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**Water availability affects seasonal CO<sub>2</sub>-induced photosynthetic enhancement in herbaceous species in a periodically dry woodland**

**Running head:** Soil water controls herb [CO<sub>2</sub>] response

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**Type of Paper:** Primary Research Article

## 1 Abstract

2 Elevated atmospheric CO<sub>2</sub> (eCO<sub>2</sub>) is expected to reduce the impacts of drought and increase  
3 photosynthetic rates via two key mechanisms: first, through decreased stomatal conductance  
4 (g<sub>s</sub>) and increased soil water content (V<sub>SWC</sub>) and second, through increased leaf internal CO<sub>2</sub>  
5 (C<sub>i</sub>) and decreased stomatal limitations (S<sub>lim</sub>). It is unclear if such findings from temperate  
6 grassland studies similarly pertain to warmer ecosystems with periodic water deficits. We  
7 tested these mechanisms in three important C<sub>3</sub> herbaceous species in a periodically dry  
8 *Eucalyptus* woodland and investigated how eCO<sub>2</sub>-induced photosynthetic enhancement  
9 varied with seasonal water availability, over a three-year period.

10 Leaf photosynthesis increased by 10-50% with a 150 μmol mol<sup>-1</sup> increase in atmospheric CO<sub>2</sub>  
11 across seasons. This eCO<sub>2</sub>-induced increase in photosynthesis was a function of seasonal  
12 water availability, given by recent precipitation and mean daily V<sub>SWC</sub>. The highest  
13 photosynthetic enhancement by eCO<sub>2</sub> (> 30%) was observed during the most water-limited  
14 period, e.g., with V<sub>SWC</sub> < 0.07 in this sandy surface soil. Under eCO<sub>2</sub> there was neither a  
15 significant decrease in g<sub>s</sub> in the three herbaceous species, nor increases in V<sub>SWC</sub>, indicating no  
16 ‘water-savings effect’ of eCO<sub>2</sub>. Periods of low V<sub>SWC</sub> showed lower g<sub>s</sub> (less than ≈ 0.12 mol  
17 m<sup>-2</sup> s<sup>-1</sup>), higher relative S<sub>lim</sub> (> 30%) and decreased C<sub>i</sub> under the ambient CO<sub>2</sub> concentration  
18 (aCO<sub>2</sub>), with leaf photosynthesis strongly carboxylation-limited. The alleviation of S<sub>lim</sub> by  
19 eCO<sub>2</sub> was facilitated by increasing C<sub>i</sub>, thus yielding a larger photosynthetic enhancement  
20 during dry periods. We demonstrated that water availability, but not eCO<sub>2</sub>, controls g<sub>s</sub> and  
21 hence the magnitude of photosynthetic enhancement in the understory herbaceous plants.  
22 Thus, eCO<sub>2</sub> has the potential to alter vegetation functioning in a periodically dry woodland  
23 understory through changes in stomatal limitation to photosynthesis, not by the ‘water-  
24 savings effect’ usually invoked in grasslands.

25

26 **Introduction**

27 Grass-tree mixtures such as savannas and woodlands occupy extensive areas in tropical and  
28 sub-tropical regions and are characterised by strong seasonal variation in water availability  
29 (Baudena *et al.*, 2015, Polley *et al.*, 1997). Due to the ongoing rise in atmospheric CO<sub>2</sub> these  
30 ecosystems are expected to undergo ecological changes via seedling establishment during dry  
31 periods (Bond & Midgley, 2000), changes in tree-grass interactions (Baudena *et al.*, 2015),  
32 woody plant encroachment (Higgins & Scheiter, 2012), and altered fire regimes from the  
33 build-up of organic matter (Bond & Midgley, 2012). These changes may have profound  
34 effects on the structure and functioning of savannas and woodlands, with potentially large but  
35 unquantified implications for their capacity to sequester carbon and regulate water balances  
36 (Huxman *et al.*, 2005, Prober *et al.*, 2012). In spite of their importance for local and regional  
37 carbon and water cycles (Higgins & Scheiter, 2012, Snyder *et al.*, 2004), there is a significant  
38 knowledge gap in responses of savannas and woodlands to elevated atmospheric CO<sub>2</sub> (eCO<sub>2</sub>)  
39 concentrations (Leakey *et al.*, 2012). Consequently, the expected impacts of eCO<sub>2</sub> on these  
40 warm ecosystems have been based on findings from cold temperate ecosystems (Leakey *et al.*  
41 *et al.*, 2012). Tropical and sub-tropical savannas and woodlands differ from cold temperate ones  
42 in important attributes like temperature, seasonal and total precipitation, maximal  
43 evapotranspiration and type of nutrient limitation (Cernusak *et al.*, 2013), suggesting different  
44 and potentially larger responses to eCO<sub>2</sub> in these ecosystems on the basis of being warmer  
45 and drier than northern hemisphere temperate systems (Hickler *et al.*, 2008). Both higher  
46 temperature and periodic low soil moisture have been hypothesised to increase the  
47 responsiveness to eCO<sub>2</sub> (Higgins & Scheiter, 2012, Morgan *et al.*, 2011). Hence, there is a  
48 need for experiments addressing effects of eCO<sub>2</sub> on woodlands, in order to improve our

49 ability to predict their vulnerabilities to climate change and improve their representations in  
50 Earth system models (Cernusak *et al.*, 2013, Norby *et al.*, 2016).

51 In general, eCO<sub>2</sub> increases CO<sub>2</sub> assimilation rates and plant biomass, decreases stomatal  
52 conductance and leaf nitrogen concentrations and increases water-use efficiency (Ainsworth  
53 & Rogers, 2007, Ellsworth *et al.*, 2004, Morgan *et al.*, 2011). However, the magnitude of  
54 these linked responses also depends on the availability of other resources such as soil  
55 nutrients and water (Rastetter & Shaver, 1992). Water availability is a primary factor limiting  
56 growth and productivity in many ecosystems including grasslands (Knapp *et al.*, 2002),  
57 savannas and woodlands (Baudena *et al.*, 2015, Polley *et al.*, 1997) so the response of these  
58 ecosystems to eCO<sub>2</sub> will in part depend upon water availability. One important way, through  
59 which eCO<sub>2</sub> is expected to ameliorate the negative impact of water-limitation is by stomatal  
60 closure resulting in decreased plant water use and increased soil water content (Morgan *et al.*,  
61 2011, Morgan *et al.*, 2004). The increase in soil water content under eCO<sub>2</sub>, also termed a  
62 ‘water-savings effect’, has led to the generalisation that plant photosynthesis and productivity  
63 responses to eCO<sub>2</sub> will be strongest in dry conditions (Duursma & Medlyn, 2012, Ellsworth  
64 *et al.*, 2012) though it is unclear if this best applies to short or long dry periods. Still, the  
65 generalisation has been used to rationalise why the eCO<sub>2</sub>-induced enhancement response of  
66 deserts will be large (Jordan *et al.*, 1999), why arid and semi-arid zones have shown greening  
67 and shrub encroachment over the past 20 years (Ahlström *et al.*, 2015, Donohue *et al.*, 2013)  
68 and why the eCO<sub>2</sub>-induced enhancement of grasslands is larger in dry vs. wet years  
69 (Owensby *et al.*, 1999). Hence, this particular phenomenon deserves closer investigation  
70 especially in water-limited ecosystems because even small increases in soil water content in  
71 dry climate zones can have significant effects on processes such as growing season length  
72 (Reyes-Fox *et al.*, 2014), nutrient mineralisation and organic matter decomposition (Morgan  
73 *et al.*, 2004, Wullschleger *et al.*, 2002), and survival of plants during dry periods (Bond &

74 Midgley, 2012). Furthermore, earlier evidence from northern hemisphere temperate  
75 grasslands indicate that the extent, timing and duration of eCO<sub>2</sub>-induced ‘water-savings  
76 effect’ varies (Morgan *et al.*, 2004) and may be determined by factors like species-specific  
77 water-use efficiencies (Blumenthal *et al.*, 2013, Dijkstra *et al.*, 2010), changes in leaf area  
78 index and canopy temperature (Gray *et al.*, 2016, Kelly *et al.*, 2016), and soil texture (Fay *et*  
79 *al.*, 2012, Polley *et al.*, 2012). Though the eCO<sub>2</sub>-induced increase in soil water content has  
80 been demonstrated for temperate grasslands (Blumenthal *et al.*, 2013, Lecain *et al.*, 2003,  
81 Morgan *et al.*, 2011), it has not been substantiated for warm-climate savannas or woodlands.  
82 These occur in zones where potential evapotranspiration can exceed mean annual  
83 precipitation, so that the ‘water-savings effect’ induced by eCO<sub>2</sub> may reduce such deficits.

84 Whilst tests of the ‘water-savings effect’ hypothesis largely emanate from a number of short-  
85 term glasshouse and controlled-environment studies (e.g., Dijkstra *et al.*, 2010, Polley *et al.*,  
86 2012, Volk *et al.*, 2000), only a few field-based studies in grasslands support the corollary  
87 that photosynthesis and productivity responses to eCO<sub>2</sub> are strongest in dry seasons or years  
88 (Belote *et al.*, 2004, Lecain *et al.*, 2003, Morgan *et al.*, 2011, Morgan *et al.*, 2004, Niklaus &  
89 Körner, 2004). Some studies suggest that eCO<sub>2</sub> effect can be strongest in wet years (Morgan  
90 *et al.*, 2004, Naumburg *et al.*, 2003, Newingham *et al.*, 2013, Smith *et al.*, 2000; but see  
91 Norby & Zak, 2011). Water demand for herbaceous species varies seasonally (Knapp *et al.*,  
92 2002) suggesting that the benefit of eCO<sub>2</sub>-induced water-savings should differ across seasons  
93 on the basis of their differences in water availability (Hovenden *et al.*, 2014). An  
94 understanding of the relationship between seasonal water availability and eCO<sub>2</sub> effect is  
95 essential since large changes in the timing of rainfall in seasonally dry regions are anticipated  
96 by climate models, even where total annual rainfall will remain unchanged (Berg *et al.*, 2016,  
97 Sillmann *et al.*, 2013).

98 In addition to a ‘water-savings effect’, another important mechanism through which C<sub>3</sub> plants  
99 might benefit from CO<sub>2</sub> fertilisation during water limited periods is via alleviation of  
100 diffusional limitations (Lawlor, 2002). Stomatal closure, one of the first events to occur  
101 during water stress (Chaves *et al.*, 2002), results in significant limitations on plant CO<sub>2</sub>  
102 assimilation. This restriction of stomata to CO<sub>2</sub> supply, also termed as stomatal limitation,  
103 decreases leaf intercellular CO<sub>2</sub> concentrations (C<sub>i</sub>) as well as photosynthetic rates (Grassi &  
104 Magnani, 2005, Lawlor, 2002). Thus, an important consequence of higher stomatal  
105 limitations in dry conditions is that plants operate on the steep linear phase of the  
106 photosynthetic CO<sub>2</sub> response curve (Ellsworth *et al.*, 2012). Under such conditions, CO<sub>2</sub>  
107 fertilisation can help alleviate the stomatal limitations by increasing C<sub>i</sub> and hence plants  
108 would experience larger photosynthetic enhancement (Kelly *et al.*, 2016, Lawlor, 2002). The  
109 importance of such limitations in controlling eCO<sub>2</sub>-induced photosynthetic enhancement  
110 during dry periods has rarely been studied in the field (Galmés *et al.*, 2007, Grassi &  
111 Magnani, 2005) and has not been investigated in eCO<sub>2</sub>.

112 Building on knowledge from previous ecosystem studies (see Leakey *et al.*, 2012), we  
113 examined eCO<sub>2</sub> responses of an herbaceous understory community in the *Eucalyptus* Free Air  
114 CO<sub>2</sub> Enrichment Experiment (EucFACE). The EucFACE experiment is located in a mature,  
115 undisturbed *Eucalyptus* woodland in south eastern Australia which shows strong seasonal and  
116 inter-annual variability in precipitation (Gimeno *et al.*, 2016). The 30-year mean potential  
117 evapotranspiration exceeded precipitation by 40%, evidence that water deficits are frequent  
118 (Duursma *et al.*, 2016). These attributes provide a unique opportunity to test the mechanisms  
119 responsible for eCO<sub>2</sub> response in a periodically water-limited woodland ecosystem. We  
120 hypothesized that:

121 H1: Maximum photosynthetic enhancement by eCO<sub>2</sub> will be observed in dry seasons;

122 H2: This photosynthetic enhancement will be mediated by a decrease in stomatal  
123 conductance in eCO<sub>2</sub> and hence increases in soil water content;

124 H3: Elevated CO<sub>2</sub> will reduce stomatal limitations induced by stomatal closure during the dry  
125 periods thus resulting in increased photosynthetic rates.

126 To test the above hypotheses, we measured leaf CO<sub>2</sub> assimilation and stomatal conductance  
127 of a dominant C<sub>3</sub> grass across seasons over three years, as well as corroborating evidence  
128 from two sympatric C<sub>3</sub> forbs over 1 ½ years.

129

## 130 **Materials and Methods**

### 131 *Experimental design and site description*

132 We conducted leaf level gas exchange measurements on herbaceous understory in the first  
133 three years of the *Eucalyptus* Free-Air CO<sub>2</sub> Enrichment (EucFACE) experiment. EucFACE  
134 consists of six 25-m diameter circular plots or rings, with three of these maintained at  
135 ambient CO<sub>2</sub> (aCO<sub>2</sub>) and three maintained at elevated CO<sub>2</sub> (ambient + 150 μmol mol<sup>-1</sup>, eCO<sub>2</sub>)  
136 since February 2013 (see Gimeno *et al.*, 2016). CO<sub>2</sub> treatment was completely randomised  
137 among the six plots at the outset.

138 This experiment is located in a remnant patch of native Cumberland Plain Woodland (CPW)  
139 near Richmond, NSW Australia (33° 37' S, 150° 44.3' E) with substantial understory cover  
140 dominated by a C<sub>3</sub> grass, locally termed a grassy *Eucalyptus* woodland. The relatively high  
141 species diversity of this vegetation type (> 60 species) is attributed to the herbaceous  
142 understory vegetation (Tozer, 2003) comprising a mixture of C<sub>3</sub> grasses, C<sub>3</sub> forbs and C<sub>4</sub>  
143 grasses. *Microlaena stipoides* Labill., a native perennial C<sub>3</sub> grass, is the dominant herbaceous  
144 species at EucFACE (≈ 70% of total understorey biomass, Pathare unpubl. data) along with



145 the co-occurrence of C<sub>3</sub> forbs like *Lobelia purpurascens* R.Br., C<sub>4</sub> grasses like *Cymbopogon*  
146 *refractus* R.Br., and naturalised species such as *Senecio madagascariensis* Poir. We  
147 measured three common C<sub>3</sub> herbaceous understorey species in our study: the dominant C<sub>3</sub>  
148 grass (*M. stipoides*) and two prevalent C<sub>3</sub> forbs (*L. purpurascens* and *S. madagascariensis*),  
149 denoted in figures by the genus initial and the first three letters of the species name.

150 The climate of the site is warm-temperate with a mean annual temperature of 17°C,  
151 characterised by a mean daily maximum temperature of 30.0°C during the warmest month  
152 (January) and 17.6°C during the coldest month (July)  
153 ([http://www.bom.gov.au/climate/averages/tables/cw\\_067105.shtml](http://www.bom.gov.au/climate/averages/tables/cw_067105.shtml)) (Fig. 1a). It is seasonally  
154 water-limited with a 20-year average annual precipitation of 800 mm and an estimated annual  
155 pan evapotranspiration of 1350 mm (Australian Bureau of Meteorology, station 067105, 8 km  
156 from the site; [www.bom.gov.au](http://www.bom.gov.au)). Precipitation timing is variable, with larger monthly rainfall  
157 amounts received mostly during summers (December through February in southern  
158 hemisphere). However, substantial amounts of rainfall occur periodically throughout the year  
159 thus resulting in multiple seasonal wet-dry cycles (Fig. 1b). The soil at the site is a well-  
160 drained, sandy loam with low organic carbon content (Gimeno *et al.*, 2016).

161

### 162 ***Gas exchange measurements at EucFACE and model fitting***

163 For the purpose of measurements, the year was divided into four major seasons comprising  
164 summer (December to February), autumn (March to May), winter (June to August) and  
165 spring (September to November). Leaf level gas exchange measurements were conducted at  
166 four time points per year, with each time point representing a season of the year.  
167 Measurements began, one week after initiation of full CO<sub>2</sub> fumigation, in February 2013 on

168 *M. stipoides* as the dominant herbaceous species in the ecosystem, and two prevalent C<sub>3</sub> forb  
169 species (*L. purpurascens* and *S. madagascariensis*) were added starting from October 2014.

170 A set of portable infrared photosynthesis systems (Li-COR 6400XT; Li-COR Inc., Lincoln,  
171 NE, USA) with six cm<sup>2</sup> chambers were used for gas exchange measurements. In order to  
172 assess instantaneous and long term effects of eCO<sub>2</sub> on the photosynthetic capacities of the  
173 species, photosynthetic CO<sub>2</sub> response curves (A<sub>net</sub>-C<sub>i</sub> curves) were measured, starting at the  
174 mean growth CO<sub>2</sub> concentration for each treatment (≈ 400 μmol mol<sup>-1</sup> for aCO<sub>2</sub> and ≈ 550  
175 μmol mol<sup>-1</sup> for eCO<sub>2</sub>). Average daytime CO<sub>2</sub> concentrations at the ground layer 20 cm above  
176 the soil were 582 ± 8.1 μmol mol<sup>-1</sup>, measured at 8 points within each plot compared to the  
177 target of ambient + 150 μmol mol<sup>-1</sup> (Craig McNamara, personal communication). Multiple  
178 non-overlapping leaves were placed across the Li-COR chamber and a minimum time of 15-  
179 min at light saturation was allowed for stabilisation of gas exchange before commencing  
180 measurements. After stabilisation, an initial measurement of net CO<sub>2</sub> assimilation rate (A<sub>net</sub>;  
181 μmol m<sup>-2</sup> s<sup>-1</sup>), stomatal conductance (g<sub>s</sub>; mol m<sup>-2</sup> s<sup>-1</sup>), intercellular CO<sub>2</sub> (C<sub>i</sub>; μmol mol<sup>-1</sup>) and  
182 the ratio of intercellular to growth CO<sub>2</sub> (C<sub>i</sub>/C<sub>a</sub>) was conducted at growth CO<sub>2</sub> concentration,  
183 followed by the A<sub>net</sub>-C<sub>i</sub> response curves. A<sub>net</sub>-C<sub>i</sub> curves for the three species were done with a  
184 minimum of ten different steps of CO<sub>2</sub> concentrations, ranging from 40 μmol mol<sup>-1</sup> to 1800  
185 μmol mol<sup>-1</sup>, while maintaining saturating light conditions (photon flux density of 1800 μmol  
186 m<sup>-2</sup> s<sup>-1</sup>), 55 - 65 % relative humidity and prevailing leaf temperatures (T<sub>leaf</sub>; °C). The canopy  
187 openings in this *Eucalyptus* woodland are relatively large with tree canopy leaf area index < 2  
188 (Duursma *et al.*, 2016) and the high intensity sun flecks (> 1000 μmol m<sup>-2</sup> s<sup>-1</sup>) lasting about  
189 30 min/day during summer and spring. Understory species rely on the sun flecks for  
190 achieving a majority of daily carbon gain (Chazdon & Pearcy, 1991). Hence, saturating light  
191 levels of 1800 μmol m<sup>-2</sup> s<sup>-1</sup> were used for gas exchange measurements to better reflect the  
192 rates during sun flecks. T<sub>leaf</sub> during the gas exchange measurement corresponded to the

193 prevailing mean daily maximum air temperatures ( $T_{\text{air}}$ ) during each measurement season (18,  
194 22, 27 and 29 °C for winter, autumn, spring and summer respectively) (Fig. 1a).  
195 Measurements were taken during sunny days (09:30-14:30 local time) on fully expanded  
196 leaves exposed to sunlight. At least two measurements per CO<sub>2</sub> plot per species were  
197 undertaken at every time-point and all measurements were completed over the course of three  
198 days. After each  $A_{\text{net}}-C_i$  response curve, leaves were marked to assess the correct leaf area in  
199 the chamber, collected in self-sealing polythene bags, labelled and immediately placed on ice  
200 until further analyses. In the laboratory, the projected leaf area of the marked leaves in Li-  
201 COR 6400XT chamber was determined (Win Rhizo software, Regent Instruments Inc.,  
202 Québec City, Canada) and gas exchange measurements were recalculated accordingly.

203  $A_{\text{net}}-C_i$  curves were then fit using the biochemical model of Farquhar *et al.* (1980), in order to  
204 obtain kinetic coefficients associated with rates of maximum carboxylation ( $V_{\text{cmax}}$ ;  $\mu\text{mol m}^{-2}$   
205  $\text{s}^{-1}$ ) and electron transport ( $J_{\text{max}}$ ;  $\mu\text{mol m}^{-2} \text{s}^{-1}$ ) (see Crous *et al.*, 2013, Duursma 2015). While  
206 estimating the rates of  $V_{\text{cmax}}$  and  $J_{\text{max}}$  we used a fixed mesophyll conductance value ( $0.2 \text{ mol}$   
207  $\text{m}^{-2} \text{ s}^{-1}$  for perennial herbaceous species; Flexas *et al.*, 2008) to reflect the finite  
208 characteristics of this trait. The temperature responses of  $V_{\text{cmax}}$  and  $J_{\text{max}}$  are important to  
209 consider in model fitting (Medlyn *et al.*, 2002), especially as seasonal temperatures varied. In  
210 order to do this, we carried out temperature response measurements on *M. stipoides* following  
211 a procedure modified from Crous *et al.* (2013) (Supporting material; Supplementary methods  
212 for a description of the temperature response measurements). The temperature response of  
213  $V_{\text{cmax}}$  was fit in R (v3.2.2, R Foundation for Statistical Computing, Vienna, Austria) using the  
214 modified form of an Arrhenius function (peaked function; see Harley *et al.*, 1992 and Medlyn  
215 *et al.*, 2002). The resulting kinetics derived by fitting the modified Arrhenius function for  
216  $V_{\text{cmax}}$  were used in the 'fitacis' function in the *plantecophys* package (Duursma, 2015) to  
217 obtain a temperature-normalised  $V_{\text{cmax}}$  ( $V_{\text{cmax-25}}$ ) from the  $A_{\text{net}}-C_i$  response curves.

218 ***Relative stomatal limitations***

219 Limitations to light saturated CO<sub>2</sub> assimilation rates primarily occur through restrictions to  
 220 the diffusion of CO<sub>2</sub> into intracellular leaf spaces, in liquid-phase to the chloroplast, or due to  
 221 the biochemistry of CO<sub>2</sub> fixation at the chloroplast. Among these, the gas-phase diffusional  
 222 limitations to CO<sub>2</sub>, also termed as stomatal limitation, is controlled by stomata and requires  
 223 computing the theoretical rates for A<sub>net</sub> assuming a fractional increase in g<sub>s</sub> and C<sub>i</sub>. Thus,  
 224 relative stomatal limitations (S<sub>lim</sub>; fraction of total) can be defined as the ratio of change in  
 225 CO<sub>2</sub> assimilation resulting from changes in g<sub>s</sub> to the total measured change in CO<sub>2</sub>  
 226 assimilation resulting from the other processes (Wilson *et al.*, 2000). S<sub>lim</sub> to photosynthesis  
 227 were obtained by modelling the diffusional pathway and based on the A<sub>net</sub>-C<sub>i</sub> response  
 228 curves. For calculating S<sub>lim</sub> to CO<sub>2</sub> assimilation rates, we used the approach proposed by  
 229 Grassi & Magnani (2005) which is similar to that defined in Jones (1985). We computed S<sub>lim</sub>  
 230 as follows:

$$231 \quad S_{lim} = \frac{\partial A_{net}/\partial C_i}{g_{sc} + \partial A_{net}/\partial C_i} \quad (\text{Eq. 1})$$

232 where,  $\partial A_{net}/\partial C_i$  is the partial derivative of net CO<sub>2</sub> assimilation (A<sub>net</sub>) for a relative change  
 233 in leaf internal CO<sub>2</sub> (C<sub>i</sub>) and g<sub>sc</sub> is the stomatal conductance to CO<sub>2</sub> (g<sub>sc</sub> = g<sub>s</sub>/1.6). Our  
 234 approach uses a static mesophyll conductance to CO<sub>2</sub> (g<sub>mes</sub> of 0.2 mol m<sup>-2</sup> s<sup>-1</sup>) as the study  
 235 was focussed at the whole-leaf scale, and the magnitude of S<sub>lim</sub> is not strongly affected by the  
 236 inclusion of mesophyll conductance effects (Grassi & Magnani, 2005).

237 In addition to S<sub>lim</sub>, we also derived C<sub>i</sub> difference using the A<sub>net</sub>-C<sub>i</sub> responses curves. C<sub>i</sub>  
 238 difference was calculated as the difference between the transition C<sub>i</sub> (or C<sub>i</sub> at the V<sub>cmax</sub>-J<sub>max</sub>  
 239 transition point) and operating C<sub>i</sub> (or C<sub>i</sub> under growth CO<sub>2</sub> levels). It was thus an indicator of  
 240 how high the operating C<sub>i</sub> is on the linear slope of the A<sub>net</sub>-C<sub>i</sub> response curve.

241 ***Other field measurements***

242 Values for mean daily  $T_{\text{air}}$  were obtained from a temperature and humidity sensor (HMP 155  
243 Vaisala, Vantaa, Finland) located at 2 m above ground in all six plots, while values for total  
244 precipitation ( $\text{mm day}^{-1}$ ) were obtained from automated tipping buckets (Tipping Bucket  
245 Rain gauge TB4, Hydrological Services Pty Ltd, Liverpool, NSW, Australia) at the top of a  
246 tower in each of three plots. Data obtained from both sensor types were logged every 10 s and  
247 recorded every 15 min using CR3000 data loggers (Campbell Scientific, Townsville,  
248 Australia). In each of the six EucFACE plots (referred to as rings), three photosynthetically  
249 active radiation (PAR) sensors (LI-190; Li-COR, Lincoln, NE, USA) were installed on metal  
250 posts at one-m height and data was recorded every minute. Volumetric soil water content  
251 ( $V_{\text{SWC}}$ ; v/v) was measured up to a depth of 30 cm with permanently installed time-domain  
252 reflectometry probes inserted into the soil at a  $45^\circ$  angle (eight per plot; CS650-L; Campbell  
253 Scientific, Logan, UT, USA).  $V_{\text{SWC}}$  content data was recorded at 15 min interval by a data  
254 logger in each plot (C3000; Campbell Scientific, Logan, UT, USA). In our study, we report  
255 the daily averages for the plot-average  $V_{\text{SWC}}$  measurements under aCO<sub>2</sub> and eCO<sub>2</sub> treatments.  
256 In addition to  $V_{\text{SWC}}$ , the field capacity for the top layer soil of the EucFACE facility was  
257 determined by using soil moisture release curves (Campbell & Norman, 2000) measured with  
258 pressure plates. Based on curve analysis, the field capacity and water potential of this sandy  
259 loam was determined to be 0.18 v/v.

260

261

262 ***Statistical analysis***

263 Statistical analyses were performed using R (v3.2.2, R Foundation for Statistical Computing,  
264 Vienna, Austria). The EucFACE facility consists of three ambient and three elevated CO<sub>2</sub>  
265 rings and hence the number of replicates was three for each of the two levels of CO<sub>2</sub>  
266 treatment. The overall dataset was unbalanced with regard to number of species measured  
267 and the measurement months. For *M. stipoides*, gas exchange measurements were carried out  
268 in at least two locations in each of the six rings across 13 measurement time points over 3  
269 years. Similarly, for the other two C<sub>3</sub> species (*L. purpurascens* and *S. madagascariensis*), gas  
270 exchange measurements were carried out for seven measurement time-points (~1.5 years). A  
271 mixed-model split-plot ANOVA with interactions was performed for the physiological and  
272 biochemical parameters  $A_{\text{net}}$ ,  $V_{\text{cmax-25}}$ ,  $J_{\text{max-25}}$ ,  $V_{\text{cmax}}$ ,  $J_{\text{max}}$ , N content,  $g_s$ ,  $C_i$ ,  $S_{\text{lim}}$  and  $C_i$   
273 difference, with CO<sub>2</sub> treatment as a whole-plot factor and measurement time point as a split-  
274 plot factor. Appropriate tests were conducted to check the data for normality and equal  
275 variances and wherever necessary, log or square root transformations were used to improve  
276 the homoscedasticity of data (Zar, 2007). Linear mixed effects models were fitted using the  
277 ‘*lme*’ function within the *nlme* package (Pinheiro *et al.*, 2016). Values of  $P < 0.02$  were  
278 considered as statistically significant, because we used the Benjamini-Hochberg procedure  
279 for the number of tests we did to control the false discovery rate (Benjamini & Hochberg,  
280 1995). In addition to the mixed level split-plot ANOVA, regression analyses were performed  
281 in order to examine the relationships between key variables of interest, particularly with  
282 regard to eCO<sub>2</sub>-induced  $A_{\text{net}}$  enhancement. These key variables were chosen according to  
283 their causal hypothesised roles in regulating eCO<sub>2</sub>-induced photosynthetic enhancement  
284 (Ellsworth *et al.*, 2012; see Supplemental Information for further details). We also employed  
285 Structural Equation Modelling approaches (Lamb *et al.*, 2011) to understand the processes  
286 underlying the relationships among variables describing photosynthetic enhancement by  
287 eCO<sub>2</sub> using the *lavaan* package in R (Rosseel, 2012; see Supplemental Information). We used

288 generalized additive models (*mgcv* package; Wood, 2006) to visualize the seasonal trends in  
289  $V_{\text{SWC}}$  and test the differences between the  $\text{CO}_2$  treatments during three years of this  
290 experiment. Although both  $C_i$  and  $S_{\text{lim}}$  are recursive variables depending on both  $A_{\text{net}}$  and  $g_s$   
291 (Eq. 1), we included them in the structural equation models (Fig. 7 and Figs. S6-S8) as they  
292 are key parts of the overall hypotheses we asked.

293

## 294 **Results**

### 295 *Effect of $\text{CO}_2$ and measurement time on $A_{\text{net}}$ and $g_s$*

296 *M. stipoides* was the dominant herbaceous species in the grassy woodland understorey, and  
297 thus it was measured more intensively than the other species.  $\text{CO}_2$  enrichment by  $150 \mu\text{mol}$   
298  $\text{mol}^{-1}$  resulted in a significant increase in  $A_{\text{net}}$  ( $\approx 28\%$ ) across species measured for seven time  
299 points from 1.5 to 3 years after the start of  $\text{CO}_2$  enrichment ( $P = 0.009$ , Table 1, Fig. 2a-c).  
300 Similarly, for the dominant *M. stipoides*,  $e\text{CO}_2$  resulted in a significant increase in  $A_{\text{net}}$  ( $\approx$   
301  $32\%$ ) across the 13 time points across three years ( $P = 0.019$ , Table S1, Fig. 2a). There was a  
302 significant measurement time effect on  $A_{\text{net}}$  across species ( $P < 0.001$ , Table 1 and S1, Fig.  
303 2a-c) with average values ranging from  $17 \pm 3.2 \mu\text{mol m}^{-2} \text{ s}^{-1}$  during the warmer times  
304 (Oct'15 and Feb '16) to  $11 \pm 2.4 \mu\text{mol m}^{-2} \text{ s}^{-1}$  during the cooler time points (May'15 and  
305 April'16). For *M. stipoides*, maximum  $A_{\text{net}}$  ( $12 \pm 1.5 \mu\text{mol m}^{-2} \text{ s}^{-1}$ ) occurred during the wet  
306 and warmer times (Feb'13, Feb'14, Oct'14 and Feb'15), with minimum  $A_{\text{net}}$  of  $\sim 5 \pm 1.2 \mu\text{mol}$   
307  $\text{m}^{-2} \text{ s}^{-1}$  occurring in two dry periods, Oct'13 and Jul'14. We did not observe a significant  $\text{CO}_2$   
308 x measurement time effect on  $A_{\text{net}}$  across the three species ( $P > 0.02$ , Table 1 and S1). Similar  
309 to seasonal variation in  $A_{\text{net}}$ , the percent increase in photosynthetic rates due to  $e\text{CO}_2$  also  
310 varied among seasonal time points, with values ranging from 12-53%. The maximum  
311 increase in photosynthetic rates due to  $\text{CO}_2$  treatment across the species was observed during

312 Feb'16 (40%) and the minimum was observed in Feb'15 (13%). Similarly, for the dominant  
313 *M. stipoides*, the maximum increase in  $A_{\text{net}}$  due to  $e\text{CO}_2$  was observed in Oct'13 (62%),  
314 whereas minimum increase was reported in Feb'14 (13%). Overall, we observed a significant  
315 seasonal variation in the  $A_{\text{net}}$  values and the magnitude of  $e\text{CO}_2$ -induced photosynthetic  
316 enhancement across all the species (Fig. 2a-c). We will now further look into the sources of  
317 the variations in seasonal photosynthetic enhancement.

318 There was no  $\text{CO}_2$  treatment effect on  $g_s$  across the species ( $P > 0.02$ , Table 1, Fig. 2d-f).  
319 However, there were highly significant measurement time effects on  $g_s$  in all species ( $P <$   
320  $0.01$ , Table 1 and Table S1) with average values ranging from maximum of  $0.27 \pm 0.03 \text{ mol}$   
321  $\text{m}^{-2} \text{ s}^{-1}$  in Oct'15 and Feb'16 to minimum of  $0.18 \pm 0.02 \text{ mol m}^{-2} \text{ s}^{-1}$  in May'15 and April'16.  
322 For *M. stipoides*, maximum  $g_s$  ( $0.17 \pm 0.02 \text{ mol m}^{-2} \text{ s}^{-1}$ ) was observed during warmer time  
323 points (Feb'13, Feb'14, Oct'14 and Feb'15), whereas, minimum  $g_s$  was observed in Oct'13  
324 and Jul'14 as noted above for  $A_{\text{net}}$ . Given that higher  $A_{\text{net}}$  values were observed during time  
325 points with higher  $g_s$  (Fig. 2), the seasonal variation in  $A_{\text{net}}$  could be partly ascribed to  
326 seasonal variation in the  $g_s$ . This dependence of  $A_{\text{net}}$  on  $g_s$  is evident from the positive  
327 correlation between  $A_{\text{net}}$  and  $g_s$  for the three species under both,  $a\text{CO}_2$  ( $r^2 = 0.64$ ,  $P < 0.01$ ,  
328 Fig. S1a) and  $e\text{CO}_2$  ( $r^2 = 0.57$ ,  $P < 0.01$ , Fig. S1b) concentrations.

### 329 ***Effect of water availability on $A_{\text{net}}$ , $g_s$ and $e\text{CO}_2$ -induced $A_{\text{net}}$ enhancement***

330 Water supply and use is important to physiological activities of herbaceous species in other  
331 ecosystems (Knapp *et al.*, 2002). Thus, in order to understand the effect of water availability  
332 on  $A_{\text{net}}$ ,  $g_s$  and  $e\text{CO}_2$ -induced  $A_{\text{net}}$  enhancement in our study, these parameters were plotted as  
333 a function of seasonal water availability, determined as the recent week total precipitation and  
334 mean daily  $V_{\text{SWC}}$  (Fig. 3). The recent week for these measures was the seven days prior to the  
335 initiation of gas exchange measurements at the EucFACE. Fig. 3a-d shows the responses of



336  $A_{\text{net}}$  and  $g_s$  respectively, for the dominant *M. stipoides* species, with respect to seasonal water  
337 availability. Lower values for  $A_{\text{net}}$  ( $< 9 \mu\text{mol m}^{-2} \text{s}^{-1}$ ; Fig. 3a, b) and  $g_s$  ( $< 0.12 \text{ mol m}^{-2} \text{s}^{-1}$ ;  
338 Fig. 3c, d) were mostly observed during time points when recent week precipitation was  $< 10$   
339 mm  
  
340 (Fig. 3a, c) and mean daily  $V_{\text{SWC}}$  was  $< 0.10 \text{ v/v}$  (Fig. 3b, d). Fig. 3e-h shows the effect of  
341 water availability on  $e\text{CO}_2$ -induced  $A_{\text{net}}$  enhancement. For all the  $C_3$  species considered  
342 together,  $e\text{CO}_2$ -induced  $A_{\text{net}}$  enhancement was negatively correlated with both, total  
343 precipitation ( $r^2 = 0.38$ ,  $P < 0.01$ , Fig. 3e) and mean daily  $V_{\text{SWC}}$  ( $r^2 = 0.49$ ,  $P < 0.01$ , Fig. 3f)  
344 of the preceding week. Similarly, for *M. stipoides*,  $e\text{CO}_2$ -induced  $A_{\text{net}}$  enhancement was a  
345 decreasing function of total precipitation ( $r^2 = 0.56$ ,  $P < 0.01$ , Fig. 3g) and mean daily  $V_{\text{SWC}}$   
346 ( $r^2 = 0.64$ ,  $P < 0.01$ , Fig. 3h) of the preceding week. Overall, a photosynthetic enhancement  
347 of  $> 20\%$  under  $e\text{CO}_2$  was observed during the relatively water-limited time points when the  
348 recent week total precipitation was  $< 10 \text{ mm}$  and mean daily  $V_{\text{SWC}}$  was  $< 0.10 \text{ v/v}$ . Thus,  
349 there was evidence that water was an important regulator of  $A_{\text{net}}$ ,  $g_s$  and  $e\text{CO}_2$ -induced  $A_{\text{net}}$   
350 enhancement.

### 351 ***Effect of $\text{CO}_2$ and measurement time on biochemical parameters***

352 To understand the underlying biochemical regulation of  $A_{\text{net}}$ , we focused on  $V_{\text{cmax}}$  and  $J_{\text{max}}$ ,  
353 the parameters that are derived from the photosynthesis model of Farquhar *et al.* (Farquhar *et al.*  
354 *al.*, 1980) and leaf N content. Though there was no significant  $\text{CO}_2$  effect on the  $V_{\text{cmax}}$  and  
355  $J_{\text{max}}$  values across the species ( $P > 0.02$ , Table S2 and S3, Fig. S3), we observed a highly  
356 significant measurement time effect on both the parameters ( $P < 0.01$ , Table S2 and S3).  
357 There was evidence of different species responses for these parameters (Fig. S3). Variation in  
358  $V_{\text{cmax}}$  and  $J_{\text{max}}$  could be attributed to the variation in the measurement time weather  
359 conditions and the inherent temperature dependencies of these two biochemical parameters.

360 Thus,  $V_{\text{cmax}}$  and  $J_{\text{max}}$  were normalised to a common standard temperature of 25 °C using the  
361 activation energy and entropy parameters derived from instantaneous temperature responses  
362 of *M. stipoides* as indicated in supplementary methods (see Supporting Material). Though  
363 there was a significant measurement time effect on the normalised parameters ( $V_{\text{cmax-25}}$  and  
364  $J_{\text{max-25}}$ ) across the species ( $P < 0.01$ , Table 1 and S1, Fig. 4), they were less variable over  
365 measurement time compared to non-normalised  $V_{\text{cmax}}$  and  $J_{\text{max}}$  (Fig. S3). When averaged  
366 across the three species and CO<sub>2</sub> treatments, maximum values for  $V_{\text{cmax-25}}$  and  $J_{\text{max-25}}$  ( $80 \pm$   
367  $13.06 \mu\text{mol m}^{-2} \text{s}^{-1}$  and  $129 \pm 5.23 \mu\text{mol m}^{-2} \text{s}^{-1}$  respectively) were observed in Oct'14 and  
368 Oct'15.

369 We did not observe a significant CO<sub>2</sub> effect on  $V_{\text{cmax-25}}$  and  $J_{\text{max-25}}$  across the species ( $P >$   
370  $0.02$ , Tables 1 and S1 and Fig. 4). However, there was a non-significant CO<sub>2</sub> x measurement  
371 time interaction effect on  $V_{\text{cmax-25}}$  and  $J_{\text{max-25}}$  ( $P < 0.1$ , Tables 1 and S1 and Fig. 4). In  
372 particular, there was a trend towards lower  $V_{\text{cmax-25}}$  and  $J_{\text{max-25}}$  under eCO<sub>2</sub> during Oct' 14 in  
373 *M. stipoides* and during Oct' 14 and Oct'15 in *L. purpurascens*. Trends similar to  $V_{\text{cmax}}$  and  
374  $J_{\text{max}}$  were also observed for leaf N content. There were no significant CO<sub>2</sub> or CO<sub>2</sub> x  
375 measurement time interaction effects on the leaf N content ( $N_{\text{area}}$  and  $N_{\text{mass}}$ ) across the three  
376 species ( $P > 0.02$ , Table 1 and S1, Fig. S4). However, we observed a significant measurement  
377 time effect of the leaf N content across the species and CO<sub>2</sub> treatments ( $P < 0.01$ , Table 1 and  
378 S1). Similarly, for *M. stipoides*, there were no statistically significant CO<sub>2</sub> and CO<sub>2</sub> x  
379 measurement time interaction effects on  $N_{\text{area}}$  ( $P > 0.02$ , Table S1, Fig. S4a) and  $N_{\text{mass}}$  ( $P >$   
380  $0.02$ , Table S3, Fig. S4d). However, leaf N content of *M. stipoides* varied significantly with  
381 time across the CO<sub>2</sub> treatments ( $P < 0.01$ , Table S1 and S3). Overall, across the species we  
382 did not observed a significant decrease in any of the measured biochemical parameters under  
383 eCO<sub>2</sub>, though individual species varied in this regard.

384

385 ***Effect of CO<sub>2</sub> and measurement time on V<sub>SWC</sub>***

386 There was no significant CO<sub>2</sub> treatment effect on the mean daily V<sub>SWC</sub> during the three years  
387 of this experiment, indicated by overlapping confidence intervals (Fig. 5b). Also, mean daily  
388 V<sub>SWC</sub> during the weeks preceding gas exchange measurements was similar between aCO<sub>2</sub> and  
389 eCO<sub>2</sub> ( $P > 0.02$ , Table S4). However, V<sub>SWC</sub> varied substantially during the course of this  
390 study and there were several seasonal wet-dry periods (Fig. 5a). During a substantial amount  
391 of time (average 14 days per month or  $\approx 50\%$  of the time), V<sub>SWC</sub> was  $< 0.10$  v/v (Fig. 5a).  
392 Thus, the EucFACE facility experienced frequent dry periods during the duration of our  
393 measurements. Overall, there were no significant CO<sub>2</sub> x measurement time interaction effects  
394 on mean daily V<sub>SWC</sub> during the three years of measurement period indicated by overlapping  
395 confidence intervals in Fig. 5b as well as during the week preceding the gas exchange  
396 measurements across all the 13 measurement time points ( $P > 0.02$ , Table S4).

397 ***Effect of CO<sub>2</sub> and measurement time on diffusional parameters***

398 Elevated CO<sub>2</sub> resulted in a significant increase in C<sub>i</sub> ( $391 \pm 27 \mu\text{mol mol}^{-1}$ ) compared to aCO<sub>2</sub>  
399 ( $288 \pm 15 \mu\text{mol mol}^{-1}$ ) across the three species ( $P < 0.01$ , Table S2 and S3, data not shown).  
400 However, this increase was not accompanied by a corresponding increase in the C<sub>i</sub>/C<sub>a</sub> ratio ( $P$   
401  $> 0.02$ , Table S2 and S3). Both C<sub>i</sub> and C<sub>i</sub>/C<sub>a</sub> varied significantly with measurement time  
402 across the species ( $P < 0.001$ , Table S2 and S3). A result of increased atmospheric CO<sub>2</sub> and  
403 hence increased C<sub>i</sub>, but no change in C<sub>i</sub>/C<sub>a</sub>, should be a reduction in S<sub>lim</sub> and C<sub>i</sub> difference  
404 under eCO<sub>2</sub>, as leaves operate closer to the CO<sub>2</sub> saturation for A<sub>net</sub>. We therefore examined  
405 the responses of S<sub>lim</sub> and C<sub>i</sub> difference across the species (Fig. 6). There was no significant  
406 CO<sub>2</sub> effect on S<sub>lim</sub> across the three species ( $P > 0.02$ , Table 1 and S1, Fig. 6a-c). However,  
407 there was a highly significant measurement time effect on S<sub>lim</sub> across the CO<sub>2</sub> treatments and  
408 species ( $P < 0.01$ , Table 1 and S1). Since there was a trend towards higher S<sub>lim</sub> during the dry

409 time points (Fig. 6a-c) when values for  $A_{\text{net}}$  (Fig. 2a) and  $g_s$  (Fig. 2b) were lower, we plotted  
410  $S_{\text{lim}}$  as a function of water availability measured by total precipitation and mean daily  $V_{\text{SWC}}$   
411 of preceding week (Fig. S5).  $S_{\text{lim}}$  was a decreasing function of  $V_{\text{SWC}}$  across the species ( $r^2 =$   
412  $0.33$ ,  $P = 0.016$ , Fig. S5b) and for *M. stipoides* ( $r^2 = 0.55$ ,  $P = 0.02$ , Fig. S5d). Thus, higher  
413  $S_{\text{lim}}$  were observed during periods of low water availability or when  $V_{\text{SWC}}$  was  $< 0.10$  v/v  
414 (Fig. S5b, d). Though the  $S_{\text{lim}}$  were similar between aCO<sub>2</sub> and eCO<sub>2</sub> treatments (Fig. 6a-c),  
415 we observed a significant decrease in  $C_i$  difference under eCO<sub>2</sub> across the species ( $P < 0.01$ ,  
416 Table 1 and S1, Fig. 6d-f) indicating that plants in eCO<sub>2</sub> operated higher on the linear part of  
417 the  $A_{\text{net}}-C_i$  curve. We did not observe a highly significant measurement time effect on  $C_i$   
418 difference across CO<sub>2</sub> treatments and three species ( $P > 0.02$ , Table 1). However, there were  
419 significant measurement time effects on  $C_i$  difference of *M. stipoides* ( $P < 0.01$ , Table S1,  
420 Fig. 6d). Higher average  $C_i$  difference was evident during the time points with higher relative  
421  $S_{\text{lim}}$  (Fig. 6). We expected that there would be a two-way interaction between CO<sub>2</sub> and time  
422 on  $C_i$  difference, but overall there was no significant CO<sub>2</sub> x measurement time interaction  
423 effect on  $S_{\text{lim}}$  and  $C_i$  difference across the species ( $P > 0.02$ , Table 1 and S1). Taken together,  
424 higher relative  $S_{\text{lim}}$  and  $C_i$  difference were evident during water-limited time points (Fig. S5),  
425 suggesting that these diffusional factors may be responsible for seasonal variation in eCO<sub>2</sub>-  
426 induced  $A_{\text{net}}$  enhancement. Further evidence of this comes from a set of physiologically-  
427 based causal hypotheses laid out in a structural equation model (Fig. 7, see Supporting  
428 Material for details). Here, there was both a direct effect of the seasonal variation in  $g_s$   
429 affecting photosynthetic enhancement by eCO<sub>2</sub> as well as a strong effect mediated through  
430  $S_{\text{lim}}$ .

431

432 ***Relation between  $S_{\text{lim}}$  and  $A_{\text{net}}$  enhancement by eCO<sub>2</sub>***

433 To obtain a greater insight into the role of diffusional factors in controlling seasonal variation  
434 in eCO<sub>2</sub>-induced A<sub>net</sub> enhancement we further plotted A<sub>net</sub> enhancement ratio as a function of  
435 S<sub>lim</sub> (Fig. 8a) and C<sub>i</sub> difference (Fig. 8b) under aCO<sub>2</sub> conditions. The eCO<sub>2</sub>-induced A<sub>net</sub>  
436 enhancement was positively correlated with S<sub>lim</sub> at aCO<sub>2</sub> conditions across the species ( $r^2 =$   
437  $0.39, P < 0.01$ , Fig. 8a) and for *M. stipoides* ( $r^2 = 0.63, P < 0.01$ ). Similar to S<sub>lim</sub>, we observed  
438 a strong positive correlation between eCO<sub>2</sub>-induced A<sub>net</sub> enhancement and C<sub>i</sub> difference at  
439 aCO<sub>2</sub> across the species ( $r^2 = 0.44, P < 0.01$ , Fig. 8b) and for *M. stipoides* ( $r^2 = 0.64, P <$   
440  $0.01$ ). Overall, maximum enhancement in photosynthetic rates under eCO<sub>2</sub> were observed  
441 when S<sub>lim</sub> and C<sub>i</sub> difference were higher under aCO<sub>2</sub> conditions.

#### 442 ***Species effects and higher-order interactions***

443 The split-plot ANOVA (CO<sub>2</sub> x measurement time x species) for the seven time points, during  
444 which all three species were measured, indicated that species differed significantly in most of  
445 the measured physiological and biochemical parameters ( $P < 0.01$ , Table 1 and S2). When  
446 averaged across CO<sub>2</sub> treatments and seven measurement time points, we observed higher  
447 values for A<sub>net</sub> and g<sub>s</sub> (Fig. 2) in *S. madagascariensis* ( $18.5 \pm 4.4 \mu\text{mol m}^{-2} \text{s}^{-1}$  and  $0.34 \pm 0.13$   
448  $\text{mol m}^{-2} \text{s}^{-1}$ , respectively) than the other species (average A<sub>net</sub> was  $12 \pm 2.7 \mu\text{mol m}^{-2} \text{s}^{-1}$  and  
449  $9.4 \pm 3.12 \mu\text{mol m}^{-2} \text{s}^{-1}$  for *L. purpurascens* and *M. stipoides*, respectively). A similar trend  
450 was observed for the biochemical parameters like V<sub>cmax-25</sub> and J<sub>max-25</sub> (Fig. 4), V<sub>cmax</sub> and J<sub>max</sub>  
451 (Fig. S3) and leaf N content (Fig. S4), with rates for the former ranking *S. madagascariensis*  
452  $> L. purpurascens > M. stipoides$ . Species also differed significantly in all the diffusional  
453 parameters ( $P < 0.01$ , Table 1 and S2) except for S<sub>lim</sub> ( $P > 0.02$ , Table 1, Fig. 6a-c) which  
454 was similar across the three species ( $\approx 33\%$ ) as expected given that it is a relative measure  
455 that already accounts for intrinsic physiological rates. We observed a significant species x  
456 CO<sub>2</sub> interaction effect only for two variables ( $P < 0.01$ , Table 1 and S2), as *S.*  
457 *madagascariensis* had higher values for J<sub>max-25</sub> (Fig. 4f) and J<sub>max</sub> (Fig. S3f) under eCO<sub>2</sub> than

458 for all other cases. Compared to *M. stipoides*, the biochemical ( $J_{\max}$ ,  $V_{\text{cmax-25}}$ ,  $J_{\text{max-25}}$ ) and  
459 diffusional ( $g_s$ ,  $C_i$ ,  $C_i/C_a$ , and  $S_{\text{lim}}$ ) parameters varied substantially with season in *L.*  
460 *purpurascens* and *S. madagascariensis*. Overall, there were no statistically significant three-  
461 way interaction effects ( $\text{CO}_2$  x measurement time x species) on any of the measured  
462 physiological and biochemical parameters in our study ( $P > 0.02$ , Table 1 and S2).

## 463 Discussion

464 During three years of this study, photosynthetic rates under eCO<sub>2</sub> were almost 30% higher on  
465 average (Fig. 2), which we expect would have led to an increase in above- or below-ground  
466 production. However, the relative enhancement in photosynthetic rates by eCO<sub>2</sub> across  
467 species varied substantially between seasons, with values ranging from 12-53%. We  
468 investigated the mechanisms underlying the seasonal variation in photosynthetic responses to  
469 eCO<sub>2</sub> in three herbaceous C<sub>3</sub> species from a periodically dry *Eucalyptus* woodland, with a  
470 focus on water availability and stomatal limitations, recognising that this would be the driver  
471 for biomass accumulation responses. Our first hypothesis was supported, as we observed  
472 maximum photosynthetic enhancement by eCO<sub>2</sub> during the dry periods ( $V_{\text{SWC}} < 0.07$ ). In  
473 contrast to our second hypothesis, we did not observe a significant increase in  $V_{\text{SWC}}$  under  
474 eCO<sub>2</sub> or decrease in stomatal conductance. The results indicate that eCO<sub>2</sub> induced  
475 photosynthetic enhancement during dry periods was the result of alleviation of stomatal  
476 limitation by increasing  $C_i$ , thus supporting our third hypothesis.

477

### 478 *Maximum eCO<sub>2</sub>-induced A<sub>net</sub> enhancement is observed during dry periods*

479 The grassy *Eucalyptus* woodland in this study experienced frequent seasonal wet and dry  
480 periods (Fig. 1b and Fig. 5a). Since herbaceous species respond quickly to events of water  
481 availability (Knapp *et al.*, 2002), water was expected to be an important environmental factor  
482 controlling growth, productivity and probably the eCO<sub>2</sub> response in the herbaceous species of  
483 this ecosystem. The relationship between seasonal water availability (total precipitation and  
484 mean daily  $V_{\text{SWC}}$  of preceding week) and eCO<sub>2</sub>-induced  $A_{\text{net}}$  enhancement (Fig. 3e-h)  
485 indicated that maximum eCO<sub>2</sub>-induced  $A_{\text{net}}$  enhancement occurred during relatively dry  
486 periods, that is, when the total precipitation in the week preceding the measurements was <

487 10 mm (Fig. 3e, g) or the mean daily  $V_{\text{SWC}}$  was  $< 0.10$  v/v (Fig. 3f, h). Similar relationships  
488 have been observed between  $A_{\text{net}}$  enhancement ratio and soil water content by Lecain *et al.*  
489 (2003) and between biomass enhancement and precipitation by Morgan *et al.* (2004), both for  
490 herbaceous species from temperate grasslands. The relationship between  $A_{\text{net}}$  enhancement  
491 ratio and seasonal water availability in our study is in agreement with these previous reports,  
492 and support our first hypothesis.

493 How is seasonal water availability related to the  $e\text{CO}_2$ -induced photosynthetic enhancement  
494 and its variability? We argue that this relationship emerges out of stomatal control of  
495 photosynthetic rates across a range of soil moistures. Previous studies addressing the  
496 interaction effects of  $e\text{CO}_2$  and drought (Kelly *et al.*, 2016, Lecain *et al.*, 2003, Morgan *et al.*,  
497 2004, Niklaus & Körner, 2004) indicate that  $e\text{CO}_2$  can mitigate the impact of water-limitation  
498 via two key mechanisms; first, decreased  $g_s$  under  $e\text{CO}_2$  resulting in increased soil water  
499 content or ‘water-savings effect’ and second, lower  $g_s$  and higher  $S_{\text{lim}}$  during drought  
500 resulting in increased  $C_i$  and hence  $A_{\text{net}}$  under  $e\text{CO}_2$ . We evaluated these two mechanisms and  
501 discuss them in the following sections.

### 502 ***Elevated $\text{CO}_2$ does not increase soil water content***

503 Previous studies in water-limited temperate ecosystems have reported improved  
504 photosynthetic rates and productivity under  $e\text{CO}_2$  during dry conditions, generally attributed  
505 to decreased  $g_s$  and the linked increase in soil water content (Blumenthal *et al.*, 2013, Lecain  
506 *et al.*, 2003, Morgan *et al.*, 2011, Morgan *et al.*, 2004), called the ‘water-savings effect’.  
507 Although we observed the maximum  $\text{CO}_2$ -induced photosynthetic enhancement in dry  
508 periods (Fig. 3e-h), stomatal conductance ( $g_s$ ) did not significantly decrease under  $e\text{CO}_2$  (Fig.  
509 2d-f) even during dry periods (Fig. 3c, d). Stomatal conductance showed significant variation  
510 across seasons, but was similar under both  $a\text{CO}_2$  and  $e\text{CO}_2$  conditions (Fig. 2d-f), thus



511 indicating that plants under both CO<sub>2</sub> treatments were constrained by the same diffusional  
512 limitations. Also, there was no detectable increase in mean daily V<sub>SWC</sub> under eCO<sub>2</sub> compared  
513 to aCO<sub>2</sub> at any time point during three years of this study, not even during the dry periods  
514 when we expected a significant increase in V<sub>SWC</sub> (Fig. 5). Unlike temperate ecosystems  
515 (Blumenthal *et al.*, 2013, Lecain *et al.*, 2003, Morgan *et al.*, 2011, Morgan *et al.*, 2004), the  
516 ‘water-savings effect’ of eCO<sub>2</sub> was absent in the ground layer and upper soil of this sub-  
517 tropical grassy *Eucalyptus* woodland, rejecting our second hypothesis. Thus we do not expect  
518 such an effect on plant biomass accumulation for the grassy understory, though this remains  
519 to be tested.

520 The ‘water-savings effect’ of eCO<sub>2</sub> has been expected to affect the structure and functioning  
521 of savannas and grassy woodlands through feedbacks on species composition, partly through  
522 the establishment of woody plant seedlings and tree-grass interactions (Bond & Midgley,  
523 2012, Polley *et al.*, 1997). For instance, the ‘water-savings effect’ could favour the  
524 establishment of woody plant seedlings that were previously excluded due to low water  
525 availability (Polley *et al.*, 1997) or could help lengthen the growing season, thus reducing the  
526 period when fires can occur (Bond & Midgley, 2012). An invasive grass, *Microstegium*,  
527 responded differently between years to eCO<sub>2</sub> in a temperate plantation, which may be been  
528 due to interannual differences in soil moisture interacting with eCO<sub>2</sub> (Belote *et al.*, 2004).  
529 However, the above predictions might not be true in the case of warm temperate grassy  
530 woodlands with periodic drought, as there was no evidence of eCO<sub>2</sub>-induced water savings in  
531 our study. We speculate that the dominance of C3 species in the ground layer at our site may  
532 have been a factor responsible for this finding, as suggested previously by Morgan *et al.*  
533 (2004).

534 ***Higher stomatal limitations and A<sub>net</sub> enhancement by eCO<sub>2</sub> during dry periods***

535 Given that we did not find decreased stomatal conductance in  $e\text{CO}_2$  and hence no ‘water-  
536 savings effect’, we investigated the possibility of changed stomatal limitations in  $e\text{CO}_2$ .  $S_{\text{lim}}$   
537 was a function of water availability, especially mean daily  $V_{\text{SWC}}$  (Fig. S5b,d). As a result,  
538 lower  $g_s$  (Fig. 3d) and consequently higher  $S_{\text{lim}}$  (Fig. S5b,d) were observed during the water-  
539 limited periods than during wet periods. From this we infer that water availability controlled  
540 the variability in  $S_{\text{lim}}$  to photosynthesis as depicted in the path analysis in Figure 7. A similar  
541 relationship was previously observed between soil water content and diffusional limitation by  
542 Grassi & Magnani (2005). A consequence of lower  $g_s$  and higher  $S_{\text{lim}}$  observed during water-  
543 limitation is a decrease in  $C_i$  and  $A_{\text{net}}$  with plants operating deeper in the carboxylation-  
544 limited zone, and so more responsive to  $e\text{CO}_2$ . At such low  $C_i$ 's,  $\text{CO}_2$  fertilisation can  
545 facilitate the alleviation of  $S_{\text{lim}}$  by increasing  $C_i$ , thus generating a larger photosynthetic  
546 enhancement during dry periods (Lawlor, 2002). In support to this prediction, we observed  
547 maximum increase in photosynthetic rates under  $e\text{CO}_2$  when  $S_{\text{lim}}$  were higher under  $a\text{CO}_2$   
548 concentrations (Fig. 8a). A similar relationship was observed between  $e\text{CO}_2$ -induced  $A_{\text{net}}$   
549 enhancement and  $C_i$  difference (Fig. 8b). The  $C_i$  difference is a measure of how high the  
550 operating point is, relative to a transition away from carboxylation limitation to  
551 photosynthesis. Larger  $C_i$  difference indicates that plants have more capacity to increase  
552 carboxylation with increased atmospheric  $\text{CO}_2$  concentrations. Thus,  $e\text{CO}_2$  enables plants to  
553 overcome the higher  $S_{\text{lim}}$  during water-limited periods resulting in increased  $C_i$  and  
554 photosynthetic rates compared to plants grown in  $a\text{CO}_2$ . Examining the multivariate pathway  
555 to photosynthetic enhancement by  $e\text{CO}_2$  in Figure 7, greater soil moisture in turn increased  $g_s$   
556 in ambient  $\text{CO}_2$ . There was both a direct pathway from  $g_s$  to the enhancement in  $A_{\text{net}}$  in  $e\text{CO}_2$ ,  
557 as well as an indirect pathway through the change in relative stomatal limitation in  $a\text{CO}_2$ .  
558 This model clearly supports the mechanism of how higher stomatal limitations, caused by  
559 lower  $g_s$  during dry periods, can be overcome by  $e\text{CO}_2$  thus resulting in significant increase in

560 photosynthetic rates. Taken together, the results indicate that seasonal variability in  $S_{lim}$  was  
561 responsible for the variability in  $eCO_2$ -induced  $A_{net}$  enhancement. The increased  
562 photosynthetic rates under  $eCO_2$  suggest a potential for increased ecosystem C gain during  
563 dry periods. The phenology of different species would dictate if these responses could be  
564 translated to increased biomass accumulation, for which we currently have limited data. This  
565 is the first study to demonstrate the role of  $S_{lim}$  in controlling  $eCO_2$  response at field level and  
566 over multiple seasons in a periodically water-limited grassy woodland ecosystem.

567 Though  $eCO_2$  overcomes  $S_{lim}$  thus increasing  $A_{net}$  during dry periods, this may not always be  
568 the case. The *Eucalyptus* woodland ecosystem in this study experienced frequent wet-dry  
569 periods resulting in moderate water stress (Fig. 1b,c), likely enhanced by water extraction by  
570 nearby trees. Findings from this study might best apply in systems such as savannas and  
571 grasslands where frequent droughts are common, rather than the long and more intense dry  
572 periods observed in semi-arid to arid regions. In the latter case, metabolic limitations that  
573 decrease photosynthetic capacity become more important than stomatal limitations and any  
574 increase in external  $CO_2$  is unable to increase photosynthetic rates (Ghannoum *et al.*, 2003,  
575 Lawlor, 2002). For instance,  $eCO_2$  was unable to increase photosynthetic rates in a desert  
576 shrub during severe drought as a consequence of reduced Rubisco content and low  
577 photosynthetic capacity (Naumburg *et al.*, 2003). Similarly, Gray *et al.* (2016) observed that  
578 during severe droughts, decreases in  $g_s$  and depression of  $C_i$  were greater in  $eCO_2$  than  $aCO_2$ .  
579 Consequently, there may be negative effects of severe restrictions on water availability that  
580 are manifest by non-stomatal effects that can override the stomatal ones under severe plant  
581 water deficits.

582 In summary, under field conditions and over three years of  $CO_2$  fumigation, we investigated  
583 two key mechanisms that might be responsible for  $eCO_2$ -induced photosynthetic  
584 enhancement observed during periods of low water availability in  $C_3$  herbaceous species of a

585 grassy woodland. One of these, the ‘water-savings effect’, has been frequently assumed to be  
586 the main mechanism responsible for eCO<sub>2</sub> effect during dry conditions (Morgan *et al.*, 2004)  
587 and has been used in global models (Ahlström *et al.*, 2013, Zhu *et al.*, 2016). Though we  
588 observed maximum eCO<sub>2</sub>-induced photosynthetic enhancement during the dry periods, this  
589 enhancement was not mediated through the ‘water-savings effect’. Low water availability  
590 resulted in lower  $g_s$ , higher relative  $S_{lim}$  and thus a greater increase in  $C_i$  possible which led to  
591 a significant photosynthetic enhancement under eCO<sub>2</sub>. The results demonstrate that water  
592 availability, but not eCO<sub>2</sub>, controls  $g_s$  and hence the photosynthetic enhancement in the  
593 herbaceous understorey of the dry grassy *Eucalyptus* woodland. Further, modelling  
594 photosynthetic enhancement should involve dynamic regulation of the set-point for gas  
595 exchange according to stomatal limitations across different times of year. Thus, eCO<sub>2</sub> has the  
596 potential to alter the structure and functioning of warm and periodically dry grassy woodland  
597 ecosystems through alleviation of  $S_{lim}$  and increase in photosynthetic CO<sub>2</sub> assimilation, but  
598 not via a ‘water-savings effect’ as is usually observed in temperate grasslands.

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804 **Table 1** Results of mixed-model split-plot ANOVA for net photosynthesis ( $A_{\text{net}}$ ), temperature normalised maximum carboxylation ( $V_{\text{cmax-25}}$ ) and  
805 electron transport rates ( $J_{\text{max-25}}$ ), N content on area basis ( $N_{\text{area}}$ ), stomatal conductance ( $g_s$ ), relative stomatal limitation ( $S_{\text{lim}}$ ) and  $C_i$  difference as  
806 the difference between the transition  $C_i$  and operating  $C_i$ , across the three  $C_3$  species measured for seven seasonal time points<sup>1</sup>. Results shown are  
807 across *M. stipoides*, *L. purpurascens* and *S. madagascariensis*.  $\text{CO}_2$  refers to the  $\text{CO}_2$  treatment and time refers to the seasonal time points during  
808 which measurements were carried out.  $P$ -values for the split-plot ANOVA are shown in bold for significant effects when the false discovery rate  
809 is controlled using the Benjamini-Hochberg procedure. Three-way interactions were not statistically significant ( $P > 0.02$ ) and hence are not  
810 shown in the table. The numerator degrees of freedom (df) are given for the statistical tests.

811

812

Source of variation												
Variables	CO <sub>2</sub>			Time			Species			CO <sub>2</sub> x Time		
	df	F-value	P-value	df	F-value	P-value	df	F-value	P-value	df	F-value	P-value
A <sub>net</sub>	1	23.18	<b>0.009</b>	6	13.85	<b>&lt;0.001</b>	2	83.22	<b>&lt;0.001</b>	6	1.14	0.367
V <sub>cmax-25</sub>	1	0.06	0.815	6	4.95	<b>0.002</b>	2	129.25	<b>&lt;0.001</b>	6	2.45	0.055
J <sub>max-25</sub>	1	0.32	0.602	6	8.69	<b>&lt;0.001</b>	2	137.91	<b>&lt;0.001</b>	6	2.33	0.064
N <sub>area</sub>	1	0.09	0.771	6	5.62	<b>&lt;0.001</b>	2	9.20	<b>&lt;0.001</b>	6	0.80	0.575
g <sub>s</sub>	1	2.35	0.200	6	4.94	<b>0.002</b>	2	57.99	<b>&lt;0.001</b>	6	1.24	0.320
S <sub>lim</sub>	1	2.77	0.172	6	5.09	<b>0.002</b>	2	0.28	0.755	6	1.16	0.361
C <sub>i</sub> difference	1	46.40	<b>0.002</b>	6	2.99	0.025	2	16.72	<b>&lt;0.001</b>	6	0.97	0.466

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Source of variation (continued)					
Species x CO <sub>2</sub>			Species x Time		
df	F-value	P-value	df	F-value	P-value
2	0.21	0.810	12	1.29	0.250
2	1.94	0.153	12	2.09	0.034
2	4.30	<b>0.019</b>	12	2.40	<b>0.015</b>
2	4.08	0.022	12	2.76	<b>0.005</b>

2	0.25	0.776	12	3.50	<b>&lt;0.001</b>
2	2.02	0.142	12	5.69	<b>&lt;0.001</b>
2	1.38	0.261	12	1.55	0.135

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815 <sup>1</sup>All variables were transformed (square root or log transformation) to meet the normality assumptions for the mixed-model ANOVA.

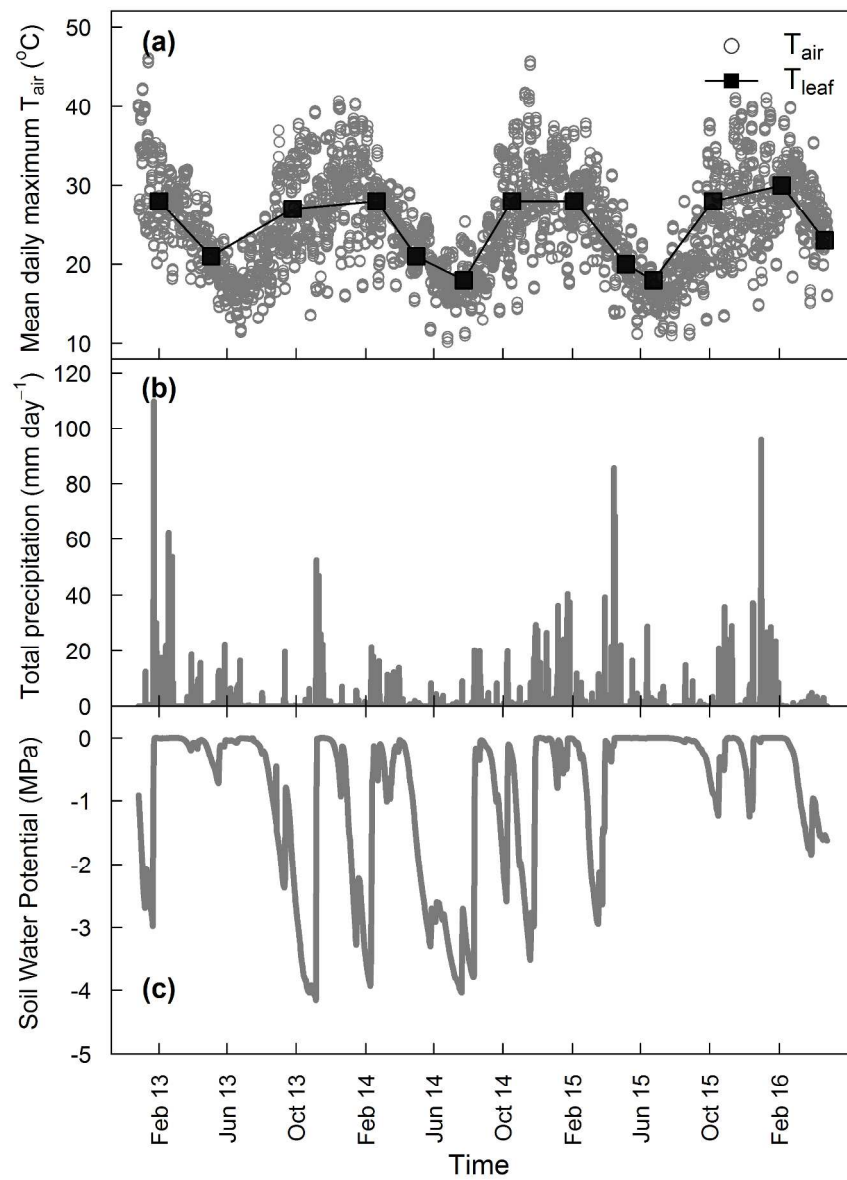


Fig. 1 Time course through the three measurement years for (a) daily maximum air temperature ( $T_{air}$  in  $^{\circ}C$ , open circles), and mean leaf temperature at the time of measurement ( $T_{leaf}$  in  $^{\circ}C$ , filled squares), (b) daily total precipitation received at the site, and (c) surface soil water potential (0–30cm depth).  $T_{leaf}$  is a mean of three ground layer species.



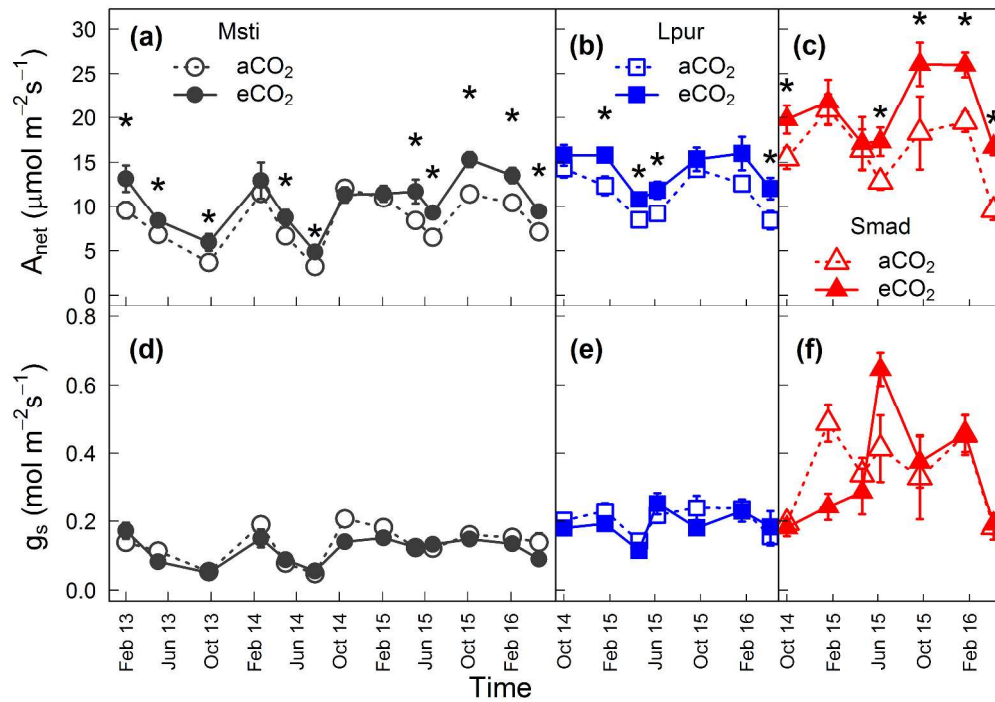


Fig. 2 Time course through the three measurement years for (a) seasonal net CO<sub>2</sub> assimilation ( $A_{net}$ ) as a function of CO<sub>2</sub> treatment for *M. stipoides* (Msti, black circles), (b) *L. purpurascens* (Lpur, blue squares) and (c) *S. madagascariensis* (Smad, red triangles). Open symbols indicate ambient CO<sub>2</sub> (aCO<sub>2</sub>) and closed symbols indicate elevated CO<sub>2</sub> (eCO<sub>2</sub>). The corresponding stomatal conductance is shown for (d) *M. stipoides*, (e) *L. purpurascens*, and (f) *S. madagascariensis*. When there was a significant overall CO<sub>2</sub> effect (Table 1), post-hoc treatment differences were denoted by \* ( $P < 0.05$ ; t-test).

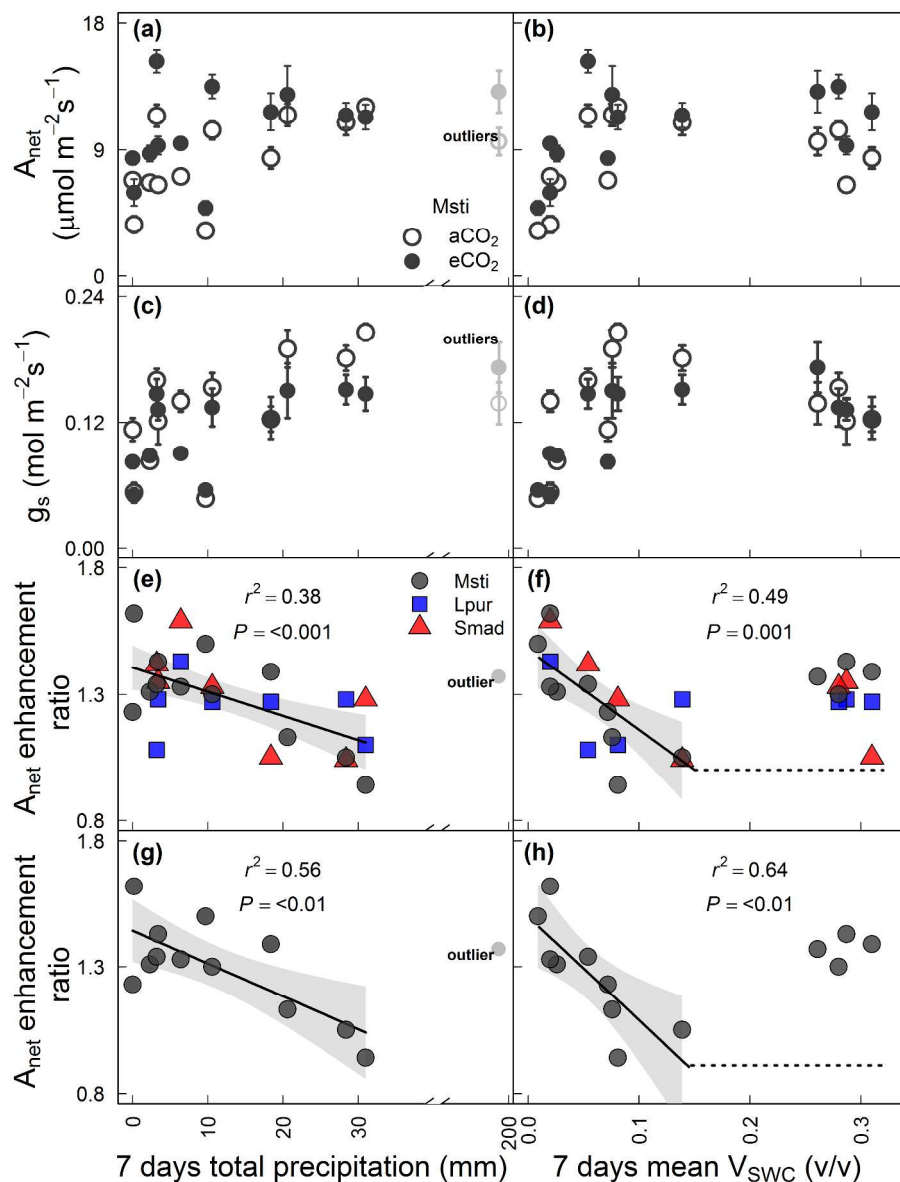


Fig. 3 (a, b) Seasonal Anet and (c, d) the corresponding seasonal g<sub>s</sub> for *M. stipoides* along with (e, f) the Anet enhancement ratio for all three species, and (g, h) for *M. stipoides* only. Anet, g<sub>s</sub> and Anet enhancement ratio are shown as a function of total precipitation (a, c, e and g) and mean daily volumetric soil water content (V<sub>SWC</sub>; b, d, f and h) in the week preceding Anet measurements. In the legends, the three species are indicated as *M. stipoides* (Msti, black circles), *L. purpurascens* (Lpur, blue squares and *S. madagascariensis* (Smad, red triangles). Anet enhancement ratio was calculated as mean Anet under eCO<sub>2</sub> divided by mean Anet under aCO<sub>2</sub>. Gray shaded portions indicate 95% confidence intervals for the mean values. In panels f and h, a broken stick function is shown, with fit to the linear part below the field capacity for this soil (0.18 v/v).

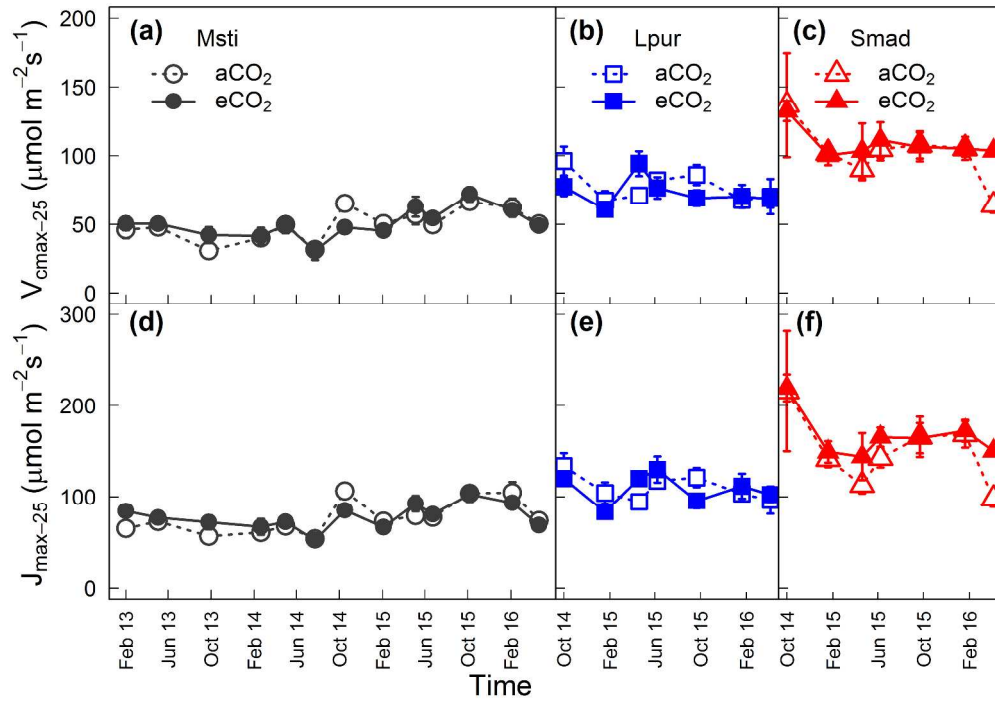


Fig. 4 Time course of rates of maximum carboxylation ( $V_{cmax}$ ) and electron transport ( $J_{max}$ ) as a function of  $\text{CO}_2$  treatments. The rates have been normalised to a standard leaf temperature of 25 °C, indicated by (a, b and c)  $V_{cmax-25}$  and (d, e and f)  $J_{max-25}$ , respectively. These parameters are shown for *M. stipoides* (Msti; a,d; black circles), *L. purpurascens* (Lpur; b, e; blue squares) and *S. madagascariensis* (Smad; c, f; red triangles).

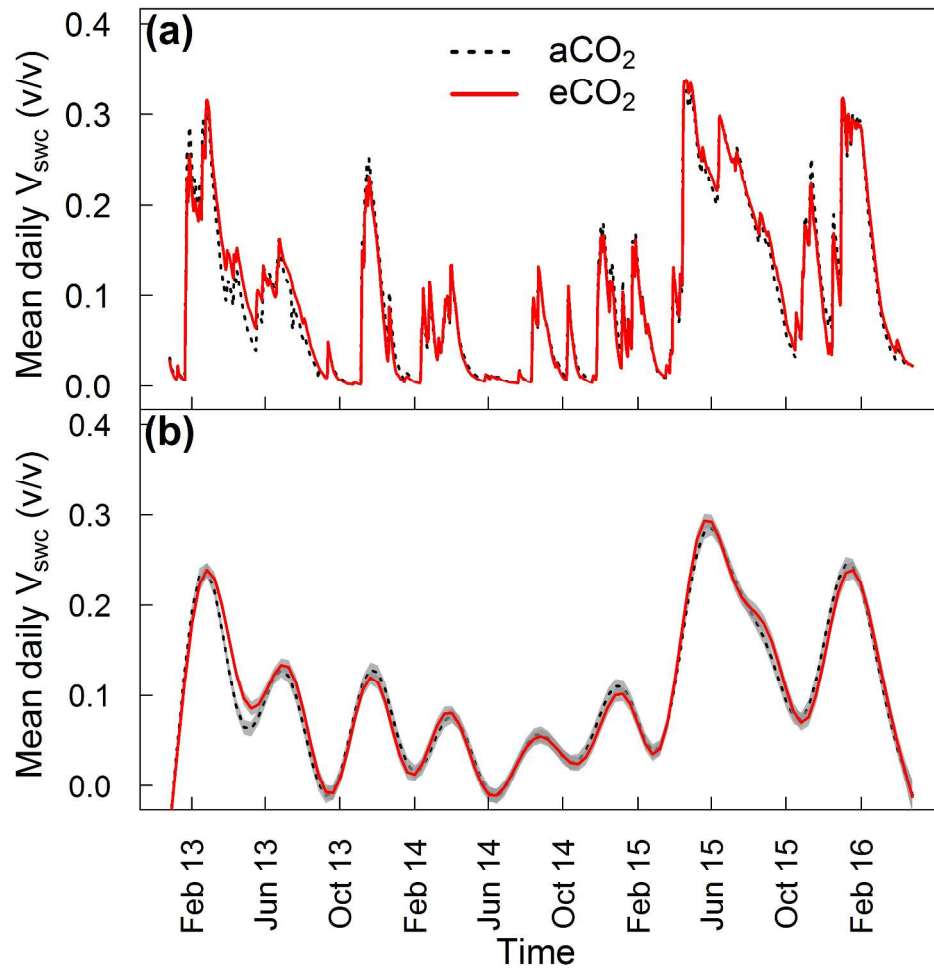


Fig. 5 Time course through the three measurement years for (a) mean daily VSWC under aCO<sub>2</sub> (black dashed line) and eCO<sub>2</sub> (red solid line) and (b) smoothed regressions with 95% confidence intervals (gray areas) around the smooth terms for VSWC under aCO<sub>2</sub> and eCO<sub>2</sub>.

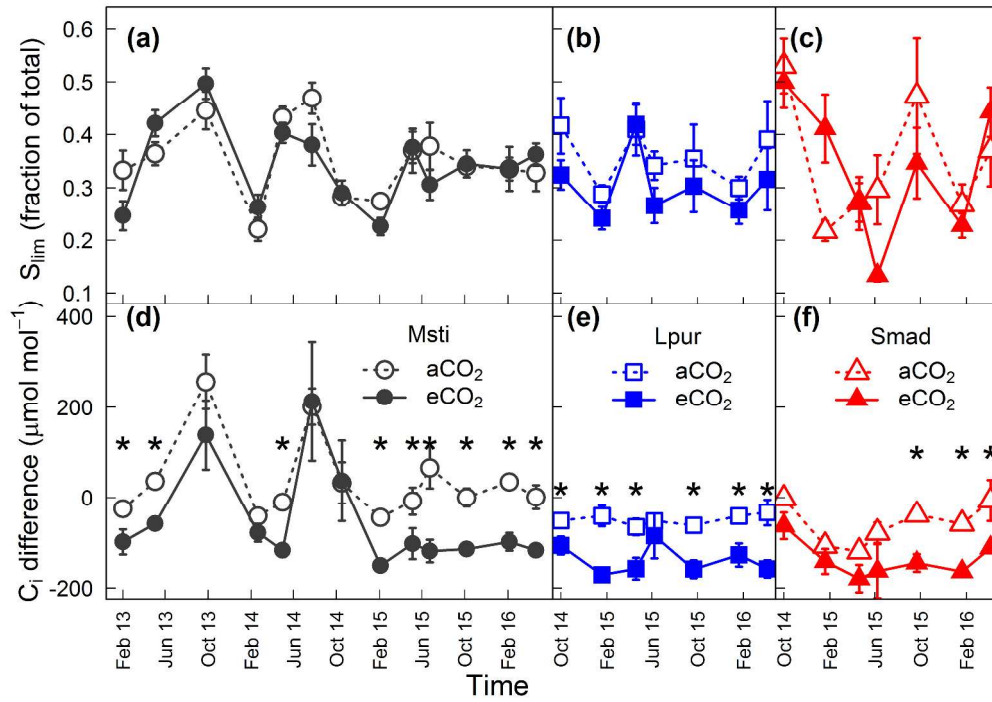


Fig. 6 Time course of (a, b and c) relative stomatal limitations ( $S_{lim}$ ) and (d, e and f) the difference between operating  $C_i$  and transition  $C_i$  ( $C_i$  difference) as a function of CO<sub>2</sub> treatments. These parameters are shown for *M. stipoides* (Msti; a, d; black circles), *L. purpurascens* (Lpur; b, e; blue squares) and *S. madagascariensis* (Smad; c, f; red triangles). When there was a significant overall CO<sub>2</sub> effect (Table 1), post-hoc treatment differences were denoted by \* ( $P < 0.05$ ; t-test).

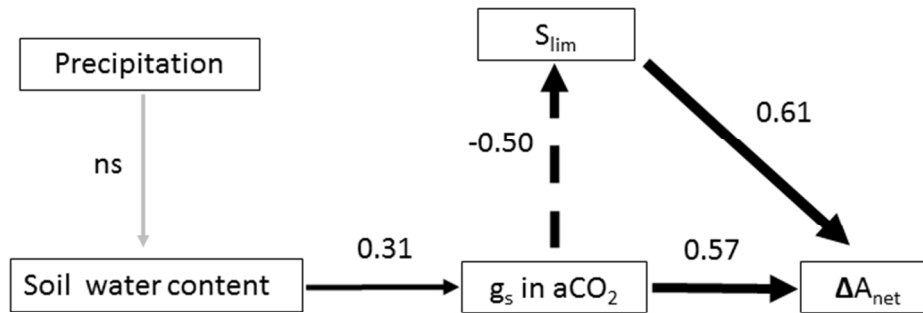


Fig. 7 The fitted structural equation model depicting causal hypotheses underlying the photosynthetic enhancement by eCO<sub>2</sub> for herbaceous species measured at discrete points in the EucFACE experiment (see Fig. 2). Significant standardised path coefficients ( $P < 0.05$ ) are shown near each arrow, with the width of the line proportional to the size of the standardised coefficients. The dashed line denotes a negative relationship, and non-significant pathways are indicated in grey.  $\Delta A_{\text{net}}$  denotes the absolute enhancement of Anet by eCO<sub>2</sub> with similar outcomes for the same model using the relative enhancement of Anet.

197x85mm (96 x 96 DPI)

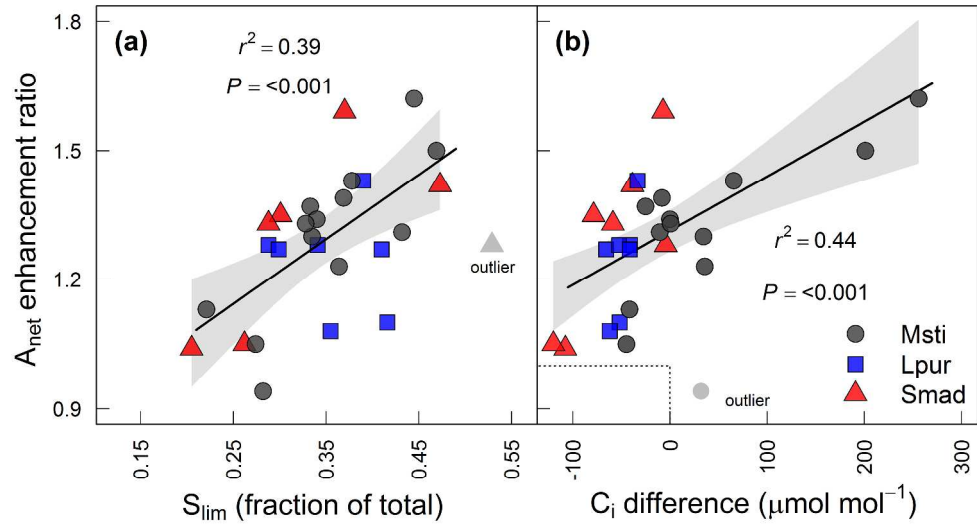


Fig. 8 The relative Anet enhancement ratio as a function of (a)  $S_{lim}$  (fraction of total limitations), and (b)  $C_i$  difference for all three species. The species are *M. stipoides* (black circles), *L. purpurascens* (blue squares) and *S. madagascariensis* (red triangles). In (b), the dashed box in the lower left-hand corner of the panels denotes the null hypothesis of no Anet enhancement in eCO<sub>2</sub>. Gray shaded portions in panels (a) and (b) indicate 95% confidence intervals for the mean values, and the same outlier as shown in Fig. 3 is denoted.