards (LCFS) on July 1, 2025. The amendments require further decarbonization of transportation in California, either by using lower carbon intensity fuels like biofuels or through buying credits. This will create a tailwind for LCFS credit prices and that will significantly help biofuel margins.

– Valuations are attractive and returns don't hinge on a re-rating: Many of our companies are growing rapidly yet trade at historically attractive valuations — opportunities like this are rare. Importantly, expected free cash flow yields remain high (mid-teens to mid-twenties) even without multiple expansion. This includes mitigation and adaptation leaders such as lithium producer SQM, timber company Suzano, and biofuels producer Darling Ingredients.

Despite wavering federal support in the U.S., many states – and much of the world – remain committed to clean energy and decarbonization of economies. As growth continues in the climate change sector, we continue to believe this portfolio is well positioned to benefit. The Climate Change portfolio continues to trade at a historically sized discount to broader global equities, indicating substantial upside to come for patient capital.

[1]: The Future of the Inflation Reduction Act: https://www.gmo.com/americas/research-library/the-future-of-the-inflation-reduction-act_insights/

Portfolio weights, as a percent of equity, for the positions mentioned were: SolarEdge (4.2%), Enphase (0.9%), NEXTracker (1.4%), Array (2.7%), Sunrun (4.3%), LG Chem (4.3%), Samsung (1.7%), Suzano (1.5%), Darling Ingredients (5.1%), SQM (2.0%).

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Climate Change Strategy seeks to deliver high total return by investing primarily in equities of companies GMO believes are positioned to benefit, directly or indirectly, from efforts to curb or mitigate the long-term effects of global climate change, to address the environmental challenges presented by global climate change, or to help the world adapt to climate change through improved efficiency of resource consumption. The Strategy invests globally across the capitalization spectrum, which allows GMO to pursue attractive investment opportunities wherever they may be.

The Focused Equity team believes exceptional opportunities for long-term investors abound in a world mobilizing to address climate change, and profitability associated with efforts to mitigate and adapt to climate change is largely independent of the global economy. Climate change investors can benefit from this unique, diversifying source of return, historically available at attractive valuations given the secular tailwinds of change.

IMPORTANT INFORMATION

Comparator 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.

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