

QUARTERLY INVESTMENT REVIEW

Resource Transition Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resource Transition Strategy (net)	-18.84	-26.36	-26.36	-	-	-	-21.37
Resource Transition Strategy (gross)	-18.64	-25.66	-25.66	-	-	-	-20.64
MSCI ACWI Commodity Producers ex-Energy	-17.13	-12.77	-12.77	-	-	-	-5.56
Value Add	-1.71	-13.59	-13.59	-	-	-	-15.82

MAJOR PERFORMANCE DRIVERS

The fourth quarter was dominated by changing political winds. Markets rushed to price the potential policy shift after the re-election of Donald Trump to U.S. President and the Republican clean sweep of Congress. The incoming president's focus on deglobalization (higher tariffs, less immigration, increased pressure on China) and deregulation (lower taxes, establishment of the Department for Government Efficiency, legitimizing crypto, more U.S. drilling) are likely to be inflationary and "risk-on." Bond yields rose and the U.S. dollar continued to show strength. Commodity prices were volatile across the quarter. Copper, iron ore, and lithium ended up down while oil & gas were slightly up. Against this backdrop, the Resource Transition portfolio was down for the quarter, slightly underperforming the MSCI ACWI Commodity Producers ex-Energy index.

Our Energy segment, roughly one-third of the portfolio, is essentially an off-benchmark position in Clean Energy. Within Clean Energy, sentiment took a nosedive, and valuations post-election indicated the market thought the Inflation Reduction Act would be repealed in full. This reaction appears to misinterpret the reality of Trump's/the Republican party's support for some Clean Energy technologies. Moreover, many of these companies still have significant upside even under a full repeal scenario. Looking past sentiment, fundamentals for many of these Clean Energy companies are continuing to improve. The inventory glut has ended for some of the solar companies we hold and demand for further rollout continues. Growth in the sustainable aviation fuel (SAF) market, particularly due to mandated demand in Europe, is likely to be a tailwind for our biggest biofuel names (Darling Ingredients, Neste). Even our biggest name in the particularly politically unpopular wind sector – Vestas – surprised the market with the strength of its fourth quarter order book. After sorting between the rhetoric and the reality of the fourth quarter, we broadly added to our Clean Energy names.

Composite Inception Date: 28-Feb-23

Risks: Risks associated with investing in the Strategy may include: (1) Focused Investment Risk: The Fund invests its assets in the securities of a limited number of issuers, and a decline in the market price of a particular security held by the Fund may affect the Fund's performance more than if the Fund invested in the securities of a larger number of issuers. (2) Commodities Risk: Commodity prices can be extremely volatile, and exposure to commodities can cause the value of the Fund's shares to decline or fluctuate more than if the Fund had a broader range of investments. (3) Market Risk - Equities: The market price of equities may decline due to factors affecting the issuer, its industries, or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. For a more complete discussion of these risks and others, please consult the Fund's offering documents. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information. **Performance Returns:** Performance for the year of inception is less than a full calendar year. 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 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%. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®).** A Global Investment Performance Standards (GIPS®) Composite Report is available on GMO.com by clicking the GIPS® Composite Report link in the documents section of the strategy page. 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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

Across Industrial Metals, most segments fell in line with iron ore and copper prices. The Diversified Miners were particularly hit by both. We trimmed some of our copper positions over the quarter, continuing to take profit from a part of the portfolio that has been a strong performer across the year. Our lithium portfolio was a standout bright spot, in contrast to previous quarters, as Rio Tinto's takeover of Arcadium – one of our lithium miners – was announced. It was a small sign that appetite for lithium is expected to remain significant over the coming years.

The long-term supply/demand dynamics in natural resource markets favor high and rising prices. But the deeply discounted valuations still available in some parts of this sector mean that investors don't need commodity prices to rise in order to expect strong returns. Flat commodity prices could still lead to a healthy return from a resource equity portfolio. In addition, valuations within the Clean Energy sector are now increasingly attractive.

Portfolio weights, as a percent of equity, for the positions mentioned were: Darling Ingredients (6.4%), Neste (3.7%), Arcadium (0.0%)

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Resource Transition Strategy seeks to generate total return by investing primarily in equities of companies in the resource transition sector. The Strategy's benchmark is the MSCI ACWI Commodity Producers ex-Energy Index.

GMO's Focused Equity team believes that global population growth, the industrialization of emerging markets, and the clean energy transition will increase global demand for natural resources and that, given their finite supply, the prices of these resources will increase over time. The Strategy seeks to invest in the securities of companies that we believe will benefit from – and avoid companies we believe will be adversely affected by – this expected long-term rise in natural resource prices as well as the increasing demand for clean energy.

IMPORTANT INFORMATION

Comparator Index(es): The MSCI ACWI (All Country World) Commodity Producers ex-Energy Index is an independently maintained benchmark comprised of listed large and mid capitalization commodity producers within the global developed and emerging markets, excluding companies in the energy sector as defined by GICS. 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.

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.

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