

CLIMATE CHANGE TRUST

Quarterly Investment Review

PRODUCT OVERVIEW

The Trust 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, diversifying source of return, historically available at attractive valuations given the secular tailwinds of change.

MAJOR PERFORMANCE DRIVERS

The second quarter saw a 180-degree shift in market sentiment, with risk-on enthusiasm driving appetite for AI hardware stocks along with more cyclical and speculative names. Much of this bubbly sentiment was in areas/sectors out of scope for this portfolio, so we did not participate in much of the froth. The market largely shrugged off war in Iran by the start of the quarter; energy prices fell, and commodities more generally were down. Outside of a few clean energy names that had AI datacenter spending hype driving their performance, that sector was also broadly down. Against this backdrop, the Climate Change portfolio was up, but underperformed the MSCI ACWI Index.

Digging into performance across the portfolio, our clean energy book gave back a portion of its outsized gains from the prior three quarters. Biofuel names felt the knock-on effect as the economic case for fossil fuel substitution temporarily softened. Darling Ingredients and Green Plains, both strong contributors in prior quarters, gave back some of their earlier 2026 gains. Lithium markets were similarly pressured: demand signals from China disappointed as EV sales growth moderated, while the prospect of meaningful new supply coming online drove prices lower. We see this less as a reversal of the long-term electrification story and more as a valuation reset. Downstream, the battery and energy storage producers also derated a little, giving us the opportunity to top up positions like LG Chem and CATL.

Although AI hardware and memory chip names are outside of this portfolio's scope, we did hold exposure to power semiconductor companies within our energy efficiency portfolio. This was one of the strongest quarters for these names in recent memory, as positive sentiment, the AI infrastructure buildout, and electrification demand helped to drive these names upwards. As the quarter wore on, valuations in semis looked increasingly stretched and the near-term thesis increasingly dependent on AI capex cycles rather than structural energy transition dynamics, we took profit and chose to exit most of those positions. Part of that capital was redeployed in our electric grid portfolio, including into EPC companies providing high voltage solutions to electric grids. As the world continues to electrify, the long-run case for these areas remains as compelling as ever, and we were pleased to add exposure at attractive valuations. We are also seeing a valuation opportunity opening up in our adaptation names and have been allocating to precision agriculture and timber.

As the world makes the transition to cleaner, renewable energy and economies grapple with electrification and climate change adaptation, we continue to believe this portfolio is well-positioned to benefit. The Climate Change portfolio continues to trade at a 20% discount to broader global equities, despite superior growth prospects, indicating substantial upside to come for patient capital.

Portfolio weights, as a percent of equity, for the positions mentioned were: Darling Ingredients (4.0%), Green Plains (2.3%), LG Chem (3.4%), and CATL (2.7%).

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ANNUALIZED RETURNS (AUD, %) (QUARTER-END)

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Climate Change Trust (net)	4.38	11.64	46.09	0.83	-	-	1.76
Climate Change Trust (gross)	4.58	12.05	47.16	1.60	-	-	2.54
MSCI ACWI	13.62	7.08	16.99	18.11	-	-	13.03
Value Add vs. MSCI ACWI	-9.24	+4.55	+29.10	-17.28	-	-	-11.27
WilderHill Clean Energy Index	23.14	24.08	88.04	-1.51	-	-	-11.00
Value Add vs. WilderHill Clean Energy Index	-18.76	-12.44	-41.96	+2.35	-	-	+12.76

RISKS

Risks associated with investing in the Trust 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) 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; and (3) Management and Operational Risk: The risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. For a more complete discussion of these and other risks, please consult the Trusts Product Disclosure Statement.

Inception Date: 5-Oct-21

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 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.** Net returns are presented after the deduction of management fees and incentive fees 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. Gross returns are presented gross of management fees and incentive fees 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. The GMO Climate Change Trust ARSN 696 030 896 ("the Trust") is issued by GMO Australia Limited ABN 30 071 502 639, AFS Licence No. 236 656. The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee.

IMPORTANT INFORMATION

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.

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. The WilderShares Clean Energy Index is an independently maintained and widely published index. Stocks and sectors in the Index are based on significance for clean energy, technological influence, and relevance to preventing pollution in the first place. WilderHill Clean Energy Index is a registered mark and the property of WilderShares; all rights reserved.

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.

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*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area

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