

QUARTERLY INVESTMENT REVIEW

Resources Strategy

RETURNS (%) (LOCAL)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Composite)	-0.61	-2.48	8.53	21.70	9.92	8.55	7.28
Gross of Fees (Composite)	-0.44	-2.14	9.29	22.56	10.69	9.30	8.03
MSCI ACWI Commodity Producers	-1.48	-2.71	12.89	21.66	4.69	3.69	2.48
Value Added (vs. MSCI ACWI Commodity Producers)	0.87	0.23	-4.36	0.04	5.22	4.86	4.80

Major Performance Drivers

The second quarter in global equities was about owning a handful of large cap tech names that the market expected to be the biggest beneficiaries of the "AI Everywhere" theme – names like Nvidia, Apple, Microsoft, Amazon. The AI-led tech rally also meant Growth stocks outperformed Value stocks and large cap beat small. The S&P 500 went back into bull market territory. Our portfolio continues to be small to mid cap in nature and oriented toward value, a reflection of where we see the best forward-looking opportunities. In contrast to the AI boom, Q2 was a tough environment for commodities and resource producers. In this environment, the Resources portfolio outperformed the MSCI Commodity Producers index, which was down 1.5%.

Our Energy segment, at just over half of the portfolio, was the largest absolute return contributor, driven by fossil fuel and biofuel positions. Petrobras, a Brazilian oil & gas company, was our strongest contributor, reflecting increased investor comfort around governance issues. Darling Ingredients, one of our highest conviction biofuel names due to its captive supply chain and its ability to make the most of tax incentives, was also one of our strongest performers. The rest of our clean energy portfolio notched up significant outperformance in comparison to global clean energy markets but lagged behind broader global energy markets.

The Industrial Metals segment faced challenges from a significant drawdown in platinum group metals, Impala Platinum in particular, and a milder drawdown in diversified miners. However, our lithium positions performed strongly, in line with the base commodity; Livent was the second-best performer for the quarter. The push toward increased lithium supply continues to hold those in the battery and electric vehicle supply chains in thrall.

The Agriculture segment was down for the quarter, due primarily to agricultural productivity, however timber and farming positions significantly outperformed. Relative to the benchmark, Agriculture was the strongest performer by some way.

The long-term supply/demand dynamics in natural resource markets favor high and rising prices. But the deeply discounted valuations still available in some parts of this sector mean that investors don't need commodity prices to rise in order to expect strong returns. Flat commodity prices could still lead to a healthy return from a resource equity portfolio.

Portfolio weights, as a percent of equity, for the positions mentioned were: Petrobras (3.9%), Darling Ingredients (4.5%), Livent (1.5%), Impala Platinum (1.4%).

Inception Date: 28-Dec-11

Risks: Risks associated with investing in the Strategy may include Focused Investment Risk, Commodities Risk, Market Risk - Equities, Management and Operational Risk, and Non-U.S. Investment Risk. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit www.gmo.com. **Performance Returns:** Performance data quoted represents past performance and is not predictive of future performance. Net returns are presented after the deduction of a model advisory fee and incentive fee 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. Fees paid by accounts within the composite may be higher or lower than the model fees used. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **Performance data quoted represents past performance and is not predictive of future performance.** Net returns are presented after the deduction of a model advisory fee and incentive fee 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. Fees paid by accounts within the composite may be higher or lower than the model fees used. **A Global Investment Performance Standards (GIPS®) Composite Report is available on GMO.com by clicking the GIPS® Composite Report link in the documents section of the strategy page.** GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. **A Global Investment Performance Standards (GIPS®) Composite Report is included in the Important Information section at the back of this presentation.** GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Actual fees are disclosed in Part 2 of GMO's Form ADV and are also available in each strategy's Composite Report.

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PRODUCT OVERVIEW

The GMO Resources Strategy seeks to deliver total return by investing in the equities of companies in the natural resources sector.

IMPORTANT INFORMATION

Comparator Index(es): The MSCI ACWI (All Country World) Commodity Producers Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of listed large and mid capitalization commodity producers within the 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.

The above information is based on a representative account in the Strategy selected because it has the fewest restrictions and best represents the implementation of the Strategy.

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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