

QUARTERLY INVESTMENT REVIEW

Climate Change Trust

Performance returns (AUD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Climate Change Trust (net)	-9.85	-9.85	-24.60	-13.04	-	-	-10.51
Climate Change Trust (gross)	-9.67	-9.67	-24.01	-12.37	-	-	-9.82
MSCI ACWI	-1.96	-1.96	12.24	13.77	-	-	11.02
Value Add	-7.89	-7.89	-36.84	-26.81	-	-	-21.53

MAJOR PERFORMANCE DRIVERS

The first quarter of 2025 saw a significant shift across global markets. There was a reversal of many of the themes driving the fourth quarter, with the "Trump trade" primarily unwinding. Liberation Day signaled the start of Trump's tariff war in earnest, but the tariff announcements and resulting volatility had already begun in February and March. Commodity prices whipsawed as traders tried to price in the new geopolitical landscape. "DeepSeek Monday" brought a sell-off in NASDAQ/AI related tech companies as the market questioned the real requirements of AI. Companies involved in the datacenter buildout and resulting energy needs had a tough quarter. Bond yields fell significantly at the 10-year part of the curve, reducing longer-term borrowing costs. But this brought little tailwind for long-duration projects like those in Clean Energy. Against this backdrop, the Climate Change portfolio was down close to 10%, underperforming ACWI, which was also down, but outperforming the more sector relevant Wilderhill Clean Energy index by about 12%.

Within the broader climate change sector, two places we have avoided were obvious "Trump trades" like Tesla and AI/datacenter linked energy names that have the most hype. Both have had lofty valuations, difficult to justify under any reasonable assumptions. This quarter that helped, particularly as Tesla fell 35%, its sales volumes falling significantly.

Turning to our Clean Energy positions, much of the drawdown in that segment can be explained by our approximately 15% position in biofuel producers. The sector faced pressure after major biofuel producers lowered their revenue guidance, partly due to uncertainty around the 45Z tax credit in the U.S. Despite these challenges, biofuels have bipartisan support and a significant growth trajectory. The share price reactions, while understandable, were stronger than warranted. The most negative reactions were due to short-term uncertainties rather than structural business model issues. Biofuels were not alone in this as results and guidance across our Clean Energy book generally indicated continued improvement in fundamentals. For example, Nextracker, a producer of utility scale solar equipment, reported a 33% beat on earnings and raised its profit guidance. Yet this is a company trading at 11x next year's earnings.

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.

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MAJOR PERFORMANCE DRIVERS CONT.

Across other segments of the portfolio, copper has been interesting. Copper prices, particularly in the U.S., rose a lot in the first quarter, as stockpiling occurred to beat expected copper tariffs. The copper miners didn't particularly benefit from the higher copper prices, implying that the equity market viewed the high copper prices as temporary. Despite the fact that copper miners hadn't benefitted much from the rise in copper prices, our thesis was that copper miners would be hurt as copper prices deflated, so we started to substantively trim our copper exposure. Once President Trump announced the tariffs, copper prices collapsed, and the copper miners have been hit. As a result, copper miners are attractively valued. In terms of other positioning changes over the quarter, we have been modestly adding to Clean Energy names - electric grid companies and auto part manufacturers (including battery suppliers) - as valuations have either continued to look attractive or become more attractive again. Our agriculture portfolio, notably Corteva, has been an area to take profit as it has continued to ramp up its earnings.

More generally on the tariff war, we expect it to negatively affect sentiment in industries with global supply chains like solar, wind, and batteries, particularly those located in China and Southeast Asia countries. However, tariff barriers and trade frictions are not new to the Clean Energy sector. The Biden administration had been pushing for domestic manufacturing, and the U.S. solar industry has stockpiled Asian-produced solar modules, providing a buffer before Trump's tariffs would take effect. Lithium-ion battery manufacturers, potentially big losers from any tariff war, have already been ramping up efforts to build U.S. domestic bases (e.g., LG Chem building out a stationary storage facility in Michigan this year).

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. The Climate Change portfolio continues to trade at a historically sized discount to broader global equities, indicating substantial upside to come for patient capital.

Portfolio weights, as a percent of equity, for the positions mentioned were: Tesla (0.0%), Nextracker (2.0%), LG Chem (5.2%), Corteva (1.2%).

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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.

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.

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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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