QUARTERLY INVESTMENT REVIEW

Climate Change Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Climate Change Fund (net)	-9.14	-14.90	-25.33	-11.06	4.80	–	5.80
Climate Change Fund (gross)	-8.96	-14.56	-24.73	-10.35	5.61	–	6.62
MSCI ACWI	2.92	11.30	19.38	5.43	10.75	–	10.35
Value Add	-12.07	-26.20	-44.71	-16.49	-5.95	–	-4.55

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. To obtain performance information to the most recent month-end, visit www.gmo.com.

MAJOR PERFORMANCE DRIVERS

The second quarter in global equities continued one of the most concentrated rallies of all time as market cap indices like MSCI ACWI hit historic highs. But ex-the Magnificent 7, MSCI ACWI was close to flat for the quarter. At the same time, interest rate sentiment bounced all over the place. U.S. 10-year yields, a proxy for this, moved in an almost 50-basis-point range as U.S. Federal Reserve guidance continued to be hawkish but unemployment data looked supportive of looser policy. The Wilderhill Clean Energy index, a barometer of broad clean energy performance, was down about 12%. Sentiment in clean energy turned increasingly negative in June, after a positive May, weighed down by continued inventory issues, mixed signals on interest rate cuts, and a potential second Trump presidency. Across climate-relevant commodity markets, copper prices rose but at a much slower pace than in the first quarter and lithium prices fell again. Against this backdrop, the GMO Climate Change portfolio was down for the quarter, underperforming its benchmark the MSCI ACWI, which was up.

Our largest segment, Clean Energy, was unsurprisingly the primary driver of negative returns given the broader headwinds for the sector. Within Clean Energy, Solar positions were the largest detractor from the group as investors punished those with exposure to European inventory cycles (SolarEdge, Enphase) or higher perceived interest rate risk (SunRun). After a quarter like this, it's important to remind ourselves that one can easily be swayed by myopic markets and equate short-term volatility with fundamental risk. These are companies with direct exposure to a market that is expected to grow gigawatts at 10-15% per year for the next decade and are not, critically, price takers along this journey. These are primarily companies with a clear competitive moat that are very likely past a cyclical trough. And it wasn't all bad news! Investors were willing to reward those most exposed to U.S. onshoring and receiving real dollars from the U.S. Inflation Reduction Act, like First Solar. It was our strongest contributor for the quarter.

Inception Date: 5-Apr-17

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

Risks: Risks associated with investing in the Fund are as follows: (1) Focused Investment Risk: Because the Fund focuses its investments in securities of companies involved in climate change-related industries, the Fund will be more susceptible to events or factors affecting these companies, and the market prices of its portfolio securities may be more volatile than those of mutual funds that are more diversified. (2) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry 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. (3) Management and Operational Risk: The Fund runs the risk that GMO's investment techniques will fail to produce desired results. For a more complete discussion of these risks and others, please consult the Fund's prospectus.Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis.

If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash.

Net Expense Ratio: 0.77%; Gross Expense Ratio: 0.82% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2024.

MAJOR PERFORMANCE DRIVERS CONT.

Two areas of the portfolio linked to the electric vehicle value chain – Batteries & Storage and Transportation (auto parts) – have been under pressure from a slower growth in EV demand. We consider the "death of EVs" to be a somewhat hysterical, overpublicized phenomenon. Nearly one in five cars sold in 2023 was electric, according to IEA data. And a temporary oversupply in the global EV market can have helpful climate consequences as OEMs lower prices, pushing EVs ever closer to that tipping point of price parity with internal combustion engines (they have already reached full lifecycle cost parity with ICE in countries with cheaper electricity). We continue to expect long-term EV penetration rates to rise and see a significant growth runway for those in its value chain.

Providing balance to our portfolio, other segments like Copper and Electric Grid had a strong quarter and outperformed the broader global equity market. Copper producers continued to benefit from higher prices and Ivanhoe Mines was again one of our best performers. We have a long-held allocation to copper producers, seeing it as a key energy transition metal while also understanding just how much resource scarcity can affect our transition to a clean economy. Electric grid providers and related companies have an important role to play in rewiring the world and many stand to benefit from the next phase of the energy transition being increasing energy demand and an increasing queue of renewable projects awaiting connectivity. Nexans, our biggest Electric Grid position, was a top contributor this quarter. As both segments have delivered strong returns, we have trimmed a little, but still see upside for many of these names.

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 significant discount to broader global equities, a discount almost as large as it has ever been, indicating substantial upside for patient capital.

Portfolio weights, as a percent of equity, for the positions mentioned were: Ivanhoe (4.1%), Nexans (4.2%), Sunrun (6.0%), SolarEdge (2.5%), Enphase (1.3%), First Solar (1.8%).

QUARTERLY INVESTMENT REVIEW

PRODUCT OVERVIEW

The GMO Climate Change Fund seeks to deliver 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. The Fund invests globally across the capitalization spectrum, which allows GMO to pursue attractive investment opportunities wherever they may be.

The Focused Equity team believes 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.

The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.