

QUARTERLY INVESTMENT REVIEW

Climate Change Investment Fund

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees Fund (GBP Class A)	-2.69	0.87	11.33	17.79	11.77	-	11.02
Gross of Fees Fund (GBP Class A)	-2.48	1.29	12.27	18.79	12.73	-	11.97
MSCI ACWI	3.26	7.80	11.31	9.95	8.92	-	8.99
Value Added (vs. MSCI ACWI)	-5.95	-6.93	0.02	7.84	2.85	-	2.03

Major Performance Drivers

The second quarter was about owning a handful of large cap tech names that the market expected to be the biggest beneficiaries of the "AI Everywhere" theme – Nvidia, Apple, Microsoft, Amazon. These companies fall outside the climate change universe, our carefully defined pond to fish from, as very little if any of their revenue is from dedicated mitigation or adaptation activities. Instead, we look for companies where the majority of revenue comes from mitigation or adaptation sources, like those involved in the provision, transmission, and storage of clean energy. As the AI-led tech rally continued, it drove up Growth stocks vs. Value and large caps vs. small. The S&P 500 went back into bull market territory. Our portfolio continues to be small to mid cap in nature and oriented toward Value, a reflection of where we see the best forward-looking opportunities as we consider the future of climate change. In fact, our climate change universe is also much smaller cap than the broader global market as it encompasses newer technologies, innovative firms, and emerging sectors. Against this backdrop, the GMO Climate Change portfolio was up for the quarter although it underperformed the MSCI ACWI index.

Looking across the segments, Clean Energy remains our largest holding by weight, even though it experienced a 2% decline during the quarter. This decline, however, represents a significant outperformance in comparison to global clean energy markets, while lagging behind broader global equities. Within the segment, Solar and Wind companies faced the biggest drawdowns – SunRun and SolarEdge were two of the biggest detractors – while Biofuel producers had a positive quarter. Two of the portfolio's biggest contributors – Darling Ingredients and Clean Energy Fuels – came from this group. Lithium producers, part of our battery metals portfolio, also had a strong quarter, up around 13%, balancing out negative performance further down the battery supply value chain via LG Chem. This serves as a reminder of the usefulness of being diversified across Clean Energy supply chains. We maintain conviction in our Clean Energy position, as these profitable companies continue to experience rapid growth, fueled by the prevailing tailwind of the energy transition and the supportive landscape of public policy.

Providing further balance to the portfolio, our second biggest segment, Energy Efficiency, was up over 5% thanks to strong returns in Technology, Transportation, and Building names. Within Transportation, we continue to view companies further up the electric vehicle value chain, like Valeo, as available at much more attractive forward-looking valuations than an EV manufacturer like Tesla, which is now back to eye-watering price multiples.

Inception Date: 14-Mar-18

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Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower.

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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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Major Performance Drivers Cont.

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: SunRun (4.9%), SolarEdge (5.0%), Darling Ingredients (5.0%), Clean Energy Fuels (1.7%), LG Chem (4.5%), and Valeo (1.8%)

PRODUCT OVERVIEW

The Fund seeks to deliver high total return by investing in companies GMO believes are positioned to benefit, directly or indirectly, from efforts to 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. We invest globally across the capitalization spectrum, which allows us to identify attractive investment opportunities wherever they may be.

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.

An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

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The above Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.

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Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/equities/climate-change-strategy/climate-change-investment-fund---ccuf/>

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A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: <https://www.gmo.com/europe/product-index-page/equities/climate-change-strategy/climate-change-investment-fund---ccuf/>

This advertisement has not been reviewed by the Monetary Authority of Singapore.

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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