

GMO FUNDS PLC
an umbrella fund with segregated liability between sub-funds
(the “Company”)

Fifth Supplemental Prospectus dated 14 December 2021

This fifth supplemental prospectus (“Supplemental Prospectus”) forms part of the prospectus of the Company dated 19 February 2019, as amended by the first supplemental prospectus dated 20 March 2020, the second supplemental prospectus dated 15 April 2020, the third supplemental prospectus dated 12 November 2020 and the fourth supplemental prospectus dated 9 March 2021 (together, the “Prospectus”). Unless otherwise provided for in this Supplemental Prospectus, all capitalised terms shall have the same meaning herein as in the Prospectus. This Supplemental Prospectus should be read in the context of, and together with, the Prospectus.

The directors of the Company (the “Directors”) accept responsibility for the information contained in the Prospectus and this Supplemental Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

1. Introduction

The purpose of this Supplemental Prospectus is to amend the Prospectus to include disclosures that address the requirements of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

2. Creation of New Share Class in the Fund

2.1 The section of the Prospectus entitled “Definitions” is amended by the insertion of the following in alphabetical order:

“Article 8 Fund” means a Fund that is classified pursuant to Article 8 of the Sustainable Finance Disclosures Regulation and aims to promote environmental or social characteristics;

“Taxonomy Regulation” means Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, as may be amended from time to time;

2.2 The section of the Prospectus entitled “Sustainable Finance Disclosures Regulation”, as inserted by the fourth supplemental prospectus dated 9 March 2021, is amended by the insertion of the following paragraph after the headings “GMO Emerging Markets Equity Fund” and “GMO Emerging Domestic Opportunities Equity Fund”:

The Fund is an Article 8 Fund.

- 2.3 Page 22 of the Prospectus is amended by the insertion of a new section entitled “Taxonomy Regulation” above the section entitled “Changes in Investment Objectives or Policies”, as follows:

TAXONOMY REGULATION

The Taxonomy Regulation establishes an EU-wide framework or criteria for environmentally sustainable economic activities in respect of six environmental objectives. It builds on the disclosure requirements under the SFDR by introducing additional disclosure obligations in respect of Article 8 Funds that invest in an economic activity that contributes to an environmental objective. These Funds are required to disclose (a) information on the environmental objective to which the investments underlying the Fund contribute (b) a description of how and to what extent the underlying investments of the Fund are in economic activities that qualify as environmentally sustainable and are aligned with the Taxonomy Regulation (c) the proportion, as a percentage of the Fund’s portfolio, of investments in environmentally sustainable economic activities which are aligned with the Taxonomy Regulation (including the proportion, as a percentage of the Fund’s portfolio, of enabling and transitional activities, as described in the Taxonomy Regulation). These disclosure obligations are being phased-in – from 1 January 2022 in respect to the first two environmental objectives (climate change mitigation and climate change adaptation) and from 1 January 2023 in respect of the remaining four environmental objectives.

For Funds that are not Article 8 Funds, the underlying investments do not take into account the EU criteria for environmentally sustainable economic activities.

The Article 8 Funds commit to investing a proportion of assets in sustainable investments as defined under SFDR with a portion of these sustainable investments in economic activities that contribute to the environmental objectives of climate change mitigation and climate change adaptation and as such may be eligible to be assessed for Taxonomy alignment. The ‘do no significant harm’ principle applies only to those investments underlying the financial product that take into account the criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of these Funds do not take into account the EU criteria for environmentally sustainable economic activities.

The Regulatory Technical Standards (RTS) under SFDR which define the methodology for the calculation of the proportion of a Fund’s environmentally sustainable investments and include the templates for these disclosures are not yet in force. Furthermore, disclosure of taxonomy alignment for in-scope Article 8 Funds is dependent on disclosure by undertakings of the proportion of their products or services (as measured by turnover, capital expenditure and operating expenditure) that are associated with Taxonomy-aligned economic activities. These disclosures of such undertakings are likely only to be available from 1 January 2023 onwards. As a result, the Manager at this time is not able to provide standardised and comparable disclosures on the proportion of environmentally sustainable investments (including the proportion of enabling and transitional activities) according to the Taxonomy Regulation. As a financial market participant, the Manager supports transparency in relation to how and to what extent the Funds that are made available as environmentally sustainable invest in activities that meet the criteria for environmentally sustainable economic activities under the Taxonomy Regulation and will provide this information in an update to this Prospectus as soon as is reasonably practicable.

