28 May 2025

Dear Investor,

Ben Cleary, Portfolio Manager of the Tribeca Global Natural Resources Fund, spent five days meeting with leaders in China's natural resource and manufacturing industries, public policy institutes and research houses across Beijing and Shanghai. The bottom line is that portfolio positioning across nuclear, base metal and steel value chains continues to provide exposure to significant catalysts in 2025. Please find his trip notes below.

Executive Summary

1) **Impetus For Stimulus**: **China sees a 70-80% chance that the Geneva deal holds in the medium term**. This would be very positive for sentiment in China as current expectations are for a worsening of the agreed terms. Somewhat surprisingly, Chinese officials acknowledged that they are a "poor" trading partner, running a US$1 trillion surplus in 2024, and need to change this with "one belt one road" type initiatives (perhaps in the USA?!). On the property side, the positive impacts from last September's stimulus have started to wear off and May/June data is expected to be quite soft. Policy makers are well aware of this, meaning **fiscal and property stimulus are "needed" and expected as early as June, with a particular focus on the consumer**. The Chinese consumer remains in very good shape with excess savings meaning there could be animal spirits in the second half of 2025 should a deal with the USA be cemented driving **retail sales >5% YoY and supportive of GDP >5%**. As an aside, having visited China for 25 years it is remarkable how clean and little pollution there is, driven by the transition to electric vehicles and a clean/smart grid.

2) **Nuclear Renaissance**: **Nuclear power is set to grow from ~5% of China's generation mix to 8% by 2030, 10% by 2035 and 20% by 2060** (in line with the USA). As **China's grid is 8x the size of the USA's**, the commodity intensity of its growth will be higher on an absolute basis to achieve the same proportion. Similar to Australia and other energy markets, China's huge increase in renewables has driven a sharp increase in the volatility of day-to-day power. Baseload in the form of nuclear is the key to smoothing this. **The fund is ~25% net long nuclear stocks**.

3) **An EV Analogue**: Humanoid robots are real, being used in auto manufacturing lines and moving rapidly towards commercialisation. **The story feels like EVs in 2020** insofar as actual production will begin to hockey stick in terms of growth from this year. Mind blowing numbers by 2030: up to 1bn robots which are 75kg each and 99% base metals and rare earths. This will further tighten commodity markets. **The fund is ~35% net long base metals**.

4) **Better at the Margin**: Steel mills are still making healthy cash margins with most also turning a profit. A consistent view across company meetings was that **steel production cuts will NOT happen in 2025**. This is very positive for iron ore for the rest of 2025, especially given current broker consensus is for an iron ore price of US$90/t in 2025 despite an average price of ~US$100/t in the first half, meaning we would need $80/t in the second half for this to hold. If there are no steel production cuts, then iron ore price forecasts need to be upgraded. **The fund is net long ~10% iron ore producers**.

General Policy & Macro: Impetus for Stimulus

NDRC Research Institute

- 70-80% chance the 30% additional tariffs on China (i.e. Geneva deal) will be implemented
- May and June will be "the darkest hour" in Chinese property markets, stimulus to follow
- Sees "urban renewal" as the most likely property stimulus manifestation

PRC Macro

- Disappearance of pent-up demand evident in -ve mortgage growth, need more property stimulus
- Recent measures have been ineffective as they were not accompanied by fiscal stimulus… watch out
- Iron ore is still US$100/t because steel is being used more for manufacturing (65%) than in property

CRIC (Property)

- Turned cautiously neutral from bearish last two years (i.e. relatively positive)
- Sees property inventories in Tier 1 cities around 20mths but trending lower
- Likely intervention is local government issuing special bonds for land purchases

UBS China Macro

- Trump's additional 30% tariff on China is here to stay and forecast to lower GDP by 1.0-1.5%
- May property data likely to disappoint as pent up demand disappears, stimulus to come
- Sees fiscal expansion of another 1ppt is coming in 3Q25

China Energy: Nuclear Renaissance

China National Nuclear Power

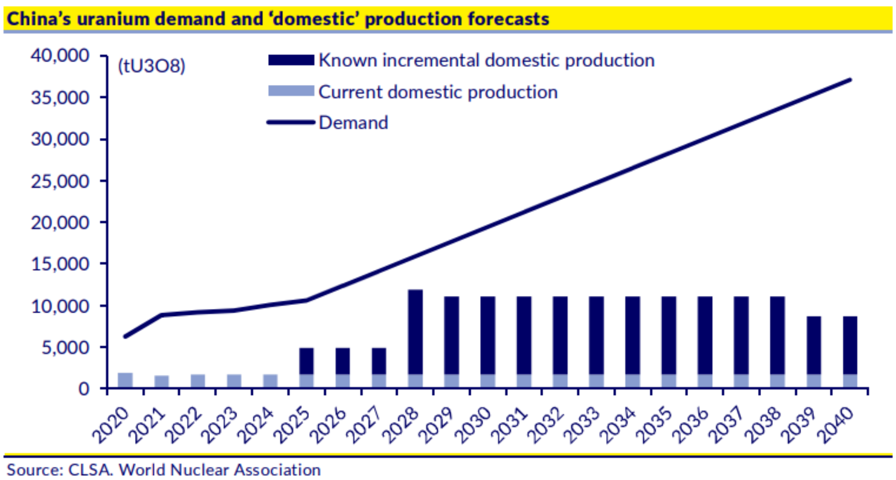
- Nuclear to go from 4.7% to 8% of grid by 2030, 10% by 2035 and then 20% (same as US) by 2060
- Translates to 8-10 reactors per annum for next 35 years (i.e. 280-350 reactors vs ~440 globally now)
- China reactor capital intensity is 3-4x lower than international peers, build time 60 months vs 80-100

Solar Expert

- China's expected new installed solar capacity in 2025 is 5-6x Australia's current grid
- Government concerned renewables too big a part of grid, roadblocking through policy
- Very optimistic about storage, thinks will increase to 20% of capacity on average

ZE Consulting (EV)

- EV battery demand growth good in 1H25, worse 2H25, bearish 2026
- EV battery inventory build means new orders don't convert to material demand pull
- ESS batteries look very attractive with forecasts for 50-60% YoY growth



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Humanoid Robots: An EV Analogue

JL Mag Rare Earths

- China are likely to renew NdPr production quota, keeping supply tight
- Humanoid robots commercialising 2026 brings demand pull to heavy rare earths

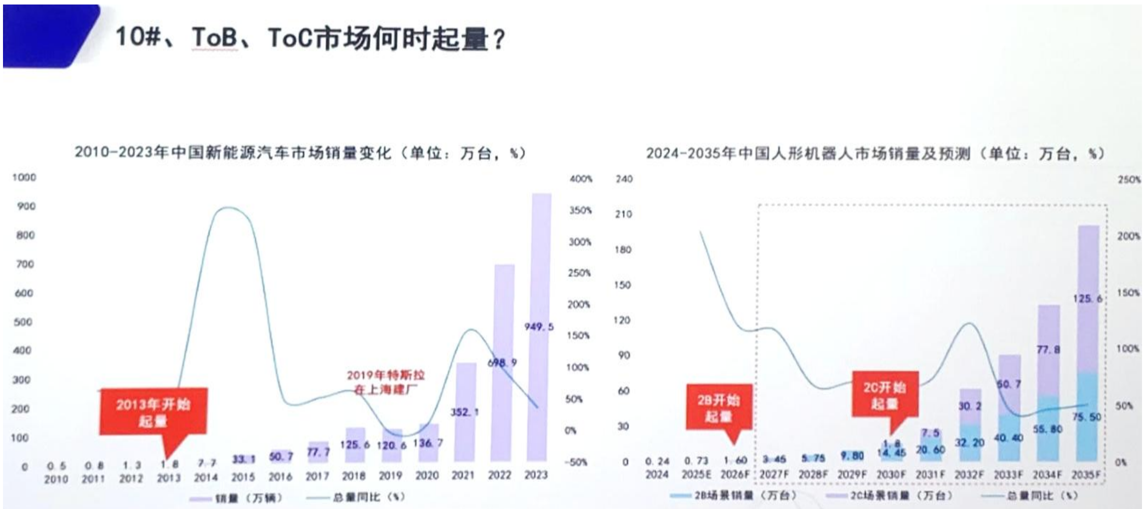
UBTech (Humanoid Robot)

- Humanoid robots are real, in use and ramping quickly. Feels like 2020 for EVs.
- They will use a lot of aluminium and rare earths… +50bps to each mkt at early commercial levels

GGII (Humanoid Robot)

- Early stage but growing quickly and adoption expected to follow similar path to EVs
- Showed lower avg COGS of ~RMB250k and affirmed this would come down quickly
- Affirmed that manufacturing - particularly in autos - is most likely use case

Humanoid Robots: Next year looks like what 2020 did for EVs (electric vehicles)



Source: UBTech. The graph on the left-hand side of the image depicts changes in the sales of China's new energy vehicle market (NEV) from 2010-2023 (units: 10,000, %); the graph on the right-hand side of the image depicts market sales and forecast of Chinese humanoid robots in 2024-2035 (units: 10,000, %). Source: UBTech.

Steel and Iron Ore: Better at the Margin

MySteel

- China iron ore port inventories very high and forecast higher (albeit no basis offered up)
- Steel market demand remains strong, mills have +ve cash margin
- Has been under-reporting of Chinese steel production

Baosteel

- These guys are usually quite bearish but were overall neutral (i.e. relatively positive)
- See a 2% decline in domestic demand and 15-20% decline in exports in 2025
- Few people see government control of crude steel output as a likelihood

Fortescue Marketing

- Steel mills in good health with strong margins and high-capacity utilisations
- Domestic steel demand likely only drops 2% pa next few years (incl. tariff impacts)
- China domestic iron ore supply falling and if steel capacity drops can shift elsewhere in region

Yours sincerely,

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