

# QUARTERLY INVESTMENT REVIEW

## Resources UCITS Fund

### Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resources UCITS Fund (net)	9.57	23.25	23.25	-0.52	-	-	1.66
Resources UCITS Fund (gross)	9.78	24.17	24.17	0.24	-	-	2.43
MSCI ACWI Commodity Producers	8.10	32.48	32.48	9.04	-	-	12.57
Value Add	+1.48	-9.23	-9.23	-9.56	-	-	-10.91

Data Source: GMO

### MAJOR PERFORMANCE DRIVERS

After a slow start to the year, the GMO Resources portfolio came roaring back, delivering a solid 23% return net of fees in 2025. There were many areas of strength in our portfolio. Buoyed by historically cheap valuations and strong metals prices, our overweight industrial metals position rose almost 60%. Our copper, lithium, iron ore, uranium, and platinum group metal positions all generated strong returns.

Copper hit all-time highs toward the end of the year and continues to be an intriguing commodity. Data centers, renewables, electric vehicles, robotics, and other copper-intensive growth areas continue to pile on to what was already expected to be an undersupplied market. Mining companies have been scrambling in recent years to add to their copper exposure in an effort to capitalize on the growing demand and expected higher prices. Supply rarely seems to be able to keep up with projections, though. Dam collapses, mine flooding, squabbles with local governments, accidents, and seismic activity have all impacted copper supply in recent years.

After two and a half tough years for lithium, our lithium positions benefited from a rebound in lithium pricing in the second half of last year. Strong demand for lithium-ion batteries for energy storage systems (ESS) caught the market off guard, as did constraints to Chinese supply. Global supply was already expected to fall short by the end of this decade due to electric vehicle (EV) battery demand growth. Increased expectations for ESS and batteries for robotics have exacerbated the projected shortages.

### RISKS

Risks associated with investing in the Fund 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) Commodities Risk: commodity prices can be extremely volatile, and exposure to commodities can cause the value of the Fund's shares to decline or fluctuate more than if the Fund had a broader range of investments; and (3) 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. For a more complete discussion of these and other risks, please consult the Fund's Prospectus.

Inception Date: 29-Mar-21

**Performance Returns:** Performance for the year of inception is less than a full calendar year. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit [www.gmo.com](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 of all fees and expenses after reimbursement by the Manager, but not transaction costs, if any. If certain expenses were not reimbursed, performance would be lower. Gross of fees, expenses and transaction costs, if any. If these fees, expenses and costs were included, performance would be lower. A dilution adjustment may be applied on a subscription or redemption of shares to reflect the costs of dealing in the Fund's assets. The return on investment in the Fund may increase or decrease as a result of currency fluctuations if an investor's investment is made in a currency other than that used in the past performance calculation. If the Fund holds assets in currencies other than the base currency of the Fund and/or you invest in a share class that is denominated in a different currency than the base currency of the Fund, subject to any hedging at share class or Fund level, the value of your investment may be impacted by changes in the relative prices of the relevant currencies. The use of financial derivative instruments by the Fund may result in increased gains or losses within the Fund. The portfolio is actively-managed, is not managed relative to a benchmark and uses an index for performance comparison purposes only and, where applicable, to compute a performance fee.

# QUARTERLY INVESTMENT REVIEW

## MAJOR PERFORMANCE DRIVERS CONT.

Clean energy bounced back in 2025 as well. In recent years, our out-of-index clean energy exposure has been a substantial drag on performance. However, strong fundamentals and solidification of U.S. public policy support helped clean energy charge to a strong year. Our wind positions more than doubled, and our solar positions weren't far behind. While our clean energy exposure creates a mismatch with the index, the diversification benefits are clear, and clean energy has generally been a positive contributor since the inception of the strategy in 2011.

In a testament to how cheap fossil fuel companies have been, the industry rose around 15% despite oil prices falling from \$77 to below \$63 over the course of the year. Unfortunately, our fossil fuel positions lagged considerably, primarily due to very difficult performance from one of our favorite oil and gas companies, Kosmos Energy. Kosmos is a small cap Exploration & Production company with significant leverage to the price of oil. As oil dropped, the market also punished Kosmos for some short-term operational issues. We believe the company has been deeply undervalued by the market and took advantage of the price drop to add to our position. We expect Kosmos to be a source of strong returns in the years to come.

Though our portfolio delivered strong returns last year, the index performed even better, driven by the explosive performance of gold and silver. We don't invest in these commodities, as we target commodities where we see secular demand growth and challenged supply, and the demand for gold and silver can be quite volatile. With gold and silver miners comprising almost a fifth of the index and up over 150% last year, it was a painful year to exclude them from our universe. Even if they had been part of our universe, we likely would have had minimal exposure, as the companies generally looked expensive, and that became a bigger issue as the year wore on.

As data centers and AI mesmerized the market last year, there was a growing awareness that energy may be a critical bottleneck. Data centers, manufacturing/industrial demand, and electrification (EVs, electric hot water heaters, heat pumps, etc.) are pushing electricity demand growth to levels the U.S. hasn't seen since the 1960s. The seemingly insatiable demand for electricity, both in the U.S. and globally, produces tailwinds throughout the resources landscape. Renewables will be critical to meeting the growing demand because they're cheap, clean, and readily deployable. Lithium-driven energy storage will be needed in large quantities in order to smooth out the intermittency of renewables and manage supply and demand in an increasingly stressed grid. Natural gas and nuclear generation will be needed to provide baseload power, underpinning growth in natural gas and uranium demand. Sitting at the heart of it all is copper, the key material for electrical applications.

Despite the tailwinds and last year's strong performance, valuations for resource companies continue to hover around all-time lows relative to the broad equity market. Remarkably, resource companies are trading at almost an 80% discount, a level almost never approached in the last 100 years. We've seen some data points recently that indicate renewed interest in commodities. It will be interesting to see if valuations move upward, but if they don't, investors should benefit from significantly higher yields than the broad equity market.

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## PRODUCT OVERVIEW

The GMO Resources UCITS Fund seeks to generate total return by investing in equities in the natural resources sector.

GMO's Focused Equity team believes that the increasing demand for natural resources, driven primarily by population growth in and industrialization of emerging markets, coupled with the limited supply of these resources, favors an upward trend in resource prices over time. The Fund seeks to invest in the securities of companies that we believe will benefit from this expected long-term rise in natural resource prices.

**This is a marketing communication and a financial promotion. Past performance does not predict future returns.**

## IMPORTANT INFORMATION

**This is a marketing communication and a financial promotion. This is not a contractually binding document. An investor should consider all of the Fund's characteristics including the investment objectives, risks, charges and expenses before investing. This and other important information can be found in the Fund's prospectus and the KIID/PRIIPs KID. To obtain a prospectus and the KIID/PRIIPs KID please visit [www.gmo.com](http://www.gmo.com). Read the prospectus and the KIID/PRIIPs KID carefully before investing and do not base any final investment decision on this communication alone.**

**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 Fund is a sub-fund of GMO Investments ICAV, an umbrella fund with segregated liability between sub-funds, which is authorised by the Central Bank of Ireland (the "Central Bank") as a UCITS pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011, as amended. The authorisation of the ICAV is not an endorsement or guarantee of the ICAV by the Central Bank. Neither the Central Bank nor the UK's Financial Conduct Authority has approved and or takes responsibility for the contents of this document or for the financial soundness of the Fund or for the ICAV. THE ICAV is an EEA UCITS scheme which is recognised under Part 6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2019, as amended.

GMO UK Limited Authorised and Regulated by the Financial Conduct Authority Registered no 4658801 England. GMO Netherlands is registered with the AFM.

The Fund has not been registered under the United States Investment Company Act of 1940, as amended, nor the U.S. Securities Act of 1933, as amended. None of the shares may be offered or sold, directly or indirectly, in the U.S. or to any U.S. Person, unless the securities are registered under the Act or an exemption from the registration requirements of the Act is available. A U.S. Person is defined as (a) any individual who is a citizen or resident of the U.S. for federal income tax purposes; (b) a corporation, partnership, or other entity created or organized under the laws of or existing in the U.S.; (c) an estate or trust the income of which is subject to U.S. federal income tax regardless of whether such income is effectively connected with a U.S. trade or business.

Investors and potential investors can also obtain the prospectus and key investor information, and a summary of investor rights and information on access to collective redress mechanisms, in English and local languages where the Fund is registered, under the Literature section at the following website:

<https://www.gmo.com/europe/product-index-page/equities/resources-strategy/resources-ucits-fund/>

Please note that the management company of the Fund may decide to terminate the arrangements made for the marketing of the Fund in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPs KID, available at: <https://www.gmo.com/europe/product-index-page/equities/resources-strategy/resources-ucits-fund/>

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## 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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\*GMO's West Coast Hub is comprised of members of Investment, Global Client Relations, and other teams located in and around the Greater San Francisco area

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