QUARTERLY INVESTMENT REVIEW

Climate Change Strategy

RETURNS (%) (LOCAL)

	Cumulative (%)		*Annualized (%)*				
	QTD	*YTD*	*1 Year*	*3 Years*	*5 Years*	*10 Years*	*ITD*
Net of Fees (Composite)	6.05	6.05	-8.83	28.12	10.22	–	11.98
Gross of Fees (Composite)	6.26	6.26	-8.10	29.15	11.11	–	12.88
MSCI ACWI	7.31	7.31	-7.44	15.37	6.94	–	8.05
Value Added (vs. MSCI ACWI)	-1.26	-1.26	-1.39	12.75	3.28	–	3.94

Major Performance Drivers

The first quarter of 2023 was a wild ride for most risk asset classes. A very bullish January left equity markets priced for disappointment and that was delivered in the form of U.S. regional bank collapses and the rescue of Credit Suisse via a merger with its Swiss rival, UBS. Reflecting the view that monetary policymakers would soften their tightening due to heightened recession risk outweighing inflation concerns, interest rate sensitive industries like technology had a strong quarter. In contrast, the specter of recession combined with an already higher rate environment led to greater scrutiny of heavily indebted companies and those parts of the market with a higher perceived beta to economic downside like commodity producers. Against this backdrop, the GMO Climate Change portfolio was up for the quarter although it underperformed the MSCI ACWI index by a small margin.

Clean Energy, roughly half of the portfolio by weight, was flat for the quarter and underperformed broader global equity markets. Within Clean Energy, there was significant performance dispersion with both the strongest individual contributor – Canadian Solar – and the two largest individual detractors – SunRun and Ameresco – a part of this group. The collapse of Silicon Valley Bank (SVB) sent contagion fears through the clean energy sector as SVB had some well publicized relationships (both depository and lending) with clean energy/tech companies, including SunRun. As SVB's crisis unfolded, markets put these companies under pressure as a second order effect, fearing these companies would face issues getting their deposits back or with having to refinance their lending.

Inception Date: 5-Apr-17

Risks: Risks associated with investing in the Strategy may include Focused Investment Risk, Market Risk - Equities, Management and Operational Risk, Non-U.S. Investment Risk, and Market Disruption and Geopolitical Risk.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 Returns: 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%. **A Global Investment Performance Standards (GIPS®) Composite Report is included in the Important Information section at the back of this presentation. 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.**

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Major Performance Drivers Cont.

Contagion risk appears contained given government intervention to backstop SVB's deposits and because the clean tech industry is no longer just a basket of venture capital backed startups. Many are mature, profitable companies that have been listed on public markets for decades. In the case of SunRun, it already held its deposits across a range of banks and SVB was not its primary lender. We hold a globally diversified portfolio with exposure to a range of clean energy companies. We continue to see a strong secular tailwind for the Clean Energy sector, both from a valuation and public policy perspective.

In contrast to Clean Energy performance and highlighting the benefits of diversification, our second largest segment, Energy Efficiency, and our Copper segment both had a strong quarter and were both up close to 17%. Within Energy Efficiency, our position in Renesas Electronics, a Japanese semiconductor company, was a notable driver. Within Copper, Grupo Mexico was the standout although the sector broadly continues to see a reversal of last year's trend and runs somewhat counter to broader recessionary concerns. We continue to see Copper as a key raw material required for the clean energy transition.

As the world makes the transition to clean energy and economies grapple with adapting to climate change, we believe this portfolio is well positioned to benefit.

Portfolio weights, as a percent of equity, for the positions mentioned were: Canadian Solar (3.8%), SunRun (6.0%), Ameresco (4.8%), Renesas Electronics (1.6%), and Grupo Mexico (2.2%).

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 improve the efficiency of resource consumption.

IMPORTANT INFORMATION

Benchmark(s): 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.