

## CLIMATE CHANGE

## 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.

## CUMULATIVE TOTAL RETURNS (AUD, NET OF FEES, %)

	MTD	QTD	YTD	2024	2023	2022	2021
Portfolio	-6.95	-5.54	-5.54	-17.99	-5.74	-4.12	1.61
Index	-0.30	2.29	2.29	29.48	21.45	-12.48	6.68

## ANNUALIZED TOTAL RETURNS (AUD, NET OF FEES, %)

	1 Year	3 Years	5 Years	10 Years	ITD
Portfolio	-16.95	-10.97	-	-	-9.53
Index	20.48	14.90	-	-	12.70

## FACTS

APIR Code	GMO1979AU
ISIN	AU60GMO19794
Inception	05-Oct-21
Total Assets	\$57mm AUD
Management Fee	0.759% p.a.
Buy/Sell Spread	0.30%
Pricing Frequency	Daily
Distribution Frequency	Quarterly
Liquidity	Daily
Index	MSCI ACWI

## RISK PROFILE (SINCE INCEPTION 29-OCT-21)

Alpha (Jensen's)	-24.17
Beta	1.01
R Squared	0.25
Sharpe Ratio	-0.68
Standard Deviation	21.64

## FUND RATINGS

Zenith Rating	Recommended
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## PORTFOLIO MANAGEMENT



Lucas White, CFA  
Joined GMO in 2006  
BA, Duke University



Tom Hancock  
Joined GMO in 1995  
MS, Rensselaer  
Polytechnic Institute;  
PhD, Harvard University

**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.

**Performance Returns:** 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](http://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. 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. Buy/Sell Spread: Entry/ Exit Transaction Cost Allowance. Distribution Frequency: Distributions are assessed on a quarterly basis. Management Fees: Inclusive of GST and net of any applicable Input Tax Credits and/or Reduced Input Tax Credits.

## CLIMATE CHANGE

## CHARACTERISTICS

	<i>Portfolio</i>	<i>Index</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	16.6x	22.4x
Price/Book - Hist 1 Yr Wtd Avg	1.4x	3.2x
Price/Cash Flow - Hist 1 Yr Wtd Mdn	11.1x	19.6x
Market Cap - Wtd Mdn Bil	6.8 USD	130.3 USD
Number of Equity Holdings	92	2534

## TOP COUNTRIES (%)

<i>Country</i>	<i>Portfolio</i>	<i>Index</i>
United States	48.1	65.7
France	10.0	2.5
South Korea	7.1	0.9
Canada	6.6	2.7
Germany	4.0	2.1
Japan	3.6	4.7
Chile	3.3	0.0
Spain	2.9	0.7
Denmark	2.7	0.6
Mexico	2.5	0.2

## EXPOSURE BY SEGMENT (%)

<i>Segment</i>	<i>Exposure</i>
<b>Clean Energy</b>	<b>49.9</b>
Solar	15.8
Biofuels	11.8
Other Clean Energy	5.9
Power Generation	2.8
Batteries & Storage	13.6
<b>Electric Grid</b>	<b>7.7</b>
<b>Copper</b>	<b>8.7</b>
<b>Energy Efficiency</b>	<b>21.3</b>
Transportation	7.0
Buildings	4.3
Diversified Efficiency	2.8
Technology	7.3
<b>Agriculture</b>	<b>4.3</b>
<b>Timber</b>	<b>1.4</b>
<b>Water</b>	<b>6.5</b>
<b>[Cash]</b>	<b>0.2</b>

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Index</i>
Communication Services	0.0	8.3
Consumer Discretionary	5.2	11.0
Consumer Staples	6.8	6.1
Energy	6.5	3.9
Financials	0.0	17.6
Health Care	0.0	10.1
Industrials	29.5	10.3
Information Technology	17.1	24.5
Materials	23.6	3.5
Real Estate	0.3	2.1
Utilities	11.0	2.5

## TOP HOLDINGS

<i>Company</i>	<i>Country</i>	<i>Segment</i>	<i>%</i>
Darling Ingredients Inc	United States	Biofuels	4.8
LG Chem Ltd	Korea	Batteries & Storage	4.8
Sunrun Inc	United States	Solar	3.8
SolarEdge Technologies Inc	United States	Solar	3.8
Ivanhoe Mines Ltd	Canada	Copper	3.8
Valeo SE	France	Transportation	3.3
Sociedad Quimica y Minera de Chile SA	Chile	Batteries & Storage	3.3
Veolia Environnement SA	France	Water	2.8
Nexans SA	France	Electric Grid	2.7
Array Technologies Inc	United States	Solar	2.4
<b>Total</b>			<b>35.4</b>

## REGIONS (%)

<i>Region</i>	<i>Portfolio</i>	<i>Index</i>
United States	48.1	65.7
Europe ex UK (Developed)	25.8	11.4
Emerging	14.7	9.8
Other International	6.8	5.1
Japan	3.6	4.7
United Kingdom	0.8	3.3
Cash Equivalents	0.2	0.0

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Index</i>
Small (5.3 & Below)	36.5	2.8
Small - Medium (5.3 To 16.9)	41.5	9.1
Medium (16.9 To 45.6)	11.7	15.5
Medium - Large (45.6 To 131.2)	9.9	22.9
Large (131.2 & Above)	0.5	49.7

# CLIMATE 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](http://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.

**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.

## GLOSSARY

**Country Exposures:** This portfolio continues to hold de minimis Russian exposure as a result of past positioning and ongoing illiquidity. GMO has suspended net new purchases of Russian securities firm-wide.

**Currency Exposures:** This portfolio continues to hold de minimis Russian exposure as a result of past positioning and ongoing illiquidity. GMO has suspended net new purchases of Russian securities firm-wide. **Risk Statistics:** Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio.

**Sector Exposures:** The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS.

**Top Holdings:** Portfolio holdings are percent of equity. Where applicable, the top holdings are derived by looking through to the underlying funds in which the asset allocation funds invest and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities.

## ZENITH INVESTMENT RATING

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (GMO1979AU assigned 11/2023) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at [Fund Research Regulatory Guidelines](#).

## 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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TOKYO\*\*

\*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

\*\*Representative Office

[www.GMO.com](http://www.GMO.com)