

## RESOURCE TRANSITION FUND

## Quarterly Investment Review

ANNUALIZED RETURNS (USD, %) (QUARTER-END)

	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resource Transition Fund (net)	19.07	19.07	90.99	5.11	-	-	2.28
Resource Transition Fund (gross)	19.31	19.31	92.56	6.01	-	-	3.17
MSCI ACWI Commodity Producers ex-Energy	9.40	9.40	64.70	16.57	-	-	15.07
Value Add	+9.67	+9.67	+26.29	-11.46	-	-	-12.79

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. **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. To obtain performance information to the most recent month-end, visit [www.gmo.com](http://www.gmo.com).** 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.

## MAJOR PERFORMANCE DRIVERS

The first quarter of 2026 was upended by a sharp escalation in the U.S./Israeli conflict with Iran, resulting in significant damage to Middle Eastern energy infrastructure and a near-closure of the Strait of Hormuz. The immediate consequence was a dramatic surge in both oil and natural gas prices.

This shock quickly fed through into a second-round market response: resurgent fears of inflation, sharply at odds with the year's starting point, when investors expected steady central bank easing. As the war stretches on, third-order effects are becoming increasingly relevant – namely, will this lead to demand destruction and another recession, or indeed a stagflationary outcome?

While these dynamics will be critical to monitor as the year unfolds and are likely to be a tailwind for resource equities, another near-term implication has already become clear: renewed concern around energy security and the vulnerability of global energy systems to higher fossil fuel prices. In that environment, inexpensive, clean, and rapidly deployable alternatives – notably renewables and the supporting minerals like copper, lithium, and uranium – are likely to see a meaningful acceleration in demand. Against this backdrop, the Resource Transition portfolio was up for the quarter, outperforming the MSCI ACWI Commodity Producers ex-Energy Index.

Inception Date: 15-Feb-23

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.

**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) Management and Operational Risk: the risk that GMO's investment techniques will fail to produce desired results, including annualized returns and annualized volatility. For a more complete discussion of these and other risks, please consult the Fund's Prospectus. **Performance Returns:** Annualized Returns may include the impact of purchase premiums and redemption fees. The GMO Trust funds are distributed in the United States by Funds Distributor LLC. GMO and Funds Distributor LLC are not affiliated.

**Net Expense Ratio: 0.86%; Gross Expense Ratio: 1.02%** Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least 30 June 2026. 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 30 June 2025.

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## MAJOR PERFORMANCE DRIVERS CONT..

As these returns reflect, the first quarter was an excellent period to be a resource equity investor. Our off-benchmark position in clean energy was particularly helpful. Clean energy demand is likely to grow as the hunt for oil and gas substitutes amid geopolitical stress as well as growing recognition of the structural growth opportunities in areas such as biofuels. We were able to take some profit in some of our strongest performers, like Darling Ingredients and Neste. In contrast, after an incredible 2025, performance of the solar names was more subdued, giving us the opportunity to add to high-quality names like Sunrun and Array.

Within metals and minerals, performance was balanced between those minerals directly linked to renewable energy use (lithium, uranium), where performance was particularly strong, and those producers with a higher copper or iron ore exposure. From the diversified miners, it was a particularly strong quarter for Glencore, and we were able to take some profit on the position. Glencore has benefited from its remaining coal exposure and likely profits from its trading business as commodity market volatility spikes. In contrast, and reversing the pattern of recent quarters, gold prices flatlined, proving to be less of a downside hedge after such a significant run. Not holding gold producers this quarter was a boon.

Agriculture and timber positions delivered solid absolute returns but couldn't keep up with broader energy and metals markets.

Looking ahead, the long-term supply/demand dynamics in natural resource markets favor high and rising prices. Recent geopolitical events have only served as a reminder of just how imbalanced these markets can become under a supply shock. But the deeply discounted valuations still available in many parts of this sector mean that investors don't need commodity prices to rise in order to expect strong returns. We expect significant free cash flow generation over the coming years across a range of commodity producers.

Portfolio weights, as a percent of equity, for the positions mentioned were: Darling Ingredients (7.6%), Neste (3.6%), Sunrun (3.8%), Array (2.7%), and Glencore (6.7%)

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## PRODUCT OVERVIEW

The GMO Resource Transition Fund 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.

## IMPORTANT INFORMATION

**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.**

**Comparator 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.

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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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