

Why We Just Increased our Commodities Exposure

Adam Bernstein, Investment Analyst

As active, thematic model strategists, our allocation decisions are not constrained by the same rigid rules as traditional models, like a 60/40. Instead, pursuant to our proprietary macro perspective and convictions in our theses and themes, we sometimes introduce new allocations and exit others, while also rebalancing among existing sleeves.

Investors Need a Commodities Allocation

We believe that commodities warrant renewed attention at the portfolio level. We have held this belief for a number of quarters, given growing signs that the macroeconomic regime that suppressed real asset valuations for much of the past decade is shifting. Unfortunately, the pressures from the war in the Middle East and broader intensification of geopolitical risks only serve to deepen our conviction. While the markets are understandably focused on the direct energy shock, we believe that global monetary system reverberations should not be underestimated.

Our primary focus within the commodity complex is on energy and metals, which aligns with **our three core theses: Energy Addition, Climate Adaptation, and Global Monetary System Evolution.** We already held several commodity allocations, and as of this month, **we have added the Sprott Asset Management Critical Materials ETF (SETM)** to our Managed Fund Models.¹ All of our current commodity allocations are listed in the table below.

Funds & ETFs with Commodity-Related Allocations in GAM Models

Strategy Name	Vehicle	Related GAM Thesis	Related GAM Models
Victory Global Energy Transition Fund Class Y (RSNYX)	Mutual Fund	Energy Addition	Managed Fund Models
Sprott Critical Materials ETF (SETM)	ETF	Energy Addition	Managed Fund Models
SPDR® Gold Shares (GLD)	ETF	Monetary System Evolution	Managed Fund Models

The Sprott Critical Materials ETF (SETM)

The SETM strategy invests in companies whose businesses are essential to the electrification of the global economy and represent the key physical bottlenecks across three core functions of the energy transition: power generation, transmission, and storage.

The strategy is intentionally diversified across multiple materials, allocating across uranium, copper, lithium, silver, rare earths, and related critical inputs, primarily via mining and production companies. In order to maintain a close relationship to the underlying materials, the positions have high revenue purity to those materials.

While commodity supercycles are non-linear and rotational, with the risk of considerable volatility, we believe that the portfolio will capture the most durable and investment-relevant segments of the commodity supercycle while avoiding the operational, liquidity, and path-dependency risks inherent in physical metals and leveraged commodity instruments. In addition, [Sprott Asset Management](#) has a deep and long-held experience in the commodities space, especially with metals and minerals.

We'll leave you with some of [Sprott's own words](#) from their recent commentary: *"In today's world, where trade, capital and commodity flows are increasingly weaponized, physical resources such as critical minerals, energy metals and precious metals are being repriced not just by supply and demand but also by security, sovereignty and strategic value..."*

Nearly all resource commodities and related equities have begun 2026 on a robust footing. However, there is notable differentiation within the space. The movement is not broad-based; it is concentrated in materials tied to electrification, power generation and energy security rather than the bulk commodities (or “bulks”) that dominated the prior cycle.”

If you'd like to learn more about how we approach risk and opportunity through a thematic lens, please feel free to [book a call](#).

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¹ Our Managed Fund Models are global investment allocation strategies comprising mutual funds and ETFs and are offered as five risk iterations. The models are designed for above average risk adjusted returns. They integrate our core theses, alongside sustainability and climate considerations, and are available on the Adhesion platform. <https://www.gittermanasset.com/our-solutions>