

CLIMATE CHANGE

A GMO Hosted Event

Jeremy Grantham and Lucas White, GMO¹ | September 23, 2020

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We will green the global economy. We will take greenhouse gases down to zero, or even less. We will start to suck them out of the air – biologically or physically – but the damage to our still very agreeable planet will be great, perhaps enough to destabilize our political system.

- Jeremy Grantham

OVERVIEW

Climate change awareness, attitudes, and opportunities have come a long way since GMO began writing on the topic in 2010. As part of Climate Week NYC 2020, GMO panelists discussed how oncoming spending on green infrastructure is creating opportunities for investors to participate in now.

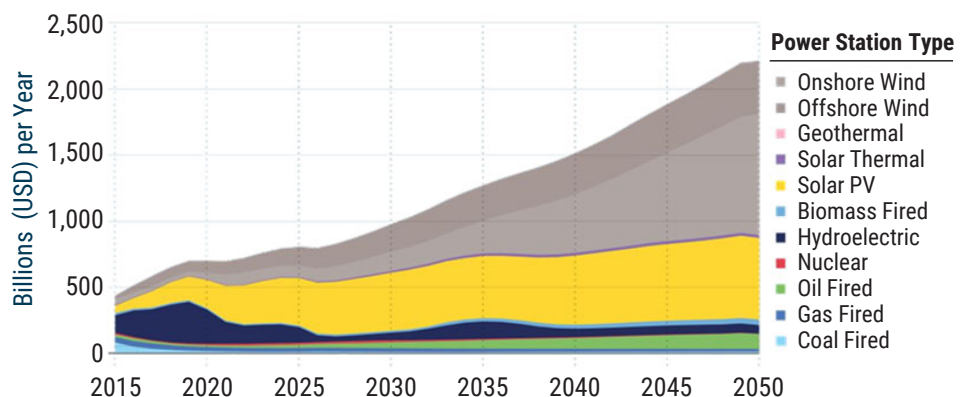
You may access the 65-minute replay [here](#).

The Race of Our Lives: Update

Jeremy Grantham | Long-Term Investment Strategist and Co-Founder

- Trillions of dollars will be spent to green the economy. This will be the biggest shift since coal in the 19th century.
- The transition will not be quick or easy. Humans are remarkably inventive, but vested interests, inertia and the love of good news will make it slow and difficult. Time is not on our side, it will indeed be The Race of our Lives and will be the most important challenge we face.
- Significant progress is being made in green technology – particularly wind and electric batteries – and while it is not clear yet that we are winning, Grantham concludes: "We will green the global economy. We will take greenhouse gases down to zero, or even less. We will start to suck them out of the air – biologically or physically – but the damage to our still very agreeable planet will be great, perhaps enough to destabilize our political system."

WE NEED A MASSIVE AMOUNT OF INVESTMENT TO HEAD OFF CLIMATE CHANGE



Source: DNV GL

Projections are subject to change and may vary significantly from the data shown.

¹ Lily Trager, Director of Investing with Impact at Morgan Stanley Wealth Management, also presented at this event. An electronic copy of her presentation, *Climate Change Investment Opportunities: Decarbonizing Your Portfolio*, is available upon request.



Jeremy Grantham

Mr. Grantham co-founded GMO in 1977 and is a member of GMO's Asset Allocation team, serving as the firm's long-term investment strategist. He is

a member of the GMO Board of Directors and has also served on the investment boards of several non-profit organizations. Prior to GMO's founding, Mr. Grantham was co-founder of Batterymarch Financial Management in 1969 where he recommended commercial indexing in 1971, one of several claims to being first. He began his investment career as an economist with Royal Dutch Shell. Mr. Grantham earned his undergraduate degree from the University of Sheffield (U.K.) and an M.B.A. from Harvard Business School. He is a member of the Academy of Arts and Sciences, holds a CBE from the UK and is a recipient of the Carnegie Medal for Philanthropy.



Lucas White

Mr. White is the portfolio manager for the Resources and Climate Change Strategies. He is a member of GMO's Focused Equity team and a partner of the

firm. Previously at GMO, he was engaged in portfolio management for the Global Equity team, including responsibilities for the Quality, Tactical Opportunities, and U.S. Growth Strategies. Prior to joining GMO in 2006, he worked at Standish Mellon Asset Management and MFS. Mr. White earned his B.A. in Economics and Psychology from Duke University. He is a CFA charterholder.

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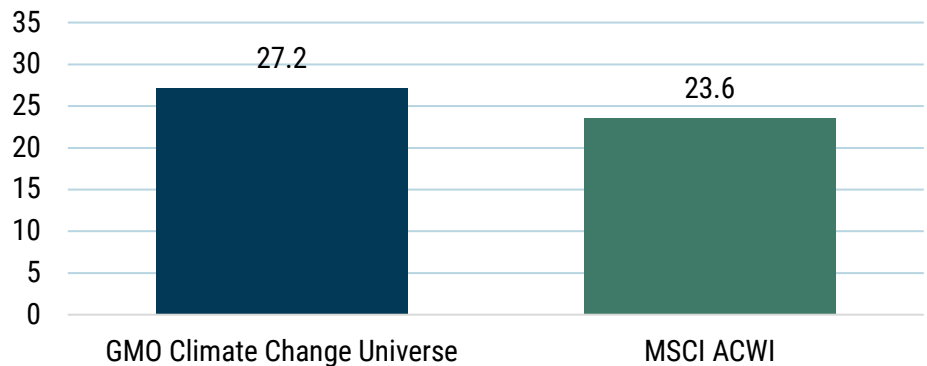
GMO Climate Change Strategy

Lucas White | Portfolio Manager, Focused Equity

- In the not so distant future, renewable energy will become the cheapest solution. The economics alone will drive a massive transition from fossil fuels to clean energy, regardless if the need was there (and of course, the need is there).
- The world is not good at predicting transformational change or how quick the pace can be, and experts have dramatically underestimated the growth in clean technologies.
- From an investment perspective, we are delighted with the valuations in the climate change sector. We are buying companies – at a substantial discount to the market – with secular growth tailwinds that are expected to persist decades into the future. It is an unexpected thing to get growth at a discount to the market, but you have to be very careful about the industries that you invest in.

COMPANIES POSITIONED FOR DRAMATIC SECULAR GROWTH ARE TRADING IN LINE WITH THE BROAD MARKET

Price/Forward Earnings



As of 12/31/20 | Source: MSCI, IBES, GMO
IBES Price/Forward Earnings using 1 and 2 year analyst estimates.

RELATED STRATEGIES

Please click on the links below to access strategies related to this event:

- [Climate Change Strategy](#)