

# QUARTERLY INVESTMENT REVIEW

## Resources Fund

### RETURNS (%) (USD)

	Cumulative (%)		Annualized (%)				
	QTD	YTD	1 Year	3 Years	5 Years	10 Years	ITD
Net of Fees (Class III)	-0.50	-2.43	8.60	21.53	9.97	8.49	7.36
Gross of Fees (Class III)	-0.32	-2.07	9.39	22.39	10.76	9.29	8.17
MSCI ACWI Commodity Producers	-1.48	-2.71	12.89	21.66	4.69	3.69	2.60
Value Added (vs. MSCI ACWI Commodity Producers)	0.98	0.29	-4.29	-0.13	5.28	4.79	4.77

### 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 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. (3) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry or the economy and equity markets generally. Declines in stock market prices generally are likely to reduce the net asset value of the Fund's shares. For a more complete discussion of these risks and others, please consult the Fund's prospectus. Annualized Returns may include the impact of purchase premiums and redemption fees. Returns shown for periods greater than one year are on an annualized basis. To obtain performance information to the most recent month-end, visit [www.gmo.com](http://www.gmo.com).

If certain expenses were not reimbursed, performance would be lower. Transaction costs, if any, are paid to the fund to offset the cost of portfolio transactions to invest or raise cash. **Net Expense Ratio: 0.72%; Gross Expense Ratio: 0.72% Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2024. Elimination of this reimbursement will result in higher fees and lower performance. Gross Expense Ratio is equal to the Funds Total Annual Operating Expenses set forth in the Funds most recent prospectus dated June 30, 2023.**

Performance data quoted represents past performance and is not indicative of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance data may be lower or higher than the performance data provided herein. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only.

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## PRODUCT OVERVIEW

The GMO Resources Fund 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.

**An investor should consider the fund's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the funds prospectus. To obtain a prospectus please visit [www.gmo.com](http://www.gmo.com). Read the prospectus carefully before investing.**

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

## 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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