

CLIMATE CHANGE SELECT INVESTMENT FUND

Investment Review: Quarter Ending September 30, 2022

OVERVIEW

The GMO Climate Change Select Investment Fund seeks to generate high total return. Using a disciplined, value-oriented approach, the Fund seeks to invest in companies that are positioned to benefit from climate change mitigation or adaptation efforts. The Fund excludes companies with Environmental, Social, and Governance (ESG) controversies. The current list of exclusions is available on GMO.com

PERFORMANCE (%)

| | |
|------------------------|--------------|
| Net of Fees, USD | -0.69 |
| Gross of Fees, USD | -0.56 |
| MSCI ACWI ¹ | -6.82 |
| Value Added | +6.26 |

Major Performance Drivers

Important Information

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID and do not base any final investment decision on this communication alone. 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/australia/product-index-page/equities/climate-change-strategy/climate-change-select-investment-fund/>. Please note that GMO Investments ICAV and GMO Funds PLC may decide to terminate the arrangements made for the marketing of the sub-funds in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive). A full list of fees and charges applied to investment can be found in the Fund Supplement or KIID, available at <https://www.gmo.com/australia/product-index-page/equities/climate-change-strategy/climate-change-select-investment-fund/>.

The third quarter of 2022 was a game of two halves. It started with a market rally that many would later call a bear market bounce, then a significant capitulation in market sentiment as recession in many developed markets seemed increasingly likely. Persistently sticky inflation and volatility in currency markets saw monetary policy makers continue to tighten their stance, providing no relief. Prices fell across equity markets and bond markets (yields rising) while commodity markets were more mixed but predominantly down. Conversely, the climate change sector received a significant boost in the form of a public policy boost. The U.S. government signed the Inflation Reduction Act 2022 into law. The IRA contained numerous stimulatory measures, including tax credits, for areas like solar, wind, electric vehicles, and hydrogen.

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. To obtain performance information to the most recent month end, visit www.gmo.com.

GMO UK Limited authorised and regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is a branch office of GMO UK Limited and is registered with the AFM. Risks associated with investing in the Fund may include Investment Risk, Management and Operational Risk, New Fund Risk, Market Risk - Equities, and Currency Risk. For a more complete discussion of these risks and others, please consult the Fund's Prospectus.

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Against this backdrop, the GMO Climate Change portfolio outperformed the MSCI ACWI, which dropped significantly.

Clean Energy stocks, the largest segment in the portfolio, had a strong quarter, partially reflecting the tailwinds from the IRA. Within Clean Energy, both our Biofuels and Solar positions had strong positive quarters, reflected in Ameresco and SunRun being our top two contributors. Lithium, part of our Batteries & Storage allocation, also added positive performance as prices of the underlying commodity continued to rise, reflecting continued concerns about scarcity.

Energy Efficiency, the second largest segment in the portfolio, had a larger drawdown than broad global equity markets. Performance was driven down by Diversified Efficiency and Transportation, where our biggest negative contributors were Graftech and Valeo, respectively. We continue to view both companies as important contributors to energy efficiency within the steel making and automotive industries.

Agriculture and Water were both down, with Agricultural Productivity and Precision Ag adding positive returns while Fish Farming detracted.

The most significant position changes over the quarter were an increase to Ameresco, Ivanhoe Mines, and Archaea Energy, along with a decrease to Graftech, LG Chem, and Clean Energy Fuels.

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: Ameresco Inc (5.2%), SunRun (5.7%), Graftech (2.6%), Valeo (1.2%), Ivanhoe Mines (1.6%), Archaea Energy (1.5%), LG Chem (5.6%), and Clean Energy Fuels (2.8%).

¹ 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 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.