

RESOURCES LONG/SHORT STRATEGY

The Opportunity

We believe the global resources sector is particularly inefficient and creates a unique opportunity for long/short investors to generate strong returns that are not correlated to equity markets. Resource equities are an “unloved” asset class that offers alpha opportunities for active investors with longer time horizons. Our record of successful stock selection in our long-only Resources Strategy has reflected the robust opportunity set. We believe the long/short implementation of our successful process further exploits these opportunities.

The GMO Solution

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.

We believe our approach is differentiated across several dimensions:

TARGETED UNIVERSE DEFINITION

- Focus on areas of the market rife with mis-pricings.

VALUE FOCUS

- Our proprietary valuation models have performed well in this space.



LONG-TERM PERSPECTIVE

- As an independently owned private partnership, GMO has the willingness and ability to take short-term risk in the pursuit of long-term returns; we are not trying to market-time commodity prices.

GLOBAL SCOPE AND LACK OF SIZE BIAS

- We can invest globally across the capitalization spectrum, which allows us to identify attractive investment opportunities wherever they may be.

The Client Fit

The GMO Resources Long/Short Strategy can enhance return and reduce risk in a diversified investment program. It could serve in a wide array of roles, including as an uncorrelated source of return in a traditional balanced portfolio, as part of a diversified hedge fund allocation, or in a liquid alternatives program.

Who We Are

Founded in 1977, GMO is a private partnership whose sole business is investment management. The firm manages global portfolios with offices and clients around the world. Investment offerings include equity, fixed income, multi-asset class, and alternative strategies. GMO is known for blended fundamental and quantitative investment research expertise and a long-term orientation toward value opportunities.

The Team

The GMO Resources Strategy is managed by the Focused Equity team. GMO employs a team approach to portfolio management and research so that responsibilities are shared among several team members. Lucas White and Tom Hancock, portfolio managers for the Resources Long/Short Strategy, oversee idea generation, research, and portfolio positioning.

RISK

Risks associated with investing in the Strategy may include Natural Resources Risk, Focused Investment Risk, Equities Risks, Short Investment Exposure Risks, and Preferred Securities Risks.