

CLIMATE CHANGE TRUST

Investment Review: Quarter Ending March 31, 2022

OVERVIEW

The GMO Climate Change Trust 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.

PERFORMANCE (%)

Net of Fees, AUD	+1.62
Gross of Fees, AUD	+1.82
MSCI ACWI ¹	-8.37
Value Added	+10.19

Major Performance Drivers

The first quarter of 2022 was volatile across many risk markets. When Russia invaded Ukraine, western nations applied swift and comprehensive sanctions. Inflation continued to surge in many countries, with U.S. inflation rising to its highest level in 40 years. The U.S. Federal Reserve, along with many other central banks, began a tightening cycle and hiked rates for the first time since 2018. Commodity markets faced an increased supply/demand imbalance after the effective removal of Russia, Ukraine, and Belarus, countries that are significant commodity producers. Covid continued to linger in some parts of the world and caused significant lockdowns across China, leading to concerns about economic activity. The GMO Climate Change portfolio was up for the quarter, outperforming the MSCI ACWI index.

Clean Energy stocks rose during the quarter. The strong performance within the segment was driven by Solar, Biofuels, and Power Generation. Within Biofuels, performance was driven by the takeover of Renewable Energy Group by Chevron, Ameresco Inc., and Clean Energy Fuels. Conversely Wind and Batteries & Storage detracted with Norilsk Nickel, a Russian listed commodity provider, responsible for most of this negative return. Clean Energy made up around 50% of the portfolio over the quarter, accounting for the majority of the portfolio's outperformance over the quarter.

Energy Efficiency was down, and the largest detractor given it is the second largest segment, accounting for about 14% of the portfolio. GrafTech remains the largest holding in that segment and reversed last quarter's gains.

Agriculture was up, with strong performance across most of the portfolio. Given it made up around 12% of the portfolio, it was a large contributor to outperformance.

Past performance information in the above is historical and is not a reliable indicator of future performance. Returns are shown after the deduction of management fees and other expenses. This information is current as at the date specified and is subject to change.

The Trust accepts investments from wholesale investors only. Retail investors are not able to directly invest in the Trust but may gain exposure to the Trusts by investing with certain investor directed portfolio services, master trusts, wrap accounts or custodians ("services"). GMO Australia Limited, GMO LLC, and their affiliates, do not guarantee the performance of the Trust or the repayment of an investor's capital. This information is of a general nature only and is not advice. It does not take into account the objectives, financial situation or needs of any specific investor. The offer to invest in the Trust for wholesale investors is contained in the current information memorandum. A Product Disclosure Statement ("PDS") is also available solely for use by retail investors gaining exposure to the Trust through a service. A Target Market Determination ("TMD") has also been prepared for the Trust.

The information memorandum, PDS and TMD can be obtained by visiting our website www.gmo.com. Investors should read the information memorandum or PDS, consider their own circumstances, and obtain their own advice before making an investment decision.

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Copper had the strongest quarter from the segments.

There were no material position changes over the quarter.

Ending portfolio weights, as a percent of equity, for the positions mentioned were: Renewable Energy Group (0.0%), Ameresco Inc. (5.9%), Clean Energy Fuels (3.7%), Norilsk Nickel (0.0%), and GrafTech (3.3%).

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.