

# QUARTERLY INVESTMENT REVIEW

## Resource Transition Fund

### Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resource Transition Fund (net)	25.84	28.40	4.43	-	-	-	-8.82
Resource Transition Fund (gross)	26.10	29.20	5.32	-	-	-	-8.02
MSCI ACWI Commodity Producers ex-Energy	22.34	43.89	19.25	-	-	-	8.80
Value Add	+3.51	-15.50	-14.82	-	-	-	-17.62

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 third quarter saw equity markets continue in a risk-on manner, with the S&P hitting an all-time high and many technology-linked sectors seeing the same. The U.S. Federal Reserve also cut rates by 25 bps, and U.S. 10-year yields ended the quarter down. Clean Energy was broadly up as the mix of risk-on, lower rates, and policy certainty continued to drive a re-rating of the sector. Many of the climate-relevant commodity markets also ended the quarter up – including copper, lithium, and uranium. Against this backdrop, the Resource Transition portfolio was up significantly for the quarter, outperforming the MSCI ACWI Commodity Producers ex-Energy Index.

This was a quarter of exceptional performance across our Clean Energy portfolio, with nearly every name re-rating and several posting triple-digit gains. Sunrun and Ameresco led the pack, in Ameresco's case surging 120%, as improved project pipeline visibility and rising demand, particularly from data centers, boosted sentiment. Our other solar stocks were not far behind as the tailwinds for the sector became clear to a broader audience. This marked the third consecutive quarter of earnings beats, with cyclical pressures such as inventory gluts and high rates easing. Policy uncertainty has largely cleared, giving companies a clearer runway for planning and expansion. The structural growth case for renewable energy remains strong. Electricity demand is booming due to data center appetite for energy, EV adoption, and electrification, creating urgency for fast-to-deploy generation. Renewables and storage can be built faster and cheaper than fossil fuel solutions, making them attractive to a range of electricity customers.

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 June 30, 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 June 30, 2025.

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## MAJOR PERFORMANCE DRIVERS CONT.

Within metals and minerals, rising prices across copper, iron ore, lithium, and precious metals were a boon to the diversified miners and their pure-play equivalents. Some of this price moment reflected supply shocks such as a reduction in copper production from Indonesia and a reduction in lithium production in China – a timely reminder of how imbalanced the supply of minerals can be with expected demand, and how much prices can respond as a result. In addition, China is increasingly restricting exports of rare earth metals. Most notably, our small holding in Sunrise Energy Metals, an Australian producer of critical minerals, was up over 500% for the quarter thanks to a doubled resource estimate and a letter of interest from the U.S. government. Frustratingly, given it sits outside of this portfolio's mandate, gold continued its rally and was a major driver of the benchmark return.

Finally, we have been adding to a range of names across our Agriculture and Timber portfolios as valuations have started to look more attractive.

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. In addition, valuations within the Clean Energy sector are now increasingly attractive.

Portfolio weights, as a percent of equity, for the positions mentioned were: Sunrun (4.3%), Ameresco (4.1%), and Sunrise Energy Metals (1.6%).

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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.

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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\*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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