

QUARTERLY INVESTMENT REVIEW

Resource Transition Strategy

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resource Transition Strategy (net)	-8.42	-8.42	-26.33	-	-	-	-22.45
Resource Transition Strategy (gross)	-8.21	-8.21	-25.63	-	-	-	-21.73
MSCI ACWI Commodity Producers ex-Energy	8.53	8.53	-2.80	-	-	-	-1.11
Value Add	-16.95	-16.95	-23.53	-	-	-	-21.34

MAJOR PERFORMANCE DRIVERS

The first quarter of 2025 saw a significant shift across global markets. There was a reversal of many of the themes driving the fourth quarter, with the "Trump trade" primarily unwinding. "Liberation Day" signaled the start of Trump's tariff war in earnest, but the tariff announcements and resulting volatility had already begun in February and March. Commodity prices whipsawed as traders tried to price in the new geopolitical landscape. From the commodities we focus on, oil and copper prices were particularly sensitive to the risk of a global recession and a further deterioration in the U.S.-China relationship. Bond yields fell significantly at the 10-year part of the curve, reducing longer-term borrowing costs but leaving little immediate relief for any yield sensitive industries. Against this backdrop, the Resource Transition portfolio was down for the quarter, underperforming the MSCI ACWI Commodity Producers ex-Energy index.

Our Energy segment, roughly one-third of the portfolio, is essentially an off-benchmark position in Clean Energy. Much of the drawdown in that segment can be explained by our approximately 15% position in biofuel producers. The sector faced pressure after major biofuel producers lowered their revenue guidance, partly due to uncertainty around the 45Z tax credit in the U.S. Despite these challenges, biofuels have bipartisan support and a significant growth trajectory. The share price reactions, while understandable, were stronger than warranted. The most negative reactions were due to short-term uncertainties rather than structural business model issues. Biofuels were not alone in this as results and guidance across our Clean Energy book generally indicated continued improvement in fundamentals. For example, Nextracker, a producer of utility scale solar equipment, reported a 33% beat on earnings and raised its profit guidance. Yet this is a company trading at 11x next year's earnings.

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.

Composite Inception Date: 28-Feb-23

Performance Returns: 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. To obtain performance information to the most recent month-end, visit 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. Gross returns are presented gross of management fees and any incentive fees if applicable. These returns include transaction costs, commissions, withholding taxes on foreign income and capital gains and include the reinvestment of dividends and other income, as applicable. If management and incentive fees were deducted performance would be lower. For example, if, before fees, the strategy were to achieve a 10% annual rate of return above its hurdle rate each year for ten years, and an annual advisory fee of 1% and incentive fee of 20% of net returns above the hurdle rate were charged during that period, the resulting average annual net return (after the deduction of management and incentive fees) would be approximately 7.20%. **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 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 the Index for performance comparison purposes only and, where applicable, to compute a performance fee.

QUARTERLY INVESTMENT REVIEW

MAJOR PERFORMANCE DRIVERS CONT.

Across other segments of the portfolio, copper has been the most interesting of the metals segments. Copper prices, particularly in the U.S., rose a lot in the first quarter, as stockpiling occurred to beat copper tariffs that have been expected. The copper miners didn't particularly benefit from the higher copper prices, implying that the equity market viewed the high copper prices as temporary. Despite the fact that copper miners hadn't benefitted much from the rise in copper prices, our thesis was that copper miners would be hurt as copper prices deflated, so we started to substantively trim our copper exposure. Once President Trump announced the tariffs, copper prices collapsed, and the copper miners have been hit. As a result, copper miners finished the quarter very attractively valued. In terms of other positioning changes over the quarter, we have been modestly adding to a range of energy names, as valuations have either continued to look attractive. Our agriculture portfolio, notably Corteva, has been an area to take profit as it has continued to ramp up its earnings.

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: Nextracker (2.2%), Corteva (1.9%)

QUARTERLY INVESTMENT REVIEW

PRODUCT 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.

IMPORTANT INFORMATION

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 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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