

QUARTERLY INVESTMENT REVIEW

Resources UCITS Fund

Performance returns (USD)

ANNUALIZED RETURNS (QUARTER-END)	Quarter-End	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception
Resources UCITS Fund (net)	-4.34	-4.34	-4.61	0.34	-	-	0.79
Resources UCITS Fund (gross)	-4.16	-4.16	-3.88	1.11	-	-	1.56
MSCI ACWI Commodity Producers	4.13	4.13	9.29	13.72	-	-	13.47
Value Add	-8.48	-8.48	-13.90	-13.38	-	-	-12.68

Major Performance Drivers

The first quarter of 2024 saw a stark reversal in sentiment around the path of rate cuts in the U.S. Renewed skepticism on the size and speed of rate cuts was particularly dominant in January and saw those sectors with a perceived high delta to the rate cycle fall significantly, in many cases reversing gains from the previous quarter. The Wilderhill Clean Energy index was down over 20%. However broad global equity indices shrugged off this concern, continuing to be buoyed by large cap tech and rising commodity prices in some areas, including oil and copper. OPEC+ production cuts and continued tensions in the Middle East ensured crude oil made significant gains over the quarter. Against this backdrop, the Resources portfolio was down for the quarter, underperforming the MSCI Commodity Producers index, which was up.

Our Energy segment, at just over half of the portfolio, detracted as both our Fossil Fuel and Clean Energy portfolios faced challenges. We added to our Fossil Fuel positions over the quarter but remain materially underweight versus benchmark. Security selection with the Fossil Fuel portfolio was also a drag as Kosmos, one of our highest conviction names and a strong long-term contributor to returns (~1.4% alpha added since 2020), fell on news of a delayed production. Clean Energy was hit by renewed skepticism on the likelihood and speed of interest rate cuts; SunRun was one of our top detractors. The long-term potential for this sector is broadly underpriced, we believe, as renewable deployment increases year-on-year, cyclical pressures like inventory gluts work through, and subsidies from governments around the world begin to flow. Yet for many of the higher quality Clean Energy companies that we hold, current valuations reflect a low to negative growth in future earnings. The current valuation opportunity has echoes of previous dislocations in other resource markets (Oil in 2020 and Metals in 2016); history shows us that investors with patience and willingness to accept volatility will reap significant rewards.

Our Industrial Metals segment was also down for the quarter, due primarily to falling prices in Metals markets like iron ore and lithium whilst being overweight the sector versus benchmark. The Diversified Miners were hit primarily by lower iron ore prices and our holding in Vale/Bradespar was the biggest detractor over the quarter albeit one with a fair value likely to be triple that of its current share price. Within the segment, copper producers were the standout performers, having benefited from the unexpected supply reduction from First Quantum, Anglo American, and others that we highlighted last quarter. Ivanhoe Mines was our best relative performer for the quarter. We have a long-held allocation to copper producers, seeing it as a key energy transition metal, and the current pinch point is a reminder of how resource scarcity can drive prices higher quickly (and directly affect clean economy supply chains). Conversely our allocation to Lithium, an overweight versus benchmark, dragged on performance as lithium prices continued to correct following inventory gluts along the battery supply chain. Despite much talk of a slowdown in electric vehicle uptake, lithium is still a volatile and maturing market such that many expect lithium demand to significantly outstrip supply over the coming years; we continue to find lithium producers available at attractive valuations.

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: Kosmos (5.2%), Ivanhoe (4.4%), SunRun (2.8%), Vale (1.7%), Bradespar (3.3%).

Inception Date: 29-Mar-21

Performance for the year of inception is less than a full calendar year. Returns shown for periods less than one year are not annualized.

This is a marketing communication. This is not a contractually binding document. Please refer to the prospectus and to the KIID/PRIIPS KID and do not base any final investment decision on this communication alone. **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. (3) Market Risk - Equities: The market price of an equity may decline due to factors affecting the issuer or its industry 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. For a more complete discussion of these risks and others, please consult the Fund's prospectus. 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.

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.

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. The portfolio is not managed relative to a benchmark. References to an index are for informational purposes only. The local market in which the Fund is priced was closed for Good Friday on March 29, 2024. Therefore, the performance for the fund and corresponding benchmark will utilize March 28 for purposes of the ending valuation for the March return and the starting valuation for the April return.

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PRODUCT OVERVIEW

The GMO Resources UCITS Fund seeks to generate total return by investing in equities in the natural resources sector.

GMO's Focused Equity team believes that the increasing demand for natural resources, driven primarily by population growth in and industrialization of emerging markets, coupled with the limited supply of these resources, favors an upward trend in resource prices over time. The Fund seeks to invest in the securities of companies that we believe will benefit from this expected long-term rise in natural resource prices.

IMPORTANT INFORMATION

Comparator Index(es): The MSCI ACWI (All Country World) Commodity Producers Index (MSCI Standard Index Series, net of withholding tax) is an independently maintained and widely published index comprised of listed large and mid capitalization commodity producers within the global developed and emerging markets. 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.

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. Read the prospectus carefully before investing.

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Investors and potential investors can also obtain the prospectus and key investor information, in English and other languages, and a summary of investor rights and information on access to collective redress mechanisms at the following website: <https://www.gmo.com/europe/product-index-page/equities/resources-strategy/resources-ucits-fund/>

Please note that GMO Investments ICAV and GMO Funds PLC may decide to terminate the arrangements made for the marketing of the sub-funds in one or more EU member states pursuant to the UCITS marketing passport in accordance with the procedure provided for under the applicable laws that implement Article 93a of Directive 2009/65/EC (the UCITS Directive).

A full list of fees and charges applied to investment can be found in the prospectus and in the KIID/PRIIPS KID, available at: <https://www.gmo.com/europe/product-index-page/equities/resources-strategy/resources-ucits-fund/>

This advertisement has not been reviewed by the Monetary Authority of Singapore.

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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