

# 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)	6.83	-9.30	-6.41	-	-	-	-16.12
Resource Transition Fund (gross)	7.05	-8.71	-5.59	-	-	-	-15.38
MSCI ACWI Commodity Producers ex-Energy	8.12	5.25	14.92	-	-	-	2.83
Value Add	-1.30	-14.56	-21.34	-	-	-	-18.95

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 not managed relative to a benchmark. References to an index are for informational purposes only.

### MAJOR PERFORMANCE DRIVERS

The third quarter seemed to mark a turning point, or a kind of reversal, for some of the dynamics that have driven global equity markets thus far. Larger cap tech companies appeared to lose some of the steam that had been driving multiples higher. Pervasive fears that China was on the brink of collapse subsided after a significant set of stimulus was announced. Many commodity prices - including iron ore, copper and aluminum - rose significantly at quarter end in line with what was expected to be a better resulting demand environment. One area where the momentum didn't translate was Clean Energy. The Wilderhill Clean Energy index, a barometer of broad Clean Energy performance, was roughly flat for the quarter. That was all the more surprising as the U.S. Federal Reserve began its rate cutting cycle with a bumper 50 bp cut. Against this backdrop, the Resource Transition portfolio was up for the quarter, slightly 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. This segment did significantly better than the broader sector, reinforcing the importance of a Quality mindset to find those with a long-term moat around their profitability. Our Clean Energy companies are, in many cases, starting to move past the cyclical trough that has pushed earnings down a little and pushed sentiment down a lot. The inventory glut in markets like solar is washing out. Interest rates are falling. The earnings growth trajectory is becoming clearer by the day. Sunrun, a residential solar installer, and Ameresco, a biofuel producer and clean tech integrator, were two of our strongest contributors this quarter. That said, valuations across the Clean Energy still do not reflect the expected growth and we have continued to add to those names where there is headroom to do so.

Across Industrial Metals, higher prices helped the diversified miners while pure-play copper miners rose again. We used weakness in copper prices at the start of the quarter to add to Ivanhoe and other names, positioning that paid off. Lithium and platinum group metals miners had a tougher quarter, in line with the underlying commodity prices.

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(4.5%), Ameresco (5.0%), Ivanhoe (8.4%).

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. (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 risks and others, 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: 0.94%** Net Expense Ratio reflects the reduction of expenses from fee reimbursements. The fee reimbursements will continue until at least June 30, 2025. 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, 2024.

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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. The Fund's benchmark is the MSCI ACWI Commodity Producers ex-Energy Index.

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.

**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.**

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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

\*\*Representative Office

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