

# RESOURCE TRANSITION

## OVERVIEW

The GMO Resource Transition Strategy seeks to generate total return by investing primarily in equities of companies in the resource transition sector.

GMO's Focused Equity team believes that global population growth, the industrialization of emerging markets, and the clean energy transition will increase global demand for natural resources and that, given their finite supply, the prices of these resources will increase over time. The Strategy seeks to invest in the securities of companies that we believe will benefit from – and avoid companies we believe will be adversely affected by – this expected long-term rise in natural resource prices as well as the increasing demand for clean energy.

## FACTS

Strategy Inception	15-Feb-23
Composite Inception	28-Feb-23
Total Assets	\$294mm USD
Index	MSCI ACWI Commodity Producers ex-Energy

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

	<i>MTD</i>	<i>QTD</i>	<i>YTD</i>	<i>2024</i>	<i>2023</i>
Composite	7.05	3.56	-5.16	-26.36	-12.75
Index	2.76	4.12	13.00	-12.77	3.20

## RISK PROFILE (SINCE INCEPTION 28-FEB-23)

Alpha (Jensen's)	-19.73
Beta	1.17
R Squared	0.77
Sharpe Ratio	-1.00
Standard Deviation	25.10

## 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	-26.97	-	-	-	-19.74
Index	-3.68	-	-	-	0.76

## 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: (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. This is not a complete list of risks associated with investing in the Strategy. Please contact GMO for more information.

**Performance Returns:** 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 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 at [www.gmo.com](http://www.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 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.

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## CHARACTERISTICS

	<i>Portfolio</i>	<i>Index</i>
Price/Earnings - Forecast 1 Yr Wtd Mdn	14.4x	12.0x
Price/Book - Hist 1 Yr Wtd Avg	1.4x	1.6x
Price/Cash Flow - Hist 1 Yr Wtd Mdn	6.4x	7.9x
Return on Equity - Hist 1 Yr Mdn	4.7%	10.2%
Dividend Yield - Hist 1 Yr Wtd Avg	2.8%	3.1%
Market Cap - Wtd Mdn Bil	5.6 USD	26.9 USD
Number of Equity Holdings	56	118

## MARKET CAP BAND EXPOSURES (\$B)

	<i>Portfolio</i>	<i>Index</i>
Small (5.5 & Below)	49.0	8.4
Small - Medium (5.5 To 17.7)	26.2	26.0
Medium (17.7 To 46.7)	15.6	34.5
Medium - Large (46.7 To 130.0)	9.2	31.1

## TOP COUNTRIES (%)

<i>Country</i>	<i>Portfolio</i>	<i>Index</i>
United States	40.4	20.5
United Kingdom	13.7	12.5
Brazil	11.2	3.2
Canada	9.4	19.8
Finland	3.2	1.6
Chile	3.2	0.1
Cash	3.1	0.0
South Africa	3.0	4.6
France	2.9	1.1
Denmark	2.7	0.0

## REGIONS (%)

<i>Region</i>	<i>Portfolio</i>	<i>Index</i>
United States	40.4	20.5
Emerging	20.0	23.7
United Kingdom	13.7	12.5
Europe ex UK (Developed)	12.3	5.5
Other International	10.1	35.4
Cash Equivalents	3.1	0.0
Japan	0.4	2.4

## SECTORS (%)

<i>Sector</i>	<i>Portfolio</i>	<i>Index</i>
Consumer Staples	8.9	3.6
Energy	12.8	0.0
Industrials	20.8	0.0
Information Technology	7.7	0.0
Materials	47.0	96.4
Utilities	2.8	0.0

## TOP HOLDINGS

<i>Company</i>	<i>Country</i>	<i>Segment</i>	<i>%</i>
Darling Ingredients Inc	United States	Biofuels	6.8
Glencore PLC	United Kingdom	Diversified Metals & Mining	6.0
Rio Tinto PLC	United Kingdom	Diversified Metals & Mining	5.3
Bradespar SA	Brazil	Diversified Metals & Mining	5.1
Sunrun Inc	United States	Solar	4.2
Ivanhoe Mines Ltd	Canada	Copper	3.7
Vale SA	Brazil	Diversified Metals & Mining	3.6
SolarEdge Technologies Inc	United States	Solar	3.6
Array Technologies Inc	United States	Solar	3.4
Neste Oyj	Finland	Biofuels	3.3
<b>Total</b>			<b>45.1</b>

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## IMPORTANT INFORMATION

**Index(es):** The MSCI ACWI (All Country World) Commodity Producers ex-Energy Index is an independently maintained benchmark comprised of listed large and mid capitalization commodity producers within the global developed and emerging markets, excluding companies in the energy sector as defined by GICS. 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.

For investors in Asia-Pac and Australia, these materials are intended for Institutional and Wholesale Investor Use Only.

## GLOSSARY

**Risk Statistics:** Risk profile data is net of fees. Alpha is a measure of risk-adjusted return. Beta is a measure of a portfolio's sensitivity to the market. R-Squared is a measure of how well a portfolio tracks the market. 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.

**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. 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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\*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

\*\*Representative Office

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