

QUARTERLY INVESTMENT REVIEW

Climate Change Investment Fund

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees Fund (GBP Class A)	-0.88	-11.92	-11.92	0.02	10.83	–	7.47
Gross of Fees Fund (GBP Class A)	-0.67	-11.17	-11.17	0.88	11.78	–	8.40
MSCI ACWI	6.31	15.31	15.31	8.24	11.70	–	9.44
Value Added (vs. MSCI ACWI)	-7.19	-27.23	-27.23	-8.22	-0.87	–	-1.97

Major Performance Drivers

The fourth quarter ended with yet another reversal in equity and bond markets, closing out a year where the only constant was change. Bond yields fell after the U.S. Federal Reserve indicated the rate hiking cycle is likely to have peaked. Equity markets rose significantly on "soft landing" sentiment and those sectors with a perceived high delta to rate cuts rose even higher. Across commodity markets, oil prices fell despite the outbreak of conflict in Gaza and copper prices rose as supply concerns increased. In December at the COP28 Climate summit, world leaders pledged to triple global clean energy capacity by 2030. However, when the dust settled, it was still the same story from other quarters in 2023 of larger-cap tech driving any relevant indices closer to bull market territory. Against this backdrop, the GMO Climate Change portfolio was down for the quarter and underperformed the MSCI ACWI index.

Clean Energy, still the largest segment by weight, had a better quarter after a significant reversal in sentiment reflecting a potential peak in U.S. interest rates and greater clarity on government incentives. A timely reminder that performance can turn ahead of a re-rating in earnings if sentiment swings are a big enough driver. We have been adding to a broad basket of higher-quality clean energy companies over the past six months, anticipating a reversal of some of the cyclical trends and poor sentiment that have driven many otherwise structurally strong companies to significantly sell off. It was comforting to see some of this work pay off as the fourth quarter progressed. Our two strongest contributors this quarter came from solar and wind respectively (SunRun and Vestas), highlighting SunRun's ability to navigate in a high interest rate environment and Vestas's ability to come out as the winner from broader turmoil in the wind market. But sentiment swings may not be efficient capital drivers as other high-quality names within Clean Energy are yet to reprice in a material way, meaning there continues to be upside left on the table.

Conversely, we have a long-held allocation to copper, a key energy transition metal, and that sector faced some challenges this quarter. First Quantum's operations in Panama were closed by the government, also closing off a significant supply source into global markets as this was due to be one of the biggest producers in South America. Along with some other supply constraints, copper is now looking increasingly like a pinch point in many clean technology supply chains. First Quantum's drawdown was at least partly offset by our other copper positions, like Ivanhoe Mines, as many expect remaining suppliers to benefit from an increased scarcity premium.

Our Agriculture segment has been a source of funding this year, as we trimmed many of these positions after strong performance. This quarter the Agriculture segment also fell, but the effect was muted due to the smaller position. Water, conversely, had another strong quarter with Ebara Corp one of our strongest performers.

As the world makes the transition to clean energy and economies grapple with adapting to climate change, we continue to believe this portfolio is well positioned to benefit. Despite some green shoots of better sentiment peeking through the climate sector this quarter, the Climate Change portfolio continues to trade at a significant discount to broader global equities and its benchmark, indicating substantial upside to come for patient capital.

Portfolio weights, as a percent of equity, for the positions mentioned were: SunRun (7.1%), Vestas (3.2%), First Quantum (0.6%), Ivanhoe Mines (4.2%), and Ebara Corp (1.6%).

Inception Date: 14-Mar-18

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID/PRIIPS KID and do not base any final investment decision on this communication alone. **Risks:** 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. 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.

Net of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower.

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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Climate Change Investment Fund seeks to generate 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 help the world adapt to climate change through improved efficiency of resource consumption. We invest globally across the capitalization spectrum, which allows us to identify attractive investment opportunities wherever they may be.

We are seeing exceptional opportunities for long-term investors abound in a world mobilizing to address climate change, and profitability associated with efforts to mitigate and adapt to climate change is largely independent of the global economy. Climate change investors can benefit from this unique, diversifying source of return, historically available at attractive valuations given the secular tailwinds of change.

IMPORTANT INFORMATION

Comparator Index(es): 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.

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 funds prospectus. To obtain a prospectus please visit www.gmo.com. Read the prospectus carefully before investing.

GMO UK Limited Authorised and Regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is registered with the AFM.

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.

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/europe/product-index-page/equities/climate-change-strategy/climate-change-investment-fund---ccuf/>

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 prospectus and in the KIID/PRIIPS KID, available at: <https://www.gmo.com/europe/product-index-page/equities/climate-change-strategy/climate-change-investment-fund---ccuf/>

This advertisement has not been reviewed by the Monetary Authority of Singapore.

ABOUT GMO

Founded in 1977, GMO is a global asset manager committed to delivering superior performance and advice to our clients. We are privately owned, which allows us to singularly focus on our sole business – achieving outstanding long-term client investment outcomes. Offering multi-asset, equity, fixed income, and alternative strategies, we invest with a long-term, valuation-based philosophical approach.

AMSTERDAM

BOSTON

LONDON

SAN FRANCISCO

SINGAPORE

SYDNEY

TOKYO*

*Representative Office

www.GMO.com