Manager Commentary | Q3 2026

Investors should note that, relative to the expectations of the Autorité des Marchés Financiers, this fund presents disproportionate communication on the consideration of non-financial criteria in its investment policy.

This is a marketing communication. Please refer to the fund prospectus and offering documents, including the Key Information Document ("KID") or Key Investor Information Document ("KIID") as applicable, before making any final investment decisions. Investors should note that by making an investment they will own shares in the fund, and not the underlying assets.

Neuberger Commodities Fund

PORTFOLIO MANAGERS: HAKAN KAYA, PHD AND DAVID WAN

Performance Highlights

In the third quarter of 2026, the Neuberger Commodities Fund USD I Accumulating Class (the "Fund") generated a cumulative total return of 16.48% (net of fees), outperforming its benchmark, the Bloomberg Commodity Total Return Index (BCOMTR) (Total Return, USD), which returned 16.19% over the same period.

Past performance does not predict future returns

PERFORMANCE (%)[1]	1m[2]	3m[2]	YTD[2]	1y[2]	3y[3]	5y[3]	10y[3]	SI[3,4]
USD I Accumulating Class	1.32	16.48	35.20	41.47	17.29	-	-	13.05
Benchmark (USD)	0.61	16.19	32.87	40.64	15.63	-	-	10.14

12 MONTH PERIODS (%)[1]	Sep16 Sep17	Sep17 Sep18	Sep18 Sep19	Sep19 Sep20	Sep20 Sep21	Sep21 Sep22	Sep22 Sep23	Sep23 Sep24	Sep24 Sep25	Sep25 Sep26
USD I Accumulating Class	-	-	-	-	-	-	6.00	1.28	12.62	41.47
Benchmark (USD)	-	-	-	-	-	-	-1.30	0.96	8.88	40.64

CALENDAR (%)	2017	2018	2019	2020	2021	2022[5]	2023	2024	2025	2026[6]
USD I Accumulating Class	-	-	-	-	-	12.00	-6.52	6.30	17.43	35.20
Benchmark (USD)	-	-	-	-	-	4.89	-7.91	5.38	15.77	32.87

Benchmark: Bloomberg Commodity Total Return Index (BCOMTR) (Total Return, USD).
The fund is actively managed, which means that the investments are selected at the discretion of the investment manager. The Benchmark is used for performance comparison purposes. The fund's investment policy restricts the extent to which the fund's holdings may deviate from the benchmark, but the fund is not exclusively limited to the securities of the benchmark.
1. Performance to latest month end. YTD - Year to Date, SI - Since Inception, m – month, y - year. 12 month period based on month end NAVs.
2. Returns for these periods are cumulative.
3. Returns are annualised for periods longer than one year.
4. Returns from 09 February 2022 to latest month end.
5. Data shown since the share class inception date.
6. Performance for the current calendar year is the year to date.
Fund performance is representative of the USD I Accumulating Class and has been calculated to account for the deduction of fees. Investors who subscribe in a currency other than the base currency of the fund should note that returns may increase or decrease as a result of currency fluctuations. Fund performance does not take account of any commission or costs incurred by investors when subscribing for or redeeming shares. Source of all data and charts (unless stated otherwise): Neuberger. Date of all data and charts (unless stated otherwise): September 30, 2026.

Owning Things in a World of Broken Hedges

Our Key Takeaways

- The Fed raised rates in September for the first time since 2023 and both stocks and bonds sold off on the news, yet we read the hike as the Fed telling you the economy is running strong, with global activity at a 27 month high and the Bloomberg Commodity Index still up roughly 33% year to date at the end of September. A hawkish central bank can influence demand at the margin, but it cannot reopen the Strait of Hormuz, grow crops that El Niño is destroying or settle the strikes in Chile.

- The five year correlation between stocks and bonds is now above 0.5 and still rising, which means the bond half of a traditional portfolio is no longer there to cushion the equity half in the months when it needs to do so, because the problem has become inflation uncertainty and that impacts both at once. Gold and broad commodities have been the exception, earning around 10% a year in real terms since 2021, and we think the reason is straightforward, which is that they are things rather than claims on things, so there is no duration or multiple to compress when rates rise.

- Energy is where scarcity is most visible, and it is a shortage of products more than of crude, because a barrel of crude can find another route to market whereas a barrel of diesel cannot be made without refining capacity that is simply missing. The improvement in Hormuz flows rests on a workaround rather than an agreement, inventories are being drawn down every day, and export curbs and reserve releases only move barrels around, so we hold our exposure mainly in gasoil, gasoline and heating oil, with a smaller weight in WTI and Brent.

- Natural gas is one molecule priced in two very different worlds, abundant in the US where storage is above average but the liquefaction plants are already running flat out, and scarce in Europe and Asia, which is why we go into winter cautious on Henry Hub and constructive on the European power complex, where TTF gas, German power and carbon allowances are all leaning on the same thin buffers.

- Copper is the clearest case in base metals, with mine supply that has stopped growing just as electrification and AI add to demand, and now a run of shocks, from El Niño and the Panama Canal to strikes at Escondida and Centinela, a diesel squeeze and an unresolved US tariff decision, is landing on a market with almost no spare capacity to absorb them. We remain overweight copper and prefer London to Comex, we favor aluminum, tin and zinc, and we remain underweight nickel, where the bull case has leaned heavily on Indonesian policy and weather.

- Gold has fallen far less than the rise in real yields would once have implied, which tells us the marginal buyer has changed, and with central banks building a floor of demand that does not respond to the price of money and China still with a long way to go, we remain constructive on gold and the wider precious metals complex, with platinum in the lead.

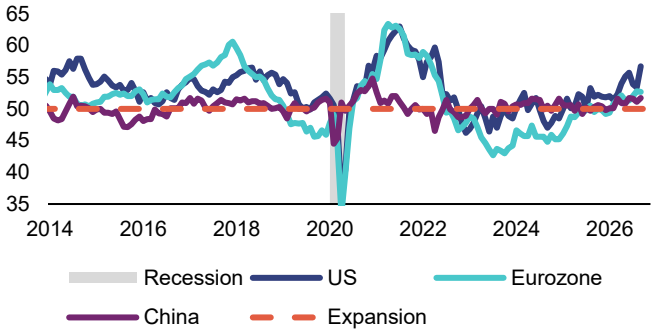
- Agriculture and softs are a different kind of scarcity, driven more by weather than by war, and with a very strong El Niño expected this winter the months from late 2026 into early 2027 may matter more for production than anything we can see today, so we are constructive on the specific markets where concentrated production, vulnerable trade flows or weather leave little room for error, such as corn, cocoa and sugar, while recognizing that inventories remain ample across much of the rest of the complex.

Macro: Strong Economy, Broken Hedges

The Federal Reserve (Fed) raised interest rates in September for the first time since 2023, and stocks and bonds sold off on the news. It is tempting to read the hike as a problem. We read it as the Fed telling you the economy is running strong. Global activity is at a 27 month high, US activity is the strongest since 2021, and orders and hiring are leading. Strong economic activity needs copper, energy and food, so this is good news for commodity investors.

FIGURE 1: GLOBAL ACTIVITY IS RUNNING STRONG ACROSS THE MAJOR ECONOMIES

Purchasing Managers' Indices: US, Eurozone and China



Source: Bloomberg. As of September 2026.

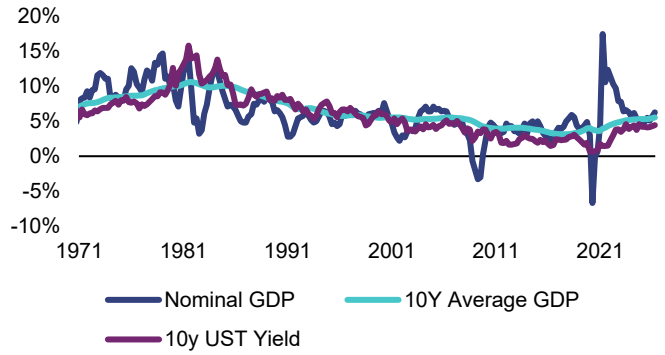
Past performance is no guarantee of future results.

Higher rate expectations have hurt stocks and bonds, but they have not stopped the commodity rally. The Bloomberg Commodity Index is up approximately 33% year to date as of the end of September, outperforming MSCI ACWI by over 20%, and bonds (Bloomberg Global Aggregate Index) by around 36%. The hawkish looking Fed can influence demand at the margin. It cannot reopen the Strait of Hormuz, stop Ukrainian drones hitting Russian refineries, grow crops that El Niño is destroying, or end the miner strikes in Chile. Part of the reason the Fed hiked is energy prices spilling over to the core inflation, which tells you which way the causality runs.

Rates have already done a lot of the Fed's work. Ten year yields are through 5% and the 30 year is at its highest level since 2004, which tightens financial conditions without another move from the Fed. The market may be doing the job for it, and the Fed could well pause here to see the effect. What a pause cannot do is slow the debt or the interest bill that comes with it. Deficits keep growing whether the Fed hikes or not, and investors who no longer trust long bonds to hold their value may look for somewhere else to put the money while the outlook for long bonds remains murky.

FIGURE 2: NOMINAL GROWTH CONTINUES TO RUN ABOVE TEN-YEAR TREASURY YIELDS

US Nominal GDP Growth, 10-Year Average Nominal GDP Growth and 10-Year UST Yield



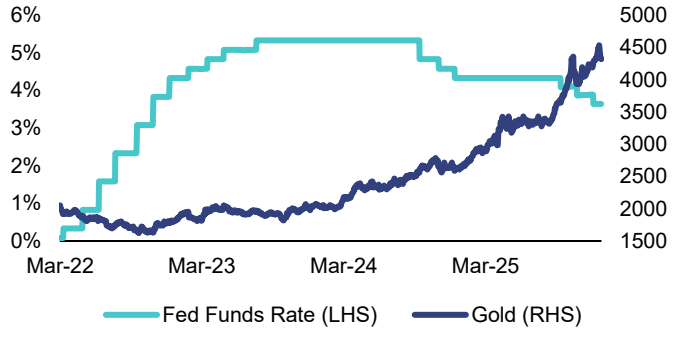
Source: Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

Gold looks like the obvious place, even though it has recently stalled as rates have gone up. To us the setup looks a lot like 2022. Then, gold was out of favor as the Fed started hiking, but higher rates did not stop it accelerating to the upside once investors got a better grasp of the fiscal and geopolitical risks. We think a similar path is possible from here, with gold and the other precious metals used as stores of value as bond replacements.

FIGURE 3: GOLD RALLIED THROUGH THE LAST HIKING CYCLE ONCE FISCAL AND GEOPOLITICAL RISKS CAME INTO FOCUS

Gold Price (US$/oz) and Fed Funds Rate



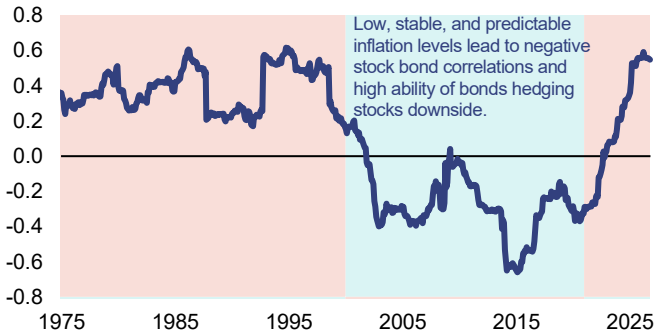
Source: Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

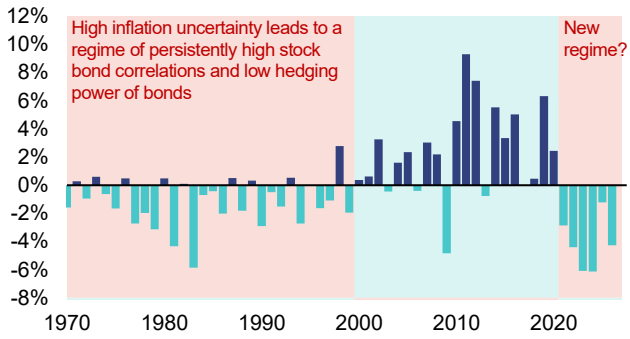
That brings us to traditional portfolios. For the twenty years before COVID, bonds rose when stocks fell, and that is why 60/40 worked so well with tolerable volatility. The run was long enough to make negative stock bond correlation feel like the rule, but it was in fact the exception. From the 1970s to the late 1990s, inflation uncertainty was as large as growth uncertainty, and stocks and bonds moved together. Since the pandemic they have been doing so again. The five year correlation is now above 0.5 and still rising. It is worse in the months that matter. When stocks have had a bad month, defined as a fall of more than one standard deviation, bonds have lost money instead of cushioning the fall.

FIGURE 4: STOCKS AND BONDS ARE MOVING TOGETHER AGAIN, AND BONDS NO LONGER CUSHION BAD EQUITY MONTHS

(a) Rolling Five-Year Stock-Bond Correlation



(b) Bond Returns in Months When Stocks Fell More Than One Standard Deviation



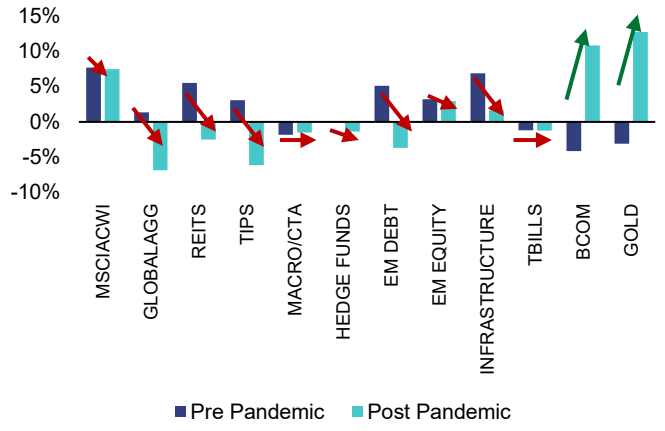
Source: Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

The reason is that inflation uncertainty is back. When inflation is low and predictable, a stock selloff is a growth scare, rates fall and bonds hedge as a flight to safety. When nobody knows where inflation is going, an inflation shock hits both. It squeezes company earnings, erodes the real value of bond coupons, and raises the discount rate on both. Since 2022, the volatility of inflation expectations, realized inflation, real yields and the ten year yield is up by between a quarter and almost 90 percent compared with 2012 to 2021. Investors now demand a higher risk premium to hold anything with long-dated cash flows.

You can see the cost in real returns. Equity real returns eased but held up, while global bonds and TIPS have lost substantial money in real terms, emerging market debt has turned negative, and REITs are flat to negative. The diversifiers that were supposed to help, hedge funds and trend followers, have not earned their keep either. Gold and broad commodities are the exception. Both were negative in real terms in the 2010s and have earned around 10% a year in real terms since 2021. That is the payoff you want from an inflation hedge.

FIGURE 5: GOLD AND BROAD COMMODITIES HAVE BEEN THE EXCEPTION IN REAL RETURNS SINCE THE PANDEMIC
Annualized Real Returns by Asset Class: Pre-Pandemic vs Post-Pandemic



Source: Bloomberg. Pre-pandemic: Dec 2009 to Dec 2020; post-pandemic: Dec 2020 to Sep 2026. As of September 2026.

Past performance is no guarantee of future results.

As long as this regime of inflation uncertainty lasts, these realized returns are a reasonable guide to what to expect. That is why we call commodities the true alternative. Anything that discounts future cash flows is a stock or a bond in disguise. Private equity is equity and private credit is credit, and a leveraged private fund is an even longer-duration claim than the public version. Their pricing is opaque, built on appraisals and models that reflect expectations more than market prices, and performance is reported as internal rates of return, not marked to market returns. The smoothness that results says more about how they are measured than about diversification. Try selling them in the secondary market and see what the marks are worth. Higher rates and inflation hurt them in the same way.

Commodities are things, not claims on things. Copper, diesel, gold and corn have no duration, no terminal value and no multiple to compress. They price current inventories, weather, logistics, wars and what is available today, which makes them truly different from everything else that is priced off rates and cash flows.

Given today's dynamics, we believe three forces are all growing in importance in keeping this commodity friendly regime intact. Debt: higher rates raise the cost of carrying debt and can expose fault lines in the leveraged corners of the system, while deficits keep growing. Investors are asking who will fund them, and that pushes money toward assets that are nobody's liability. War: geopolitical conflicts show no sign of ending, and now weather is disrupting supply too while inventories are thin. A rate hike does nothing for that. AI: the US and China both treat AI leadership as a national security priority, so the build-out is likely to continue whatever the cost of capital. It needs copper, power and fuel from a supply base that remains underinvested. None of these answers to the Fed. Underneath all three is a simple idea: what the world will need tomorrow looks like it may cost more than it does today, so people want to make sure they have some.

In the sections that follow we take each part of the complex in turn: energy, where the shortage is in products as much as crude and geopolitics sets the price; base metals, where tariffs and strikes meet AI demand; precious metals, where the pause in hikes and the search for bond replacements matter most; alongside central bank buying, and agriculture, where El Niño and fertilizer are the story.

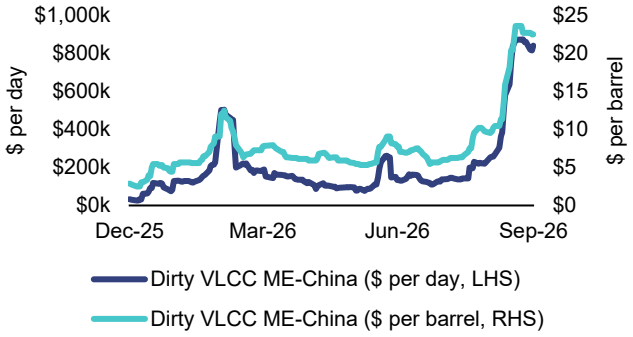
Energy: No Spare Barrels and No Safety Net

The world has a diesel problem, and it is a refining problem. Refineries face substantial outages from the Gulf to Russia, Russia and China have restricted exports of refined products, and shortages and export curbs are top news in the US, the UK, Europe and elsewhere. A barrel of crude can find another route to market. A barrel of diesel cannot, because the refining capacity to make it is what is missing. That is why we hold our energy exposure mainly in products. As at the end of September it sits in gasoil, gasoline and heating oil, with a smaller weight in WTI and Brent, and we are cautiously optimistic on energy. The rest of this section sets out why: the improvement in Hormuz flows is fragile, the deficit is eating into inventories, policy cannot add barrels, and the buffers that have contained prices are running down.

Hormuz flows are better, but neither side has a reason to deal

Flows through the Strait of Hormuz, the exit for a large share of the world's oil, have improved, but we do not think the improvement is secure. It rests on a workaround rather than an agreement. Cargoes are carried out of the Gulf and transferred from ship to ship at sea in the Gulf of Oman before going on to buyers, in an arrangement the US naval presence has helped make work. It is slower, it costs about ten times as much to ship, and with no ceasefire behind it, it can stop faster than it started.

FIGURE 6: THE COST OF MOVING CRUDE FROM THE MIDDLE EAST TO CHINA HAS SURGED
Dirty VLCC Freight, Middle East to China ($ per Day, LHS; $ per Barrel, RHS)



Source: Baltic Exchange, Bloomberg, SG Cross Asset Research. As of September 2026.

Past performance is no guarantee of future results.

Whether it stops depends on the politics, and we see little reason for either side to deal soon. Iran never had a military route to win, so its leverage was economic: the ability to threaten the flow of oil through the strait and raise costs for the whole world. The US has answered with a blockade, which keeps Iran's own oil in and, through the shuttle, helps everyone else's oil out. Each barrel that passes without Iran's consent weakens Tehran's hand and takes pressure off Washington. Washington appears to believe the squeeze is working, so it has little reason to pay up front, and Tehran does not trust the terms on offer and has little reason to accept less than it had before the war. In late September the US rejected Iran's latest proposal, which asked for a seven-day sequence, and it has reportedly added carrier groups and troops.

The early November midterms give Washington another reason to avoid concessions that look like weakness, and we see little that changes the calculation straight after them. With its leverage fading, Iran has an incentive to show it can still disrupt shipping or the Saudi East-West pipeline, and we would not rule that out.

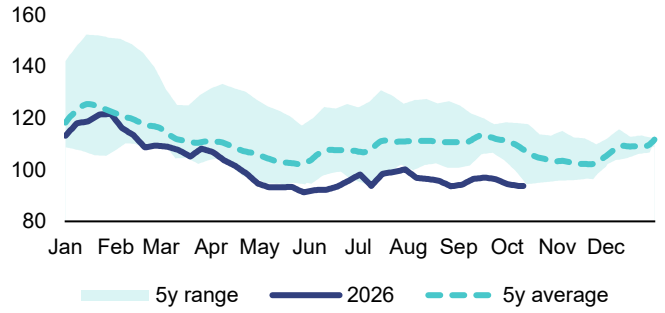
The wider picture points the same way. Three separate conflicts are running, Russia and Ukraine, the US and Iran, and Saudi Arabia and the Houthis, so calming one leaves the others. Every apparent ending since April has been followed by more conflict. Our base case is that any agreement is a series of short band-aids, because the nuclear question remains open. A flare-up would add to prices, but our positioning does not need one, because the shortage sits in refining and stocks. Even if the flows hold, the market has little room for error, because it is already living off its inventories.

Prices stay firm because barrels are still missing

Since the war began the world has been consuming more than it produces, so we have been drawing down inventories day by day. Every day of that thins the stock that cushions the system, and refilling it takes weeks of sustained flow that we have not yet had. Products are tighter still. Middle East product exports are still down by around two thirds from February and refineries are running below normal. Diesel now sells at a far bigger premium to crude than before the war, which is the market telling us that finished fuel is scarcer than the raw material. China, a large fuel exporter, has reportedly suspended its October exports, which removes another source of supply.

FIGURE 7: US DISTILLATE INVENTORIES ARE TRACKING NEAR THE BOTTOM OF THEIR SEASONAL RANGE

US Distillate Inventories vs Five-Year Range and Average (Million Barrels)



Source: EIA, Bloomberg, Morgan Stanley Research. As of September 2026.

Past performance is no guarantee of future results.

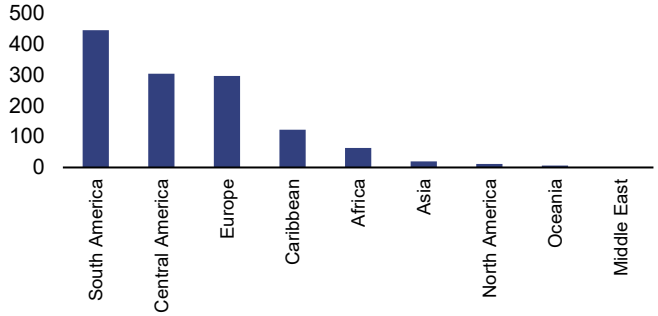
Higher prices have not fixed this, because we do not see meaningful demand destruction at these levels. Where demand has given way, it is in parts of the world that do not move the global total, so the global balance stays tight. Physical crude cargoes trade at premiums to futures, which suggests the paper market may understate the tightness, and positioning looks restrained, which in our view leaves little selling to absorb an escalation.

A diesel export ban would move the shortage around

Governments have noticed, and the responses so far are to restrict exports and release reserves. Neither adds supply. A US diesel export curb was floated in late September to pressure Europe into releasing stocks. A partial cap is the likelier form, but even a deep curb would not solve the scarcity. The US is a major diesel supplier to Latin America and Europe, which have few alternatives, and the Gulf Coast makes far more diesel than the US consumes. Only part of that surplus can move to other US regions, so refiners would have to cut runs, which reduces gasoline and jet fuel output too. A ban would trap US barrels at home and leave everyone else shorter. It would likely weigh on US heating oil and support European gasoil, which is one reason we hold both. Diversification reduces that risk but does not remove it.

FIGURE 8: LATIN AMERICA AND EUROPE RELY HEAVILY ON US DIESEL EXPORTS

US Diesel Exports by Region (kbpd)



Source: EIA, Morgan Stanley Research. As of September 2026.

Past performance is no guarantee of future results.

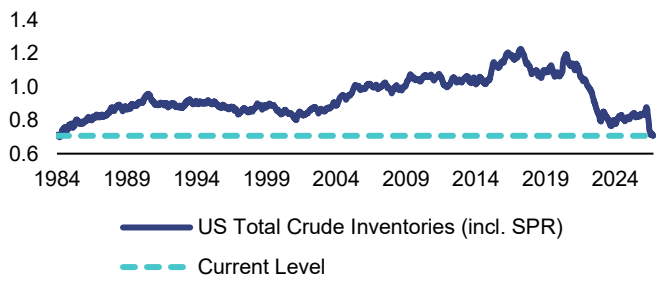
Reserve releases are the other tool. The G7 announced on 2 October a release of 100 million barrels over four months, with diesel frontloaded. We see it as a gesture to Washington that adds little to what was agreed earlier this year. It is spread over several months and is small against the pace at which stocks are being drawn. In our view the tools on offer move barrels around. None makes one.

The buffers that have contained prices are running down

The releases matter for a second reason, because they draw on the same stocks that have been holding prices down. Strategic reserves are being released in the US, Europe and elsewhere. Each release lowers the stock that cushions the next shock, and if releases continue inventories could thin to critical levels. The US is the proof point: crude and strategic reserve stocks are the lowest since 1984, and diesel stocks are the lowest for the time of year on record. Buffers are what let a market shrug off bad news.

FIGURE 9: US CRUDE INVENTORIES, INCLUDING THE SPR, ARE AT THEIR LOWEST SINCE 1984

US Total Crude Inventories Including SPR (Billion Barrels)



Source: EIA, Bloomberg, SG Cross Asset Research. As of September 2026.

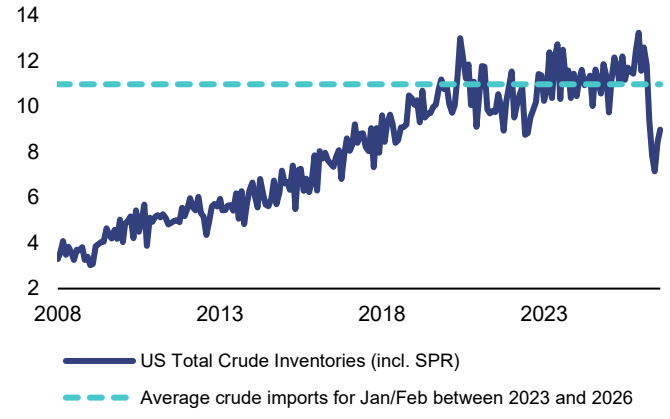
Past performance is no guarantee of future results.

China has been the other buffer, by staying away. Its imports fell to about 7 million barrels a day and recovered to about 9 million in

August, and its commercial stocks are close to record lows. Its return adds demand to a thin market and limits how far prices can fall.

FIGURE 10: CHINA'S CRUDE IMPORTS HAVE RECOVERED FROM THEIR LOWS

China Crude Oil Imports (Million Barrels per Day)



Source: Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

Winter adds upside to a thin market

That thin base matters most going into winter. European gas storage was about 70% full in late September, well below recent years, with part of Qatari LNG supply disrupted, and product inventories are critically low. A colder than average winter in Europe, the US or Asia would send those regions bidding for cargoes to meet heating demand, on top of the growing power demand from data centers. In the following Power section we dive deeper into the dynamics of these markets, but we mention it here as it is important to highlight that gas and diesel are linked, so scarcity in one tends to feed the other. Weather is the swing factor, and the skew favors the upside because the starting point is so thin.

Why we own it

Taken together, our view is that prices do not yet reflect how long the product shortage may last or how thin the buffers have become. Refinery runs, product exports and stocks take many months to rebuild even if flows normalize quickly, and we think that gap is where the opportunity lies. Backwardated curves mean a long position earns a positive roll yield while they last, which supports the case without being the basis for it, and a flatter curve would remove it. We would be wrong if product exports and refinery runs recover quickly, or if a recession breaks demand. Those are the signals we watch.

Power: Two Gas Markets, One Winter

Natural gas is one molecule priced in two very different worlds. In the United States it is abundant. In Europe and Asia it is scarce. The bridge between them is a fleet of liquefaction plants that is already running close to flat out. That is why we go into winter cautious on Henry Hub and constructive on the European power complex, where TTF gas, German power and carbon allowances all draw on the same thin buffers.

Henry Hub: Plenty at Home, Nowhere to Go

Start with the US. Working gas in storage stood above the five-year average, and is on track to finish the injection season above seasonal norms. Production is running at record highs, well above last year's levels through the summer. A storage surplus going into the heating season is not where we want to be long.

The obvious question is why the rest of the world does not pull US prices higher. In late September, fourth-quarter Henry Hub futures traded near $3/MMBtu against roughly $26 for TTF and $27 for Asian LNG. In a connected market, a gap like that would close. It does not, because the connection is liquefaction capacity and that capacity is full. LNG feedgas is running at roughly peak export capacity. Additional capacity comes online through 2027 and beyond, which is too late for this winter. Since 2015, the US has grown to become the world's largest exporter of LNG, even before the war in Iran knocked out exports from the Persian Gulf. The world can want more American gas. This winter, it may not get it.

The cargoes that do leave are heading to Europe. The premium of Asian LNG over TTF has stayed too narrow to cover the extra cost of shipping a US cargo to Asia. Asia is also where demand is giving way, with LNG demand destruction estimated to be underway at current prices. Europe has little left to give. Its industry cut gas use by almost a quarter after 2022 and has not come back.[1]

FIGURE 11: THE ASIAN PREMIUM OVER EUROPE REMAINS TOO NARROW TO PULL US LNG CARGOES TO ASIA

JKM-TTF Spread vs US Shipping Cost Differential to Asia vs Europe ($/MMBtu)



Source: S&P Global Commodity Insights, ICE, Bloomberg, Goldman Sachs Global Investment Research. As of September 2026.

Past performance is no guarantee of future results.

The supply side explains why the competition is so intense. Persian Gulf LNG exports averaged only 15% to 25% of pre-war levels over July and August.[2] Shippers have been slower to return for LNG than for oil: a cargo held at minus 160 degrees is riskier to move, and

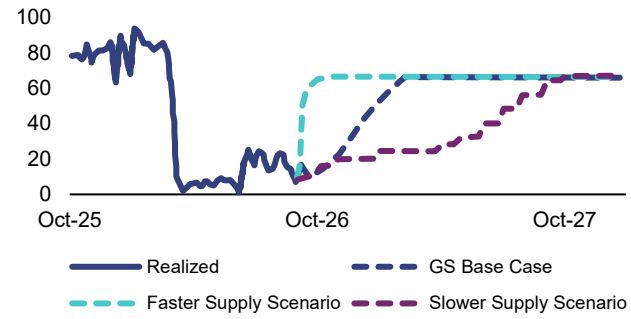
[1] GS, Gastech note, 20 Sep

[2] GS, Gastech note, 20 Sep

ship-to-ship transfers outside the Strait are far harder. Two damaged trains at Ras Laffan could take three to five years to repair,[3] and even a constructive base case only gets Gulf exports back to two thirds of normal in 2027.[4] The oil market has found workarounds. The LNG market has found fewer.

FIGURE 12: QATARI LNG LOADINGS REMAIN WELL BELOW NORMAL, WITH ONLY A GRADUAL RECOVERY EXPECTED

Qatar LNG Loadings, Realized and Scenarios (mtpa)



Source: Kpler, Goldman Sachs Global Investment Research. As of September 2026.

Past performance is no guarantee of future results.

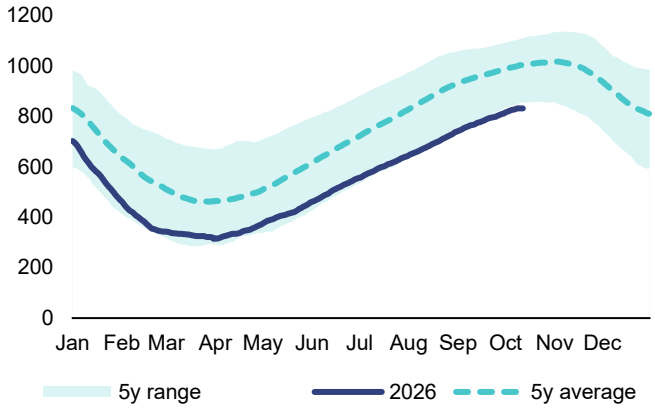
The risk to our view is the weather. A severe cold snap can push US prices higher quickly, as Winter Storm Fern showed in January 2026. With Europe short of gas, it may take an even higher price to pull LNG feedgas back into the domestic market next time. We are cautious, not complacent.

TTF: The Cost of a Thin Cushion

Europe has the opposite problem. Storage was well below the five-year average at the end of September. In a normal winter, storage would end March with low but manageable numbers. A winter just one standard deviation colder takes that to uncomfortably low inventories. Storage also delivers gas more slowly as it empties, so the stock-out risk sits late in the winter, when a February cold snap meets depleted inventories.

FIGURE 13: EUROPEAN GAS STORAGE HEADS INTO WINTER WELL BELOW THE FIVE-YEAR AVERAGE

EU Gas Storage vs Five-Year Range and Average (TWh)



Source: Gas Infrastructure Europe, Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

We view a price distribution that reflects that asymmetry, with upside potential if weather turns colder. Much of the market is counting on El Niño for a mild winter. The latest seasonal forecasts point to something that might be closer to average. Low storage does not guarantee higher prices. It guarantees that a cold winter will be expensive.

The counterargument is that European demand is still below pre-2022 levels, so the same storage stretches further.[5] However, we believe this is also the reason Europe has less demand left to destroy if the weather turns.

German Power: Coal Is Back in the Money

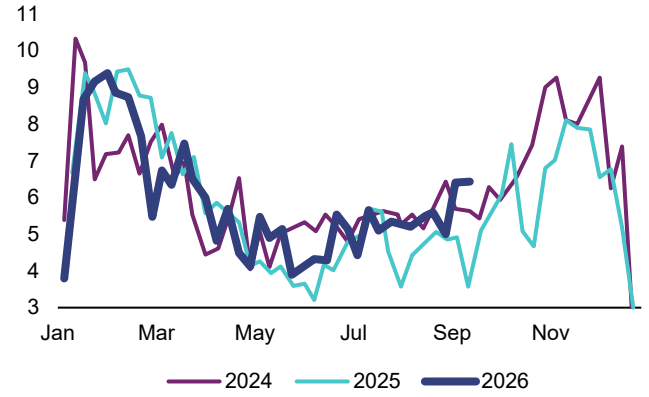
German power is where gas, coal and carbon meet. TTF has nearly tripled this year while coal is up around 40%,[6] and that gap has flipped the economics of generation, making coal more attractive on the margin than gas. Carbon would need to rise further for gas to compete with coal again.[7] German baseload power, which still takes much of its price from gas at the margin, is up more than 70% this year.[8]

Generators have responded. Coal burn across continental Europe rebounded above its normal seasonal pattern in September, and power sector emissions under the EU ETS are above last year.[9] More coal burned means more demand for allowances to surrender.

[3] JPM Global LNG Tracker, 27 Jul (citing the QatarEnergy CEO)
[4] GS, Gastech note, 20 Sep
[5] Citi, 4Q'26 Commodities Outlook, 28 Sep
[6] Macquarie European Carbon Weekly, 21 Sep
[7] Macquarie European Carbon Weekly, 21 Sep
[8] Macquarie European Carbon Weekly, 21 Sep
[9] Macquarie European Carbon Weekly, 21 Sep

FIGURE 14: COAL IS BACK IN THE EUROPEAN POWER MIX

EU Coal-Fired Weekly Power Emissions (Mt)

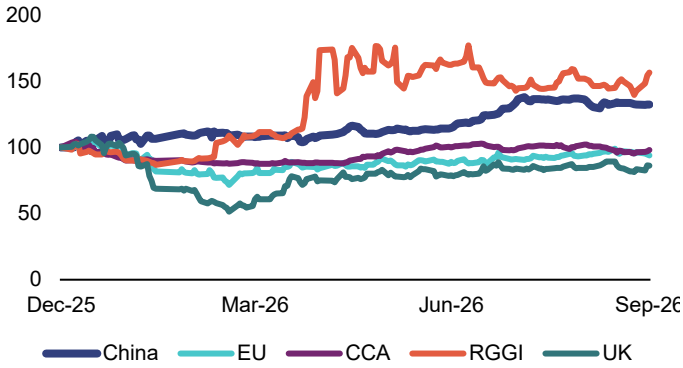


Source: Bloomberg, Kayrros, Macquarie Strategy. As of September 2026.

Past performance is no guarantee of future results.

FIGURE 15: CHINESE CARBON PRICES HAVE RISEN MORE THAN 30% THIS YEAR

Carbon Allowance Prices, Indexed (31 December 2025 = 100)



Source: Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

EU Carbon: A Policy Tool, Not a Policy Casualty

That compliance demand has shown up in price. EUAs ground higher through the quarter and carbon has re-established a strong correlation with TTF and German power.[10,11] The more important point is what the carbon market serves. Europe has now learned twice in four years how exposed it is to imported energy. Its answer, like China's, is to produce more of its energy at home: renewables, grids, electric vehicles and, when needed, coal as a backstop. Cap and trade is the tool that holds that strategy together. It lets the system lean on coal in a crisis while charging for every tonne, and it tilts each long-term investment decision toward home-grown supply. In our view, the carbon price works more as an energy security policy than as a climate policy.

The conventional view is that high energy prices push politicians to loosen carbon rules. So far we see the opposite. Despite high prices, member states that have traditionally opposed the ETS have stayed notably quiet.[12] The Commission's July review was less bearish than feared and broadly neutral for supply through 2030.[13] Brussels chose not to use its new Investment Booster to lean on prices,[14] and the European Parliament has backed a more climate-ambitious approach to the Market Stability Reserve than the Commission proposed.[15]

China is moving the same way. Its national ETS, the world's largest, expanded in 2025 from power into steel, cement and aluminum. Beijing has set out a path to absolute caps for major industrial sectors from 2027 and a mature cap-based market with paid allocation by 2030.[16] Chinese carbon prices are up over 30% this year,[17] though they remain priced below Western carbon markets in absolute terms. One carbon market getting stricter is a policy story. The two largest getting stricter at the same time is a structural one.

Henry Hub is a domestic market whose export door is already full. European gas, power and carbon are one system with thin buffers and growing policy support. We are cautious on the first and constructive on the second.

From molecules to metals

We believe energy security is now doing as much to drive electrification as climate policy. A war over a strait showed importers their exposure to molecules that can be blockaded, and in our view the West has weaponized molecules and the East has weaponized elements. The answer on both sides is to make more energy at home with grids, solar, wind, batteries and electric vehicle fleets, and each diesel spike improves the economics of doing so. All of it is metal intensive, and the copper, aluminum and other base metals it needs are hard for supply to deliver quickly. That is where we turn next.

Base Metals: Copper's Perfect Storm Lands on a Supply-Squeezed Market

Copper has made a habit, it seems, of finding new ways to be scarce. This year the Strait of Hormuz cut off nearly half of the world's seaborne sulfuric acid, a key input to extraction. Now a historic El Niño threatens to restrict the Panama Canal, the route by which much of the refined metal bound for the US reaches the market. A looming US tariff decision, still unresolved, is adding further disruption, and with Chile's largest mines voting on strike action and prices flirting with record highs, the rally can look like a story of headlines. We argue it is not. Each of these shocks is landing on a supply base that has stopped growing, just as the composition of demand shifts toward more powerful, structural sources such as electrification and the energy transition. There is no quick fix. Therein lies the opportunity which is why we remain constructive on copper.

[10] Citi, 4Q'26 Commodities Outlook, 28 Sep
[11] Macquarie European Carbon Weekly, 21 Sep
[12] Macquarie European Carbon Weekly, 21 Sep
[13] Citi, "EU ETS reform less bearish than feared," Jul
[14] Macquarie, "10 Reasons EUAs Could Wake Up in September," 24 Aug
[15] Macquarie European Carbon Weekly, 21 Sep
[16] China's State Council and Party Central Committee carbon market guidelines, Aug 2025
[17] Macquarie European Carbon Weekly, 21 Sep

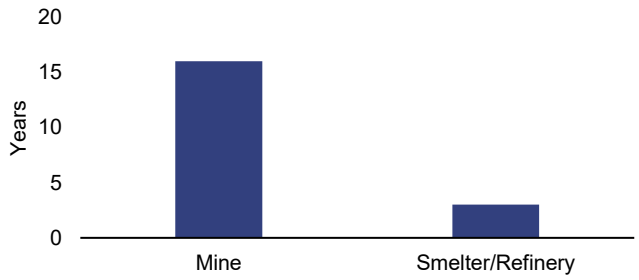
Supply: Growth Has Stalled and the Constraints Are Structural

Mine supply has been the weak link in the copper market for some time. Trend growth in supply is only about 1.4% a year, well short of what the market needs. In 2026 it has gone slightly backwards, as the 17 largest producers cut guidance for a second consecutive quarter and now point to output roughly 2% below last year. Part of the weakness does come from one-off events that are still being worked through, such as the mud rush at Grasberg, the key Freeport-operated mine in the highlands of Papua, Indonesia, where output is only expected to recover to around 65% of normal rates in the second half of 2026. Then there is the seismic event at Kamoa-Kakula in the Democratic Republic of Congo and the rock burst at El Teniente in Chile. The larger part of the weakness, however, comes from Chile where Codelco, the world's largest copper miner, is seeing declining production. Its new chairman has said that returning to the levels achieved back in 2018, around 30% higher than today's, is no longer realistic, and that the $34bn investment plan needed to get there cannot be financed.[18,19]

The causes are geological and economic, and price alone may not reverse them on any useful timescale. Falling ore grades mean more rock must be moved and processed for every tonne of metal, and the average mine's operating cost has risen roughly 2.5 times over 25 years, from about $1,500 to $3,700 per tonne.[20] New supply is slow to respond. A mine takes around 16 years to reach first production, against about three years for a smelter, and it must clear permitting, water, power and labor constraints, while the large miners continue to favor shareholder returns over greenfield risk.[21,22]

FIGURE 16: IT TAKES MORE THAN A DECADE TO BUILD A COPPER MINE

Copper: Global Development Time (Years)



Source: S&P Global Market Intelligence, Goldman Sachs Global Investment Research. As of September 2026.

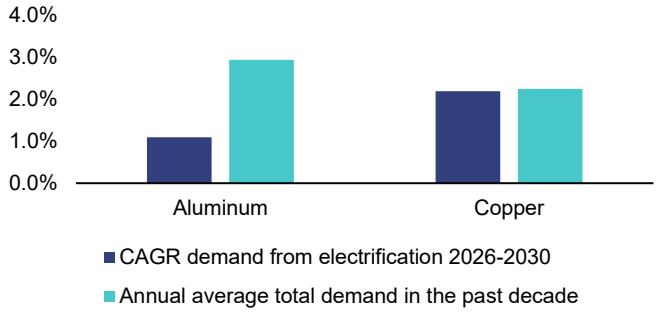
Past performance is no guarantee of future results.

Demand: Broader and Less Cyclical Than the Market Assumes

Against that backdrop, demand continues to be driven by the physical build-out of the electricity system. The grid, electric vehicles and data centers together account for roughly 40% of copper demand and will contribute more demand growth between now and 2030 than the whole copper market added over the previous decade, with grid and power infrastructure alone responsible for more than 60% of that growth.[23,24]

FIGURE 17: ELECTRIFICATION WILL DELIVER AS MUCH COPPER DEMAND GROWTH TO 2030 AS THE ENTIRE MARKET DELIVERED OVER THE PAST DECADE

CAGR Demand from Electrification 2026-30 vs Annual Average Total Demand Growth in the Past Decade



Source: IEA, BNEF, Wood Mackenzie, CRU, BofA Global Research. As of September 2026.

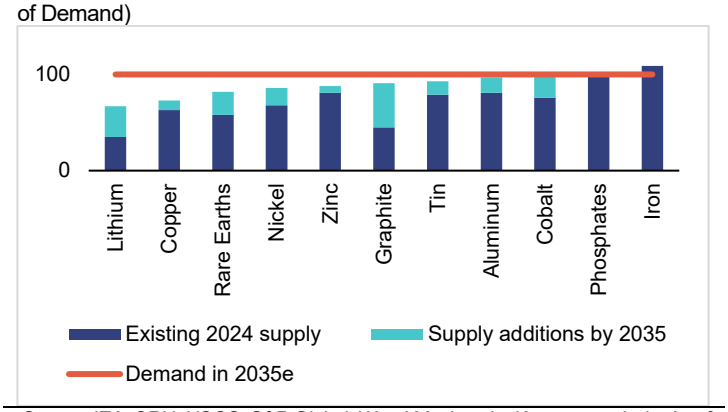
Past performance is no guarantee of future results.

We do not dismiss the near-term sensitivity to technology equities. Copper has traded closely with the Nasdaq over the past year, and a sharp AI-led sell-off could trigger position liquidation. Data centers, however, represent only about 10% of electrification-related copper demand and less than 4% of the cost of building one, which leaves little incentive to economize on the metal, so we would expect any weakness to be a positioning event and not a loss of underlying demand.[25] The pull is also broadening geographically. Europe is targeting a one-percentage-point annual rise in the electricity share of final energy demand toward 32% by 2030, in line with China, and Beijing has shifted spending away from new wind and solar capacity toward grids, storage and transmission, which use more copper per unit of investment. Electrification may have soft patches, as 2025 did, but the direction of travel has not changed.[26]

[18] Company reports, Macquarie Strategy, Aug 2026.
[19] BofA Global Research, 16 Jul 2026.
[20] BofA Global Research, 16 Jul 2026.
[21] BMO Capital Markets, 28 Sep 2026; Wood Mackenzie.
[22] Goldman Sachs Research, 23 Sep 2026; S&P Global Market Intelligence.
[23] BofA Global Research, 16 Jul 2026; IEA; BNEF.
[24] Goldman Sachs Global Investment Research, 28 Jun 2026.
[25] BofA Global Research, 16 Jul 2026; IEA; BNEF.
[26] BofA Global Research, 16 Jul 2026; IEA; BNEF.

FIGURE 18: COPPER FACES ONE OF THE WIDEST PROJECTED SUPPLY GAPS AMONG ENERGY TRANSITION MINERALS

Projected Global Supply-Demand Balance for Select Minerals, 2035e (% of Demand)



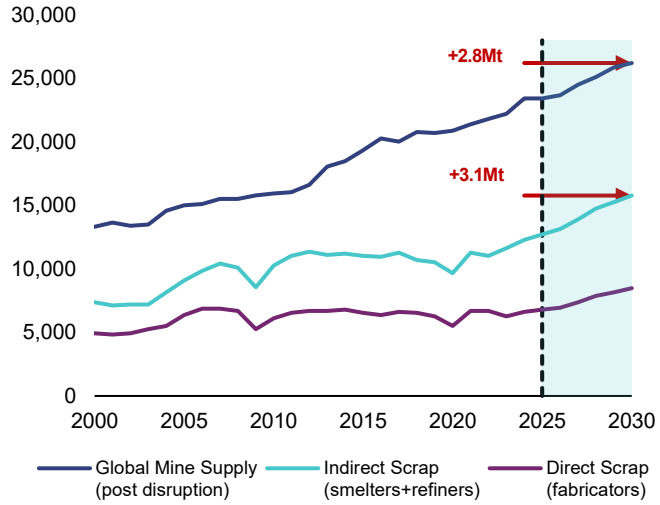
Source: IEA, CRU, USGS, S&P Global, Wood Mackenzie, Kearney analysis. As of September 2026.

Past performance is no guarantee of future results.

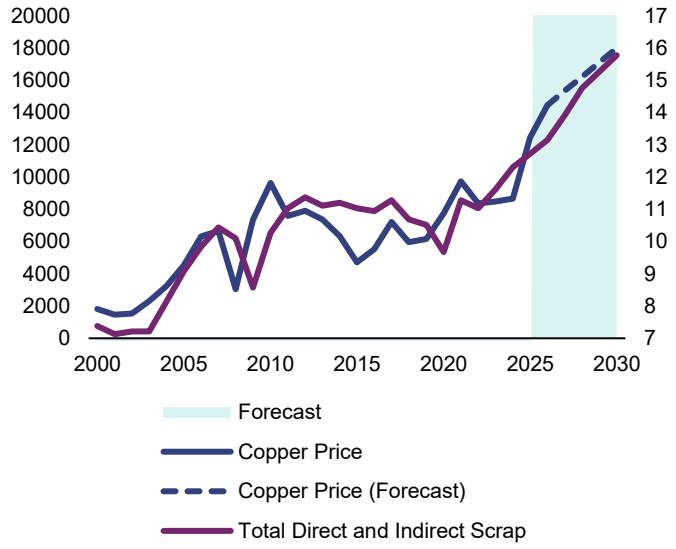
Putting supply and demand together, expectations are for underlying demand growth of around 3% a year, against a mining industry that we believe even on generous assumptions will struggle to match it. The difference has to be filled by scrap, which is the marginal and most price-sensitive source of metal and has historically only entered the system in volume when prices rise meaningfully.[27]

FIGURE 19: SCRAP MUST FILL THE GAP LEFT BY STALLING MINE SUPPLY, AND HISTORICALLY IT HAS ONLY COME AT HIGHER PRICES

(a) Global Copper Mine and Scrap Supply (kt)



(b) Copper Price and Total Direct and Indirect Scrap Requirement



Source: BMO Capital Markets, Wood Mackenzie, Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

Near-Term Disruption: Weather, Logistics, Labor and Fuel

Over the coming months we see a series of risks threatening to land on a market that has almost no spare capacity to absorb them.

The first is weather. The probability of a very strong El Niño this winter has risen from roughly 60% at our last update to above 90%, with a real chance that it becomes the strongest since 1950 and a near certainty that it persists into early spring.[28] Copper is exposed on both sides of the pattern. Excess rainfall threatens operations

[27] BMO Capital Markets, 28 Sep 2026; Wood Mackenzie.

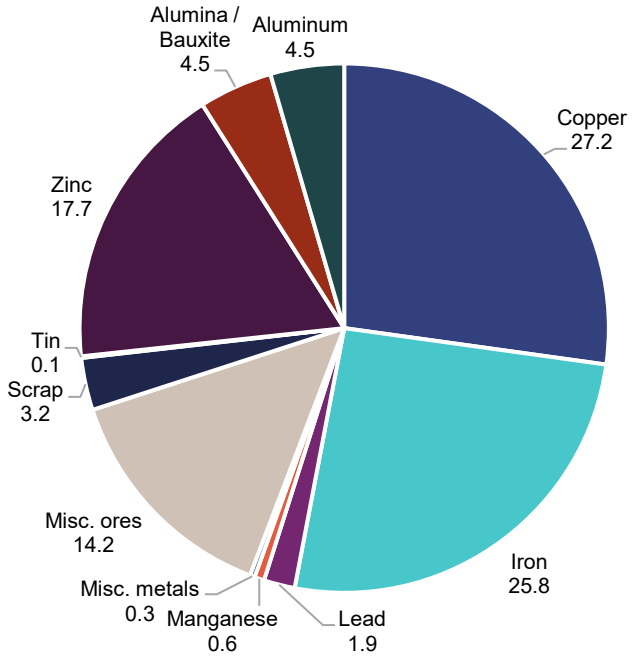
[28] NOAA; BofA Global Research, 23 Sep 2026.

and logistics in Chile and Peru, which together supply about a third of the world's mined copper, and the storms that hit northern Chile in July, forcing guidance cuts at the Los Pelambres and Caserones mines, both in Chile, were a preview. In the other direction, drought has disrupted river logistics at the Ok Tedi mine in Papua New Guinea, where past droughts have forced extended shutdowns, and Zambia's hydropower dependence needs watching through the next two quarters, although it is better insulated than in 2015 because it can now import electricity. Indonesia, by contrast, looks well protected.[29]

The same weather pattern also affects the Panama Canal, which carries a meaningful share of the refined copper that the US imports from Chile and Peru. Refined metal makes up a material part of copper traffic through the canal, copper is the largest single metal in its trade, and almost all of the refined material appears to be heading to the US. Water levels in Gatun Lake, which feeds the canal, have already reached the point at which draft restrictions begin, and the authority has cut the permitted draft for the largest vessels three times since June. Actual limits on the number of transits are unlikely until levels fall further, but a very strong El Niño increases that probability considerably.[30] The 2023 drought gives a clear indication of what that means, as daily transits fell from 36-38 to just 22, queues grew beyond 160 vessels, waits stretched to several weeks and one shipper paid nearly $4m for a single priority crossing. The timing would be awkward, given that any delay would coincide with the pending decision on refined copper tariffs.[31]

FIGURE 20: COPPER IS THE LARGEST SINGLE METAL TRANSITING THE PANAMA CANAL

Metals and Ores Transiting the Panama Canal, 2025 Breakdown (%)



Source: Panama Canal Authority, Macquarie Strategy. As of September 2026.

Past performance is no guarantee of future results.

Labor adds a third risk, and it has intensified since the end of the quarter. Workers at both the Escondida mine in Chile, the world's largest at about 4% of global output, and the Centinela mine, also in Chile, at about 1%, have now voted to authorize strike action. Neither vote triggers an immediate stoppage. Chilean law requires five days of government mediation, extendable by a further five, before a strike can begin, and Centinela's unions have indicated that the earliest legal start would be around 13 October if talks fail. As things stand no strike has begun, so there is still room for a settlement, but together the two mines account for around 5% of global mine supply and the outcome of mediation is yet to be known.[32,33]

The fourth, and least discussed, is diesel. The US supplies the large majority of Chile's diesel and more than half of Peru's, mining is a significant consumer in both countries, and with US diesel prices at records and inventories at their lowest September level on record, the idea of restricting exports has resurfaced in Washington. A short ban would probably be absorbed by on-site inventories, whereas a prolonged one would threaten operating rates in two countries that together produce a third of global supply. We believe the more likely outcome is a gradual one in which miners defer stripping and exploration to conserve fuel, production holds up in the near term, and the cost arrives in 2027-28 through lower grades, as happened after COVID.[34]

[29] J.P. Morgan Commodities Research, 25 Sep 2026; Kpler; Wood Mackenzie.
[30] Panama Canal Authority, Macquarie Strategy, 29 Jul 2026.
[31] Panama Canal Authority, Macquarie Strategy, 29 Jul 2026.
[32] J.P. Morgan Commodities Research, 25 Sep 2026; Kpler; Wood Mackenzie.
[33] Reuters, via Fastmarkets, Mining Weekly and Shanghai Metals Market, 29 Sep-2 Oct 2026.
[34] J.P. Morgan Commodities Research, 25 Sep 2026; Kpler; Wood Mackenzie.

Tariffs: The Uncertainty Is Doing the Work

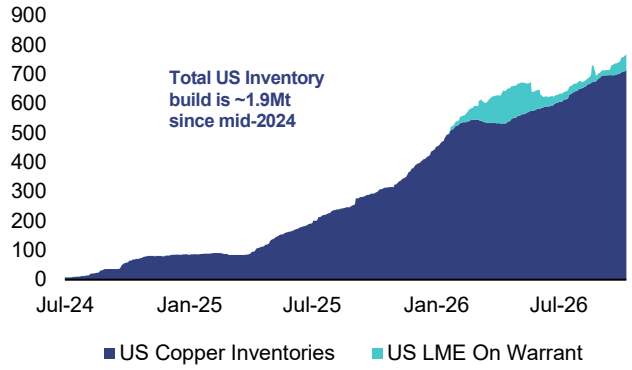
Duties of 50% on semi-finished copper products and 25% on copper-intensive derivatives have applied since April, while the more consequential decision, a proposed 15% tariff on refined copper from January 2027 rising to 30% in 2028, remains unannounced after the deadline passed without comment. In early September a report that the White House had yet to decide sent copper, silver, platinum and palladium sharply lower within hours, only for later official comments to keep the door open.[35]

We think the ambiguity is serving a purpose. A tariff cannot create supply, because mines take 16 years to build and policy can change in a week, and even with every idled US smelter running at full capacity the country would remain a net importer of refined copper. What the threat of a tariff can do, and has done, is draw metal into the US, since traders and industrial buyers have been building stocks ahead of any duty, which effectively creates a strategic stockpile without government purchases and without immediately raising costs for manufacturers.[36,37] About 69% of global exchange stocks now sit on the US exchange, Comex, so while headline inventories look comfortable, the metal available to the rest of the world is thin, London Metal Exchange (LME) stocks are low and the LME curve has moved into steeper backwardation. Investor buying, which is expressed mainly through Comex, widens the New York-London spread and, wherever it exceeds the cost of arbitrage, pulls in still more metal.[38]

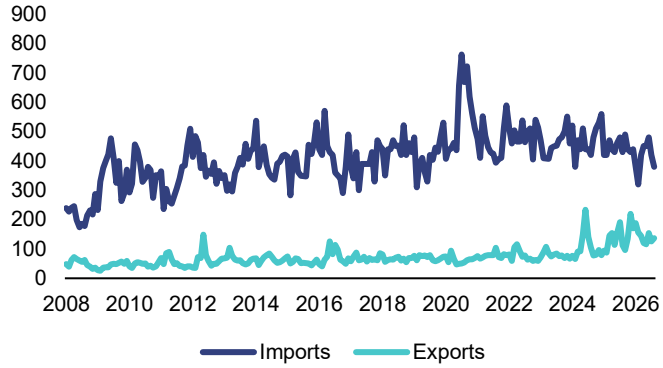
We also see the US stockpile as widely misread as evidence of oversupply. Mine output is stagnant, industrial production is healthy, and demand indicators in China are running at around 5%, so it is hard for us to see where a genuine surplus would have come from. A more plausible explanation is that China has allowed its own strategic inventory to run down while the US built up, with its net refined imports this year down 12% and exports down 14%, deviating materially from trend since the tariff dispute began.[39] If so, above-ground stocks have been redistributed from where nobody could see them to where everybody can, and China may at some point want to rebuild its buffer, which would add demand to a market with no spare supply.

FIGURE 21: THE VISIBLE US INVENTORY BUILD HAS BEEN MATCHED BY A LESS VISIBLE DRAWDOWN IN CHINA

(a) US Copper Inventory on Exchange (kt)



(b) China Unwrought Copper Imports and Exports (kt)



Source: BMO Capital Markets, Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

Positioning

We remain overweight copper and prefer LME to Comex. The case does not depend on how the tariff question is resolved: if a refined tariff is announced, ex-US markets tighten and London should benefit, and if it is shelved, Comex loses some of its premium while the supply and demand picture underneath is unchanged. The steepening backwardation in London is the market's own signal of where the physical tightness lies, and we regard the LME-Comex gap as an attractive relative-value opportunity.

Other Base Metals: Following the Physical Tightness

Beyond copper, our positioning across the rest of the complex follows the same logic of favoring metals where physical tightness is visible and supply is slow to respond. Aluminum is the closest parallel, with inventories at multi-decade lows relative to consumption, China's production cap removing the main source of elastic supply, and the buffers that absorbed this year's Middle East disruption unlikely to be refilled a second time.[40]

[35] Goldman Sachs Research, 23 Sep 2026; USGS.
[36] BMO Capital Markets, 28 Sep 2026; Wood Mackenzie.
[37] Goldman Sachs Research, 23 Sep 2026; USGS.
[38] Goldman Sachs Research, 23 Sep 2026; USGS.
[39] BMO Capital Markets, 28 Sep 2026; Bloomberg.
[40] Goldman Sachs Global Investment Research; Citi Research; Fastmarkets.

Tin remains a favored holding, since roughly half of demand comes from solder used in electronics and semiconductors, which ties it directly to the AI build-out in a small and concentrated market.[41]

Zinc is more nuanced. Concentrate is scarce, treatment charges are deeply negative, Chinese smelters have agreed to curb throughput and exchange stocks are very low, all of which supports our overweight, although a return to surplus next year is possible and we size the position accordingly.[42,43]

Nickel is where we remain underweight. Drought-related cuts to nickel pig iron output in Sulawesi, Indonesia, equate to around 3% of global supply on an annualized basis, yet the market has barely reacted, with port stocks building and Chinese stainless mills trimming output, and the return of the rains in November should limit the disruption to a month or two. Refined metal is well supplied, and the bull case has leaned heavily on Indonesian policy and weather.[44]

Gold & Precious Metals: Gold Holds the Line as Central Banks Build the Floor Beneath Rising Rates

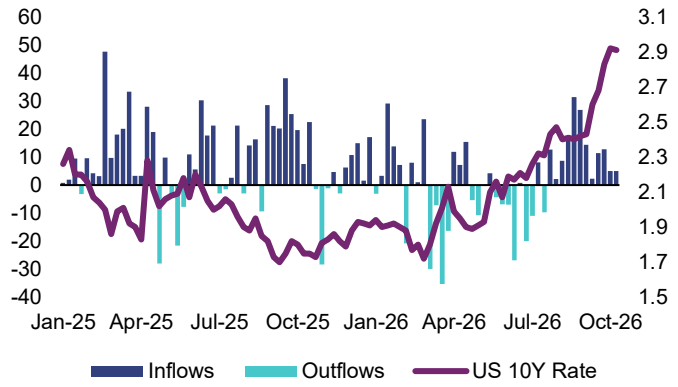
Gold has spent the quarter facing the backdrop it is traditionally supposed to dislike. The Fed has raised rates for the first time in three years and signaled more to come, the Bank of Japan has followed, the Bank of England has warned of further tightening, and long-dated US real yields have broken above their 2023 high as the dollar has firmed. Gold has retreated as a result, but what is striking is how much less it has declined than the rate move would once have implied, with its sensitivity to rising real yields since Jackson Hole running at only about a quarter of its level earlier in the year.[45] The market, in other words, is telling us that the marginal buyer of gold has changed. Central banks have become a key source of structural demand that does not respond to the price of money, and while China, the buyer that matters most, has been buying for many months, it still has far to go. As such, while we may see some shorter-term volatility on rates headlines, we continue to see the important role that gold plays in our portfolio.

Rates: A Powerful Headwind Is Losing Its Grip

We do not dismiss the headwind. Higher rates raise the opportunity cost of holding a non-yielding asset such as gold and weigh on the rate-sensitive investors who hold gold through ETFs. Some market observers have trimmed their expectations of their near-term paths accordingly. The more important point is that they have left their medium-term expectations largely intact, on the view that the Fed will ultimately cut again.

For us, we note what has changed is the behavior of the investors who were expected to sell. Earlier this year, ETF flows moved closely with real yields and gold with them, whereas since August that relationship has loosened considerably. Inflows that began on renewed concerns about currency debasement continued to build through most of September even as yields rose and the price retreated from its late-August high, and it was only recently that the market saw a small outflow. In the week of the Fed hike, ETFs took in around 26 tonnes, with the US leading, bringing year-to-date demand to nearly 220 tonnes.[46] Much of the expected tightening already appears to be reflected in ETF holdings, and part of the new investments look to be retail in nature, with longer time horizons and a wider tolerance for losses than the tactical capital that drove earlier episodes of purchases. It is at least possible that gold is now being driven by a broader and more structural conviction across every type of investor, and if so it may at times become less sensitive to the usual swings in yields and the dollar.

FIGURE 22: GOLD ETF INFLOWS HAVE CONTINUED EVEN AS REAL YIELDS HAVE RISEN
Weekly Global Gold ETF Flows (Tonnes, LHS) and US 10-Year Real Yield (%, RHS)



Source: World Gold Council, Bloomberg. As of September 2026.
Past performance is no guarantee of future results.

Central Banks: Demand That Does Not Depend on the Rate Cycle

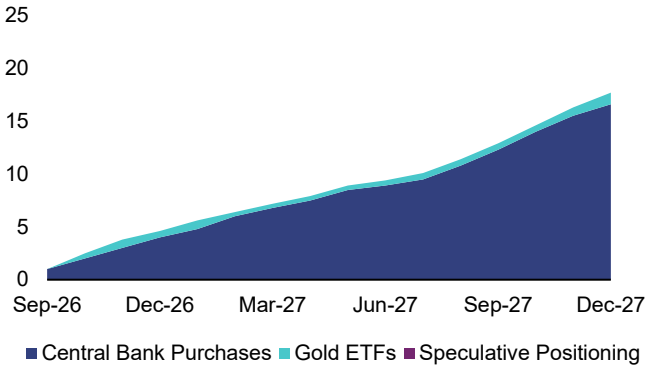
The clearest evidence for that structural shift is in official purchases with monthly purchases at around five times pre-2022 averages.[47,48]

The motive matters as much as the quantity. The decision to hold more gold in reserves reflects the lesson learned in 2022 when Russian central bank assets were frozen, and recent actions by reserve managers suggest that the appetite has not faded. That makes it an allocation decision and not a view on the next move in rates, so it does not tighten or loosen with the policy cycle. The weight of this demand in the outlook is considerable. According to Goldman Sachs, Central bank purchases account for nearly all of the 23% appreciation expected in gold through the end of 2027, with ETFs and speculative positioning contributing very little.[49]

[41] Goldman Sachs Global Investment Research; Citi Research; Fastmarkets.
[42] Goldman Sachs Global Investment Research; Citi Research; Fastmarkets.
[43] BofA Global Research, 16 Jul 2026.
[44] J.P. Morgan Commodities Research, 25 Sep 2026; SMM; CRU.
[45] J.P. Morgan Global Commodities Research, 2 Oct 2026.
[46] World Gold Council, Weekly Markets Monitor, 21 Sep 2026.
[47] Goldman Sachs Research, 18 Sep 2026.
[48] Goldman Sachs Research, 11 Sep 2026.
[49] Goldman Sachs Research, 18 Sep 2026.

FIGURE 23: CENTRAL BANK PURCHASES ACCOUNT FOR NEARLY ALL OF THE EXPECTED RISE IN GOLD PRICES

Contributions to the Forecast Rise in Gold Prices (Percentage Points)



Source: Goldman Sachs Global Investment Research. As of September 2026.

Past performance is no guarantee of future results.

This is the sense in which we regard official buying as a floor. It does not fix a price, but it provides a persistent bid that grows as prices dip and that can be counted on whether the Fed hikes once more or three times, and as buying continues it progressively raises the level at which prices can be expected to find support.

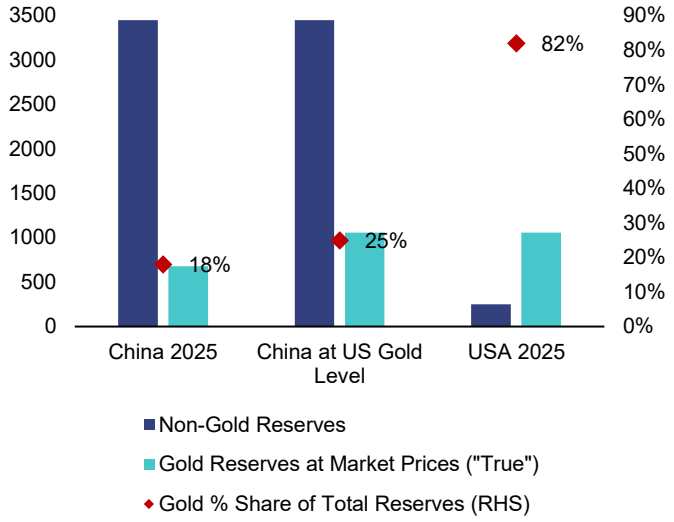
China: The Buyer That Matters Most Has Further to Go

Within that picture, China is the decisive participant. It was the largest identifiable buyer in July at around 35 tonnes, and the People's Bank of China's reported purchases have risen steadily through the year, with August a record.[50,51] Official buying is also joined by private demand. China's gold imports have been strong year to date, and as prices pulled back, premiums on the Shanghai market recovered to a range of $10-20 an ounce, a sign that domestic buyers are treating dips as opportunities and a second source of support alongside the central bank.[52]

The more important point is how much room remains. Estimates of China's true gold holdings at market prices, which include those not formally reported, stand at around 5,200 tonnes, which is only 18% of its reserves, whereas the US holds 8,133 tonnes, representing 82% of its own.[53] Closing that gap in tonnage terms would require a further 2,911 tonnes, which at the current pace of buying amounts to another five years or so, and would lift gold to roughly 25% of China's reserves.[54] We do not regard that as a target Beijing has announced, but it illustrates the direction of travel for a country with a large and growing stock of non-gold reserves and every reason to diversify them. A buyer working toward a reserve objective, and not a price, is precisely what a market facing higher rates needs.

FIGURE 24: CHINA WOULD NEED AROUND FIVE MORE YEARS OF BUYING AT TODAY'S PACE TO MATCH THE US GOLD SHARE OF RESERVES

China and US Central Bank Foreign Reserves and Gold Holdings (US$bn)



Source: BMO Capital Markets, Bloomberg. As of September 2026.

Past performance is no guarantee of future results.

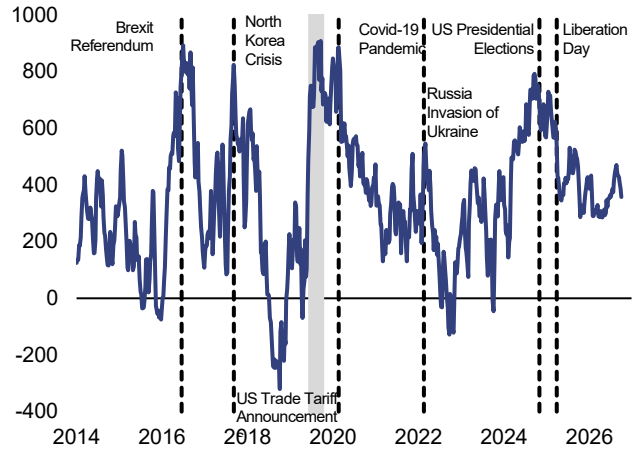
Beyond Central Banks: Speculative Positioning and Private Investors

A final thought. There is also a shorter-term source of support that is worth keeping in view. Speculative positioning in gold futures has room to build ahead of the US midterm elections, with managed money still well short of the levels reached at previous peaks. We approach this dynamic, however, with an element of caution, given historical patterns. Investors tend to establish a waiting-room allocation to gold ahead of events whose outcomes are hard to call, as they did before the 2016 Brexit referendum and the 2024 US presidential election, and once the result is known that capital is redeployed, positioning unwinds and gold can sell off sharply. It is a reminder that not all of the buying in the market is of the same quality, and the contrast with the patient demand from central banks is precisely why we place more weight on the latter.

[50] J.P. Morgan Global Commodities Research, 2 Oct 2026.
[51] Goldman Sachs Research, 11 Sep 2026.
[52] J.P. Morgan Global Commodities Research, 2 Oct 2026.
[53] BMO Capital Markets, July 2026.
[54] BMO Capital Markets, July 2026.

FIGURE 25: SPECULATIVE GOLD POSITIONING TENDS TO BUILD AHEAD OF UNCERTAIN EVENTS AND UNWIND ONCE OUTCOMES ARE KNOWN

Gold Net Long Managed Money on COMEX (Tonnes)



Source: CFTC, Bloomberg, Goldman Sachs Global Investment Research. As of September 2026.

Past performance is no guarantee of future results.

Positioning

We remain constructive on gold. We think the balance of risks favors the higher end and some of the key data we will be following include the path of real yields, the behavior of ETF holdings, and the monthly pace of official purchases, in particular China's.

Silver, Platinum and Palladium: Following Gold, With Platinum in the Lead

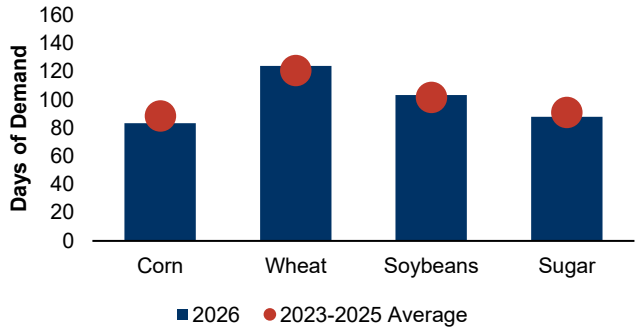
Our overweight extends to the rest of the precious complex. Platinum's market has swung from a deficit of around 400,000 ounces last year to close to balance this year, with mine supply still contracting, which means a return of investment demand would be enough to tip it back into deficit and support a recovery. Meanwhile, Silver still offers strong industrial demand exposure, if more modestly as lower solar demand moves its market toward surplus, while palladium, where oversupply caps the upside, is where we are most selective.

Agriculture & Softs: A Sea Change

Agricultural and soft commodity markets appear to be entering a period in which we see weather, trade flows, and supply-chain disruptions having a greater influence on commodity prices than headline inventory levels would suggest. Inventories remain adequate across several key crops, and recent estimates have even increased production for some major exporters.[55] The more important development, in our view, is that production, exports, fertilizer supply chains, and transportation routes have become increasingly concentrated in a relatively small number of regions. As a result, we expect relatively modest disruptions to have outsized consequences for agricultural commodity prices and exportable supply.[56] Against this backdrop, we have a very strong El Niño emerging at a time when agricultural supply chains are already having to contend with geopolitical tensions, export disruptions, and evolving trade policies.[57] Both sectors continue to provide us with compelling, selective, investment opportunities, alongside diversification benefits within the commodities complex, given idiosyncratic demand and supply drivers. Let's dig in.

FIGURE 26: AGRICULTURE MARKETS ENTERED 2026 WITH RELATIVELY AMPLE SUPPLIES

Global Beginning Stock-to-Use Ratio



Source: USDA WASDE September 2026. As of September 2026.

Past performance is no guarantee of future results.

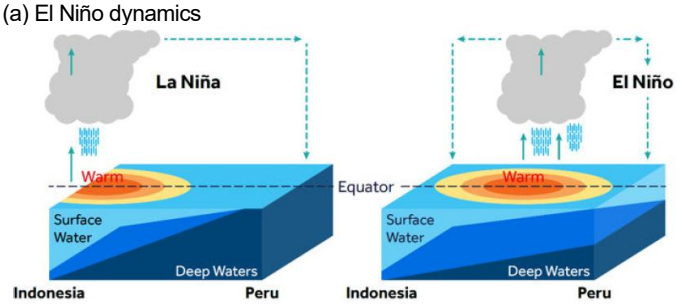
A strong El Niño forecasted, the impact comes with a lag

El Niño occurs when unusually warm waters develop across the central and eastern Pacific Ocean, altering rainfall and temperature patterns around the world. Historically, it has brought wetter conditions to parts of the southern US, southern Brazil and Argentina, while increasing drought risks across Australia, Southeast Asia, India, and portions of northern South America.[58] In Africa, the impact varies by region, with parts of Southern Africa often exposed to drier conditions and parts of East Africa vulnerable to excessive rainfall. As highlighted in our base metals section, there is now a 90% probability of a very strong El Niño developing this winter, increasing the likelihood of meaningful weather-related impacts across several agricultural markets.[59] Importantly, agricultural markets rarely feel these effects immediately. The weather influences planting decisions, crop development, and harvest outcomes over time, meaning the consequences often emerge with a lag.[60] As a result, we take note that the period from late 2026 through early 2027 may matter more for agricultural production than the weather conditions observed today.

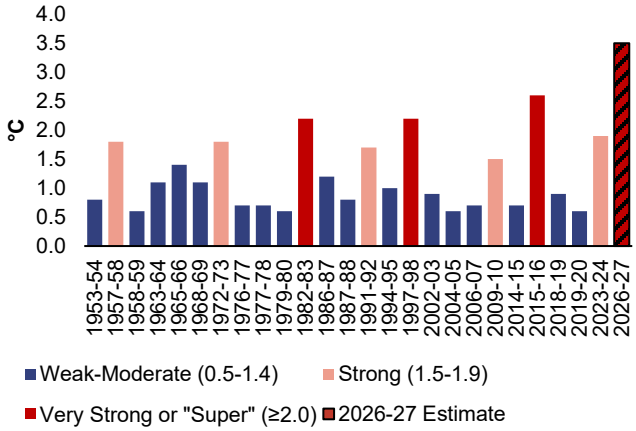
[55] USDA WASDE September 2026; Rabobank WASDE discussion.
[56] Goldman Sachs, *Higher Barriers to Trade, Lower Barriers to Shocks*; Barclays Sustainable Investing, *The El Niño Trade*; Barclays Sustainable Investing, *Super El Niño Update*.
[57] NOAA CPC ENSO Outlook; Barclays Sustainable Investing, *Super El Niño Update*.
[58] Barclays Sustainable Investing, *The El Niño Trade: Forecasts Shift Toward a Record-Breaking Event*; NOAA ENSO Outlook.
[59] Barclays Sustainable Investing, *The El Niño Trade: Forecasts Shift Toward a Record-Breaking Event*; NOAA ENSO Outlook.
[60] J.P. Morgan, *Agricultural Markets Weekly*; El Niño webinar and transcript materials.

FIGURE 27: A VERY STRONG EL NIÑO IS FORMING

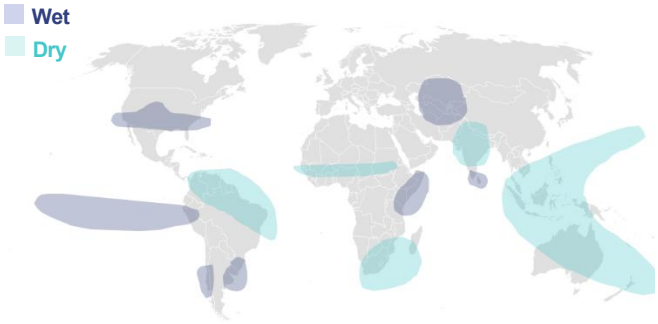
(a) El Niño dynamics



(b) Oceanic Niño Index (ONI) in Peak Season (Dec-Feb)



(c) El Niño Reshapes Rainfall Patterns, Creating Winners and Losers Across Crops and Regions



Source: NOAA. As of September 2026. The Oceanic Niño Index (ONI) measures the three-month running average of sea surface temperature anomalies in the Niño 3.4 region of the equatorial Pacific (5°N–5°S, 170°W–120°W). An El Niño event is defined when the ONI exceeds +0.5°C for five consecutive overlapping three-month periods. The strength of the event is determined by the magnitude of the anomaly: +0.5°C is considered weak, +1.0°C moderate, +1.5°C strong, and +2.0°C very strong. Climatically, stronger El Niño events tend to produce more pronounced global impacts, with peak effects typically observed in Northern Hemisphere winter (December-February). The 2026-27 estimate is the multi-model median forecast from The Climate Brink.

Past performance is no guarantee of future results.

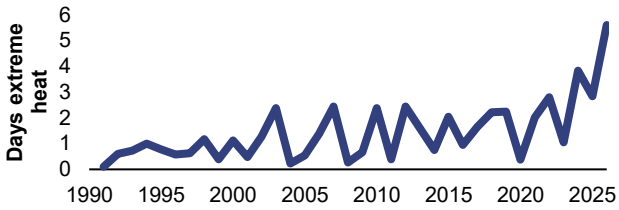
If we look to the grain complex, we can see one of the clearest examples of this dynamic. Take Corn, where fundamentals have improved as inventory buffers have narrowed, leaving less room for error than earlier in the year. The drivers to this increased scarcity are both weather- and war-related: significant heat and drought struck during key stages of crop development. Meanwhile uncertainty surrounding Black Sea exports remains an important consideration heading into a seasonally stronger export period for corn.[61] Together, these developments have reduced the market's ability to absorb shocks compared with only a few months ago. A hot, uneven summer resulted in another downward revision to US corn yields in September, reinforcing the tighter inventory outlook.[62] At the same time, demand has remained steady rather than accelerating, projected feed use has been revised lower, and stronger harvests in some regions could help offset part of the tightening seen in the US.[63] The result is a market that is more sensitive to surprises, but not one facing an outright shortage.

Wheat: It is where supply sits that matters

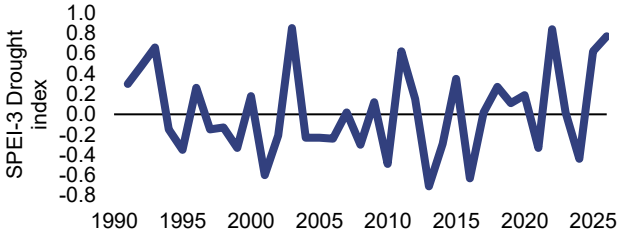
In wheat markets, where supply exists can be just as important as how much exists. Global inventories remain substantial, yet a meaningful share of wheat available to world markets sits in regions facing logistical and geopolitical uncertainty. Russia and Ukraine continue to play a critical role in global grain trade, and disruptions in the Black Sea have heightened concerns around the reliability of shipments rather than the absolute amount of wheat available.[64] At the same time, this is a genuinely two-sided market. Production prospects have improved in countries such as Australia and Canada, and global wheat stocks have moved modestly higher.[65] The market is simultaneously balancing stronger harvests from some exporting nations against declining confidence in the reliability of supply from others.

FIGURE 28: RECORD HEAT AND DROUGHT IN EUROPE POINT TO SHARPLY LOWER 2026/27 CROP OUTPUT

(a) European Crop Heat Exposure Has Broken Records This Year

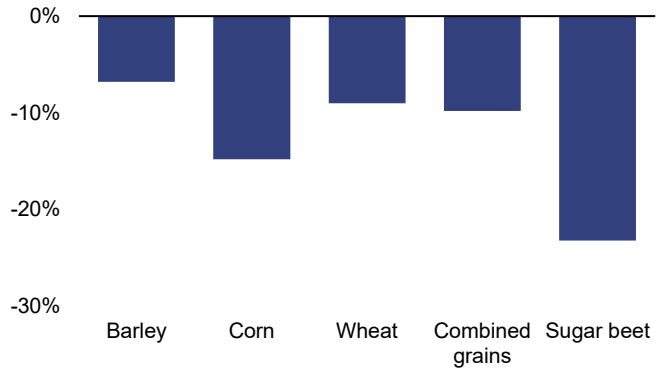


(b) European Crop Drought Exposure Has Been Remarkably High This Year, Comparable to 2022 and 2003



[61] Barclays, *Europe's Drought Deepens: Water Risks Remain in Focus*; Goldman Sachs Black Sea analysis; Rabobank WASDE discussion.
[62] USDA WASDE September 2026; Rabobank WASDE discussion.
[63] USDA WASDE September 2026; Rabobank WASDE discussion.
[64] Goldman Sachs, *Higher Barriers to Trade, Lower Barriers to Shocks*; Rabobank WASDE discussion.
[65] USDA WASDE September 2026; Rabobank Australia Agribusiness Monthly.

(c) Europe Faces a 10% Drop in Grain Output and a More Than 20% Decline in Sugar Beet Production in 2026/27



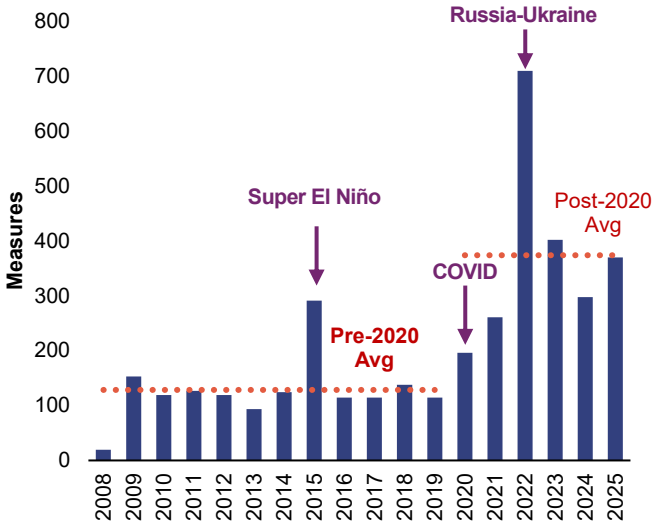
Source: ECMWF, Eurostat, Argus Media. As of September 2026. SPEI-3 drought index (inverted) averaged over key growing areas. Positive numbers indicate drought. Days of extreme heat are days exposed to 90th percentile extreme temperatures, averaged over key growing areas.

Past performance is no guarantee of future results.

While export flows dominate much of the current wheat discussion, weather risks can vary considerably across different wheat classes. Within the US, Chicago wheat represents Soft Red Winter wheat, Kansas City wheat is Hard Red Winter wheat, and Minneapolis wheat is Hard Red Spring wheat. These classes are grown for different end markets and generally vary in protein content, making quality just as important as yield. European milling wheat, meanwhile, serves as an important benchmark for international trade and Black Sea-linked grain flows. The US wheat classes follow different crop calendars and therefore different weather-risk profiles. Winter wheats are planted in the autumn, remain dormant through winter, and are harvested in early summer, while spring wheat is planted and harvested later in the year. As a result, the same weather pattern can have very different implications across wheat classes. Conditions that improve yields in one region or crop type can create quality or supply concerns in another. During strong El Niño episodes, those differences become particularly important because rainfall anomalies are rarely distributed evenly across producing regions.[66]

FIGURE 29: THE ANNUAL PACE OF NEW AGRICULTURE TRADE RESTRICTIONS HAS ROUGHLY DOUBLED SINCE 2020

New Agriculture Trade Restricting Measures



Source: Global Trade Alert. As of September 2026.

Past performance is no guarantee of future results.

Oilseeds: Fertilizer, China and Brazil, the swing factors

Turning to oilseeds we see a different but equally nuanced picture. Demand remains firm, supported by both traditional feed markets and continued demand from livestock feed and biofuel production.[67] China remains the key swing factor for global soybean demand, and the path of US-China trade discussions will help determine whether recent buying persists.[68] Brazil is another key variable, accounting for roughly 60% of global soybean exports. As a result, seemingly local developments often have consequences far beyond the country's borders.[69] Weather conditions during planting will receive considerable attention, but so will fertilizer availability and affordability. In Brazil, higher fertilizer costs or delayed deliveries could influence planting decisions and ultimately affect crop yields.[70] Conditions over the coming months matter not only for soybeans, but also for the corn crop that is planted after the soybean harvest. Delays to soybean planting can shorten the growing season available for corn and affect overall production. Even so, global soybean supplies remain substantial, South American harvests have generally been strong, and favorable growing conditions could ease some of the concerns surrounding next year's crop.

Softs: Concentrated Supply Meets El Niño Risk

Among the soft commodities, we see cocoa as a standout because supply remains both concentrated and slow to respond. Côte d'Ivoire and Ghana account for the majority of global cocoa production, making conditions in a relatively small geographic region critically important to the global market.[71] Cocoa trees require years rather than months to restore productive capacity, which means weather stress, disease, or lower fertilizer use can influence supply over multiple harvest cycles.[72] The emergence of

[66] Rabobank Australia Agribusiness Monthly; El Niño webinar and transcript materials.
[67] BofA, *Global Agriculture Monthly*; USDA WASDE September 2026.
[68] BofA, *Global Agriculture Monthly*; USDA WASDE September 2026.
[69] Goldman Sachs fertilizer and soybean analysis.
[70] Goldman Sachs fertilizer analysis regarding Brazilian soybean production.
[71] Barclays, *Highlighting El Niño and Fertilizer Risks to Cocoa Supply*; Société Générale, *El Niño is Back, and Softs Commodities Are in the Firing Line*.
[72] Barclays, *Highlighting El Niño and Fertilizer Risks to Cocoa Supply*; Société Générale, *El Niño is Back, and Softs Commodities Are in the Firing Line*.

a very strong El Niño has increased focus on the region precisely because of this combination of concentrated production and slow recovery.[73] While current inventories provide some protection against near-term disruptions, supply can take years rather than months to recover once production problems emerge.

Sugar presents another market where weather, geography, and policy are combining to present interesting dynamics that warrant a closer look. Production risks are concentrated across several regions that are particularly sensitive to El Niño-related rainfall shifts, including Center-South Brazil, India, Thailand, and parts of Europe.[74] Weak monsoon rainfall in India has added to uncertainty around future sugar production, while drought conditions have weighed on European sugar beet prospects.[75] In Brazil, the balance between sugar and ethanol production remains important because higher ethanol demand can reduce the amount of cane ultimately directed toward sugar exports.[76] These developments support a constructive outlook, but they are balanced by existing inventory buffers and the fact that growing conditions continue to vary across producing regions. The result is a market that remains highly sensitive to weather and policy developments, but one where outcomes will depend on how conditions evolve across several countries rather than a single supply shock.

Coffee and cotton offer their own set of challenges. In coffee, low inventories provide support, but the effects of El Niño can differ significantly across producing regions and between Arabica and Robusta varieties. Meanwhile, cotton balances have tightened in the US following lower production estimates, yet global inventories remain sufficient and production gains elsewhere have offset part of the decline. Together, the two markets underscore a broader theme across agriculture: localized disruptions matter more than they once did, but they still need to be viewed in the context of generally adequate global supplies.

We remain constructive on agriculture and soft commodities, though not because we expect a broad-based shortage. Rather, we see a growing divergence between markets where inventories remain ample and markets where concentrated production, vulnerable trade flows, or weather-related risks leave little room for error. In our view, the opportunity lies in identifying where those vulnerabilities are most acute. Corn inventory buffers have narrowed, wheat markets continue to grapple with Black Sea uncertainty, Brazil remains central to the oilseed outlook, and cocoa and sugar face a combination of weather and supply-chain risks that may take time to resolve. While the path for individual crops will almost certainly vary, the broader backdrop remains supportive. These drivers remain distinct from those shaping traditional equity and fixed income markets and continue to support the role of agriculture and soft commodities within a diversified commodities portfolio.

Fund Commentary

In the third quarter of 2026, the Neuberger Commodities Fund USD I Accumulating Class (the “Fund”) generated a cumulative total return of 16.48% (net), outperforming its benchmark, the Bloomberg Commodity Total Return Index (BCOMTR) (Total Return, USD), which returned 16.19% over the same period.

Energy moved higher over the quarter. The Fund's positioning contributed modestly to relative performance, supported by both sector allocation and security selection. Overweights in gasoil and heating oil were the largest positive contributors as refined products rallied strongly, while an overweight in gasoline also added. Underweights in WTI and Brent were the main detractors, as both advanced and partially offset the gains elsewhere.

Power and carbon rose over the quarter. The Fund's positioning detracted modestly from relative performance, primarily because of security selection in US natural gas, where the Fund's contracts lagged the benchmark equivalent. The broader underweight in US natural gas was additive as prices declined. Out-of-benchmark positions in TTF gas, German power, and EUAs each made small positive contributions, but these gains were not enough to offset the weakness in US natural gas.

Industrial metals were close to unchanged for the quarter. The Fund's overweight exposure contributed modestly to relative performance, almost entirely through sector allocation. An overweight position in the copper complex was the largest contributor, while overweights in zinc and benchmark copper also added. An underweight in nickel helped as the metal declined, and an out-of-benchmark position in tin made a small positive contribution. An out-of-benchmark position in iron ore was the main detractor as prices fell.

Precious metals edged higher over the quarter. The Fund's overweight exposure contributed positively to relative performance through sector allocation. An out-of-benchmark position in platinum was the largest contributor while an overweight in gold also added meaningfully. An overweight in silver had little effect, as silver was broadly unchanged. An out-of-benchmark position in palladium slightly detracted from relative performance.

Agricultural commodities moved higher over the quarter. The Fund's underweight positioning detracted modestly from relative performance, with sector allocation accounting for most of the shortfall and security selection contributing a smaller negative. Within the wheat complex, the Fund's positioning was a net detractor as Chicago and Kansas wheat advanced during the period. Out-of-benchmark positions in Minneapolis and milling wheat, held as a diversification, contributed positively but were not sufficient to offset the broader negative impact. An underweight in corn also detracted, while overweights in soybeans and soymeal provided partial offsets.

Soft commodities moved higher over the quarter. The Fund's overweight positioning contributed modestly to relative performance, primarily through sector allocation. An overweight position in sugar was the largest contributor as prices climbed. An out-of-benchmark position in London cocoa also added modestly while an out-of-benchmark position in Robusta coffee detracted as prices fell.

Livestock edged lower over the quarter. The Fund's positioning had little effect on relative performance. Underweights in live cattle and lean hogs each contributed positively as both markets declined. These gains were largely offset by an out-of-benchmark position in feeder cattle, which detracted as prices also fell.

[73] Barclays, *Highlighting El Niño and Fertilizer Risks to Cocoa Supply*; Barclays, *The Super El Niño Trade.*
[74] Société Générale, *El Niño is Back, and Softs Commodities Are in the Firing Line*; Barclays Sustainable Investing El Niño research.
[75] Société Générale, *El Niño is Back, and Softs Commodities Are in the Firing Line*; Barclays Sustainable Investing El Niño research.
[76] BofA, *Global Agriculture Monthly*; Barclays, *Europe's Drought Deepens: Water Risks Remain in Focus.*

Conclusion

It would be easy to look at a September in which the Federal Reserve (Fed) hiked, bonds sold off and stocks slipped and conclude that the environment has turned against real assets, but we think the opposite is closer to the truth. The hike told us the economy is strong, and strong economies need copper, energy and food, while what we believe has really changed is that the hedge most investors relied on for twenty years has stopped working, because when inflation is uncertain a stock selloff is no longer a growth scare that sends bonds higher, it is a shock that hits both at the same time. Commodities and gold have been the exception, and we do not think that is an accident.

Look across the sections of this report and the same thing keeps coming up, which is that the problem sits on the supply side and the buffers that would normally absorb a shock have already been used. Energy is short of finished products with inventories being drawn down, Europe is heading into winter with gas storage well below the five-year average, copper mine supply has stalled while the grid and the data centers keep asking for more, and an El Niño that could be the strongest since 1950 is arriving in agricultural markets with little margin for error.

That is why our positioning is where it is, with energy held mainly in products, European power and carbon preferred to US natural gas, overweights in copper, aluminum, tin and zinc, a constructive stance on gold and the wider precious metals complex, and selected agriculture and softs where concentrated supply or weather leave little room for error, while we stay cautious where inventories are comfortable or where the bull case depends on a government doing what we would like it to do. We do not expect the path to be smooth, since the Strait of Hormuz, the Fed's next move and the US decision on refined copper tariffs could each move prices sharply, but we would rather own a market that has a physical reason to be tight than one that depends on sentiment holding up.

Underneath all of this sit three forces that do not answer to the Fed, which are the debt that keeps growing whichever way rates go, wars that show no sign of ending, and an AI build-out that both the US and China treat as a national priority, and each of them pushes in the same direction, toward a world that needs more of the physical things that are hardest to produce quickly. That is why, even with the Fed hiking, we still see the opportunity in commodities as being well in front of us.

Keep it real,

Neuberger Commodity Investment Team

Hakan Kaya

Nicole Vettise

David Wan

David Waugh

Raphael Mettle

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