

## RESOURCES LONG/SHORT

## OVERVIEW

The GMO Resources Long/Short Strategy's investment objective is high total return. We aim to accomplish this objective by owning attractively valued natural resource equities and shorting their expensive peers. The eligible universe includes commodity producers and companies that service commodity producers in the energy, metals, agriculture, and water sectors. Our opportunity set is global in nature and spans the market capitalization spectrum. The portfolio is diversified across sectors, countries, and regions on both the long and short sides and is intended to be approximately dollar neutral.

## FACTS

|                     |                   |
|---------------------|-------------------|
| Strategy Inception  | 31-May-18         |
| Composite Inception | 30-Jun-18         |
| Total Assets        | \$21mm USD        |
| Index               | FTSE 3-Mo. T-Bill |

## CUMULATIVE TOTAL RETURNS (USD, NET OF FEES, %)

|           | <i>MTD</i> | <i>QTD</i> | <i>YTD</i> | <i>2023</i> | <i>2022</i> | <i>2021</i> | <i>2020</i> | <i>2019</i> |
|-----------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Composite | -6.49      | -6.49      | -6.49      | -4.18       | -10.06      | -13.96      | -6.69       | -3.51       |
| Index     | 0.47       | 0.47       | 0.47       | 5.26        | 1.50        | 0.05        | 0.58        | 2.25        |

## RISK PROFILE (5-YEAR TRAILING)

|   |        |
|---|--------|
| Sharpe Ratio                                  | -0.61  |
| Standard Deviation                            | 16.72  |
| Max Port. Drawdown<br>(31-Mar-20 - 29-Apr-22) | -40.29 |

## ANNUALIZED TOTAL RETURNS (USD, NET OF FEES, %)

|           | <i>1 Year</i> | <i>3 Years</i> | <i>5 Years</i> | <i>10 Years</i> | <i>ITD</i> |
|-----------|---------------|----------------|----------------|-----------------|------------|
| Composite | -11.61        | -9.71          | -8.25          | –               | -3.60      |
| Index     | 5.36          | 2.40           | 1.97           | –               | 1.99       |

## PORTFOLIO MANAGEMENT



Lucas White, CFA  
Joined GMO in 2006  
BA, Duke University



Tom Hancock  
Joined GMO in 1995  
MS, Rensselaer Polytechnic  
Institute; PhD, Harvard  
University

**Risks:** Risks associated with investing in the Strategy may include Focused Investment Risk, Natural Resources Risk, Market Risk - Equities, Short Investment Exposure Risk, and Preferred Securities 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](http://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. **GMO LLC claims compliance with the Global Investment Performance Standards (GIPS®).** A Global Investment Performance Standards (GIPS®) Composite Report is available on [GMO.com](http://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.

## RESOURCES LONG/SHORT

## CHARACTERISTICS

|  | <i>Long</i> | <i>Short</i> |
|--|-------------|--------------|
| Price/Earnings - Forecast 1 Yr Wtd Mdn | 10.2x       | 18.5x        |
| % Neg Earnings                         | 13.4%       | 16.5%        |
| Price/Book - Hist 1 Yr Wtd Avg         | 1.4x        | 1.7x         |
| Price/Cash Flow - Hist 1 Yr Wtd Mdn    | 5.8x        | 15.9x        |
| Return on Equity - Hist 1 Yr Mdn       | 16.5%       | 8.2%         |
| Dividend Yield - Hist 1 Yr Wtd Avg     | 4.0%        | 2.3%         |
| Market Cap - Wtd Mdn Bil               | 6.9 USD     | 4.0 USD      |
| Number of Equity Holdings              | 97          | 108          |
| % Long/Short                           | 162.1%      | 144.8%       |

## TOP COUNTRIES (%)

| <i>Country</i> | <i>Long</i> | <i>Short</i> |
|----------------|-------------|--------------|
| United States  | 51.7        | -57.0        |
| United Kingdom | 21.6        | -4.0         |
| Brazil         | 18.5        | -0.9         |
| Canada         | 18.0        | -18.1        |
| Portugal       | 6.2         | 0.0          |
| Norway         | 4.2         | -6.7         |
| France         | 3.9         | -0.5         |
| South Africa   | 3.8         | 0.0          |
| Italy          | 3.6         | -0.4         |
| Mexico         | 3.5         | 0.0          |

## EXPOSURE BY SEGMENT (%)

| <i>Segment</i>                          | <i>Long</i>  | <i>Short</i>  | <i>Net</i>   |
|---|--------------|---------------|--------------|
| <b>Energy</b>                           | <b>96.4</b>  | <b>-51.8</b>  | <b>44.6</b>  |
| Fossil Fuels                            | 63.1         | -25.6         | 37.5         |
| Solar                                   | 13.8         |               | 13.8         |
| Wind                                    | 2.4          |               | 2.4          |
| Biofuels & Other Clean Energy           | 15.6         | -9.7          | 6.0          |
| Energy Equipment & Services             | 1.4          | -16.6         | -15.1        |
| <b>Industrial Metals</b>                | <b>51.5</b>  | <b>-45.9</b>  | <b>5.6</b>   |
| Diversified Metals & Mining             | 27.8         | -24.3         | 3.5          |
| Copper                                  | 14.8         | -4.7          | 10.2         |
| Lithium                                 | 5.7          | -1.8          | 4.0          |
| Platinum Group Metals                   | 3.1          |               | 3.1          |
| Metals Equipment, Machinery, & Services |              | -10.0         | -10.0        |
| Silver                                  |              | -5.2          | -5.2         |
| <b>Agriculture</b>                      | <b>10.2</b>  | <b>-47.1</b>  | <b>-36.9</b> |
| Agricultural Productivity               | 3.3          | -8.7          | -5.4         |
| Farming                                 | 2.6          | -6.9          | -4.3         |
| Eco-Chemicals                           |              | -7.7          | -7.7         |
| Precision Agriculture                   | 1.8          | -4.3          | -2.5         |
| Timber                                  | 1.9          | -15.0         | -13.2        |
| Fish Farming                            | 0.7          | -4.6          | -3.9         |
| <b>Water</b>                            | <b>4.1</b>   |               | <b>4.1</b>   |
| <b>Cash</b>                             | <b>82.7</b>  |               | <b>82.7</b>  |
| <b>Total (Ex Cash)</b>                  | <b>162.1</b> | <b>-144.8</b> | <b>17.3</b>  |

## SECTORS (%)

| <i>Sector</i>    | <i>Long</i> | <i>Short</i> |
|------------------|-------------|--------------|
| Consumer Staples | 10.3        | -11.7        |
| Energy           | 70.3        | -47.5        |
| Industrials      | 16.5        | -15.5        |
| Materials        | 52.7        | -56.7        |
| Real Estate      | 1.2         | -9.6         |
| Utilities        | 2.4         | -3.8         |

## TOP HOLDINGS

| <i>Company</i>          | <i>Country</i> | <i>Segment</i>                | <i>%</i>    |
|-------------------------|----------------|-------------------------------|-------------|
| Kosmos Energy Ltd       | United States  | Fossil Fuels                  | 9.0         |
| Ivanhoe Mines Ltd       | Canada         | Copper                        | 7.5         |
| Darling Ingredients Inc | United States  | Biofuels & Other Clean Energy | 7.1         |
| Petroleo Brasileiro SA  | Brazil         | Fossil Fuels                  | 7.0         |
| BP PLC                  | United Kingdom | Fossil Fuels                  | 6.7         |
| Glencore PLC            | United Kingdom | Diversified Metals & Mining   | 6.6         |
| Bradespar SA            | Brazil         | Diversified Metals & Mining   | 6.3         |
| Galp Energia SGPS SA    | Portugal       | Fossil Fuels                  | 6.2         |
| Shell PLC               | United Kingdom | Fossil Fuels                  | 5.6         |
| ConocoPhillips          | United States  | Fossil Fuels                  | 5.6         |
| <b>Total</b>            |                |                               | <b>67.5</b> |

## REGIONS (%)

| <i>Region</i>            | <i>Long</i> | <i>Short</i> |
|--------------------------|-------------|--------------|
| Emerging                 | 33.1        | 23.1         |
| United States            | 51.7        | 57.0         |
| United Kingdom           | 21.6        | 4.0          |
| Europe ex UK (Developed) | 29.9        | 26.1         |
| Japan                    | 1.9         | 9.1          |
| Other International      | 23.9        | 25.5         |

## MARKET CAP BAND EXPOSURES (\$B)

|                                | <i>Long</i> | <i>Short</i> |
|--------------------------------|-------------|--------------|
| Small (5.2 & Below)            | 56.4        | -83.0        |
| Small - Medium (5.2 To 15.4)   | 43.8        | -31.8        |
| Medium (15.4 To 38.8)          | 21.5        | -25.8        |
| Medium - Large (38.8 To 109.1) | 27.4        | -2.7         |
| Large (109.1 & Above)          | 12.8        | -1.6         |

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## IMPORTANT INFORMATION

**Index(es):** The FTSE 3-Month Treasury Bill Index is an independently maintained and widely published index comprised of short-term U.S. Treasury bills.

**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.**

## GLOSSARY

**Risk Statistics:** Risk profile data is net of fees. Sharpe Ratio is the return over the risk free rate per unit of risk. Std Deviation is a measure of the volatility of a portfolio. Drawdown is based on the portfolio's worst performance over the period based on monthly observations.

**Sector Exposures:** The Global Industry Classification Standard (GICS) is the exclusive intellectual property of MSCI Inc. (MSCI) and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. (S&P). Neither MSCI, S&P, nor any third party makes any representations or warranties, express or implied, with respect to GICS or the results to be obtained by the use thereof, and expressly disclaim all warranties, including of merchantability and fitness for a particular purpose. Neither MSCI, S&P, nor any third party shall have any liability for any damages of any kind relating to the use of GICS.

**Top Holdings:** Portfolio holdings are percent of equity. Where applicable, the top holdings are derived by looking through to the underlying portfolios in which the asset allocation strategy invests and, where appropriate, individual security positions are aggregated. They are subject to change and should not be considered a recommendation to buy individual securities. This portfolio continues to hold de minimis Russian exposure as a result of past positioning and ongoing illiquidity. GMO has suspended net new purchases of Russian securities firm-wide.

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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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