

Climate Change Fund

Quarter Ending December 31, 2018

OVERVIEW:

The GMO Climate Change Fund seeks to deliver high total return by investing in companies focused on climate change mitigation and adaptation.

Performance (%)

Net of Fees, Class III, Fair Value, USD	-11.23
Gross of Fees, Class III, Local Close, USD	-11.15
MSCI ACWI ¹	-12.75
Value Added	+1.61

SECTOR ALLOCATION: +1.2%

SECURITY SELECTION: +0.4%

Major Performance Drivers

Clean Energy

Positioning: Clean Energy companies accounted for approximately 40% of our total portfolio weight during the quarter.

Results: Our Clean Energy exposure held up better than the broad market during the quarter. Within Clean Energy, our Wind segment performed well. Vestas, a wind turbine manufacturer, was up approximately 11% during the quarter as it reported positive earnings and struck a confident tone at its capital markets day. The wind market is showing signs of stability after the transition from fixed tariff systems to competitive auctions. Our longer-term commitment to clean energy companies with competitive advantages remains strong.

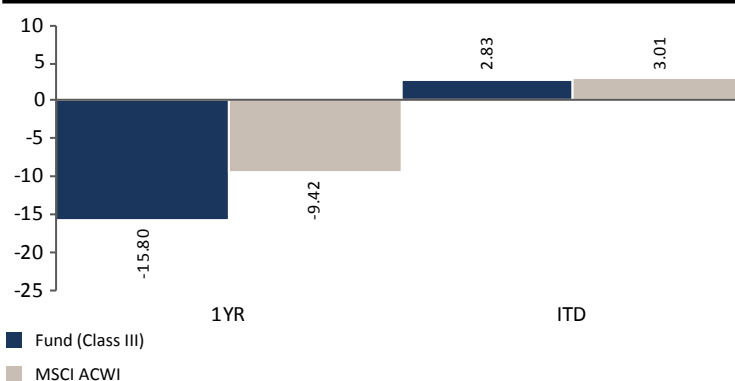
Copper

Positioning: Copper companies accounted for approximately 10% of our total portfolio weight during the quarter.

Results: Our Copper exposure was a drag on the portfolio during the quarter. Over this period, the price of copper declined approximately 5%, largely due to concerns about the impact of a potential trade war on global economic growth. However, there was some positive incremental news regarding Freeport-McMoRan, one of our largest copper positions. During the quarter, Freeport announced the completion of a deal with Indonesia that granted them new mining license. This removes a source of uncertainty around Freeport's operations at Grasberg, a large, low cost copper asset.

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. Gross Expense Ratio Class R6 1.51% is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2018 as amended.

Annualized Return (%) as of December 31, 2018



Inception date: 04/05/2017

Chart returns include purchase premiums and redemption fees impact if applicable.

Agriculture

Positioning: Agriculture and Aquaculture companies accounted for approximately 20% of our total portfolio weight during the quarter.

Results: Our position in Farming performed relatively well. Ros Agro, a Russian farming company, was up approximately 10% on strong earnings during the quarter. Our Fertilizer segment was a drag on performance, as Yara International was one of Agriculture's biggest detractors.

Quarter-ending weights, as a percent of equity, for the positions mentioned were: Vestas (4.0%), Freeport-McMoRan (4.9%), Ros Agro (1.5%), and Yara International (0.5%).

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 fund's prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

Risks associated with investing in the Fund may include Market Risk - Equities, Management and Operational Risk, Non-U.S. Investment Risk, Liquidity Risk, and Derivatives Risk. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Distributor: Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

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.