Rothschild & Co
Asset Management



R-co Strategic Metals & Mining – At the heart of a new strategic cycle



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Metals have always accompanied major phases of economic expansion. Historically, demand for metals per capita and per year was multiplied by 1.8 between the 1920s and 1940 with urbanization, then by 2.7 between the 1950s and the early 1980s under the effect of industrialization[1]. Today, a new paradigm is emerging: the energy transition and the reconfiguration of value chains could further multiply this demand by 2.3 by 2050[2]. Metals are no longer only industrial resources; they are becoming strategic pillars of electrification, digitalization and economic sovereignty, in a world increasingly structured by trade tensions, technological rivalries and supply security issues.

Faced with this acceleration in demand, supply cannot adjust quickly. Discoveries of new deposits remain insufficient, reserves are dwindling and development timelines are extremely long: it often takes around 15 years between exploration and the commissioning of a mine. This gap between structurally stronger demand and durably constrained supply creates the conditions for a long cycle, potentially comparable to the major commodity cycles observed during phases of urbanization, industrialization or globalization. What makes the situation particularly interesting is that this movement does not yet seem to be fully priced in by the markets.

R-co Strategic Metals & Mining is precisely designed to provide access to this long-term transformation, through a portfolio construction articulated around two complementary drivers. The first is based on large producers, which offer direct exposure to the current dynamics of metals, with assets already in production, more visible earnings capacity and operational leverage to rising prices. In a context where metals are becoming strategic, the best global operators can benefit from an improvement in their margins, increased discipline in capital allocation and, in some cases, a greater return to shareholders.

The second driver, equally decisive, lies in next-generation companies: developers of mining projects and exploration companies. In a world where future supply is insufficient,

tomorrow's mines become valuable assets. Companies capable of discovering, developing or securing quality resources can create considerable value. A significant discovery or the advancement of a project towards production can lead to major revaluation. This segment is naturally more risky, but it makes it possible to capture a source of alpha that is difficult to access through exposure to established producers alone. The portfolio thus seeks to balance the relative robustness of already producing companies and the value creation potential of emerging projects. This combination appears particularly relevant at a time when the market is beginning to acknowledge that the next decade will not be able to be supplied solely by existing mines.

The strength of the theme also lies in the diversity and depth of its demand drivers. The first is the energy transition: renewable energies, electric vehicles, batteries and power grids require considerable volumes of metals. Copper is the most emblematic example, as it is essential to grids, electric vehicles, renewable energies and data centers; demand for copper linked to the energy transition could moreover double by 2030. The second driver is artificial intelligence and, more broadly, digital infrastructure. Data centers require increasing quantities of electricity, cables, electrical components and cooling systems, therefore metals. The entire AI revolution relies on a physical infrastructure that is highly resource-intensive.

To these dynamics are added the growing imperatives of industrial sovereignty. The pandemic, trade tensions and geopolitical conflicts have reminded states that access to critical raw materials now falls within national security. A very large share of global refining of certain critical metals remains concentrated in China, sometimes beyond 80%, which is pushing the United States, Europe, Canada, Australia and Japan to develop more diversified and resilient supply chains. Finally, defense and reindustrialization also constitute important demand drivers: rare earths, titanium, aluminum, copper, nickel or specialty metals are essential for aeronautics, defense systems, sensors, satellites and advanced communication systems. What makes this theme particularly powerful is that these drivers are not cyclical in the traditional sense: they correspond to long-term transformations — electrification, digitalization, reshoring, energy security and material sovereignty.

A sector with such potential nevertheless remains historically volatile, and this volatility must be managed with a rigorous methodology. R-co Strategic Metals & Mining addresses this first through diversification by sub-themes: the portfolio does not rely on a single commodity or a single type of company. It combines major producers, project developers, companies exposed to specialty materials and businesses linked to processing or new mining technologies. This approach makes it possible to capture several sources of performance: sector beta[3], alpha[4] linked to stock selection, revaluation situations and opportunities arising from mergers and acquisitions. Added to this are dynamic allocation — as not all metals are at the same stage of the cycle — and a particularly demanding selection process, based on the geological quality of assets, the economic robustness of projects, development costs, governance, jurisdiction, existing infrastructure, financing capacity and production potential.

Finally, one of the strongest specificities of the theme lies in the gap between its growing strategic importance and the low weight it still carries in portfolios. Metals and mining

companies remain very underrepresented in major allocations, even though they condition the development of artificial intelligence, renewable energies, electric vehicles, networks and infrastructures. The example of the US equity market is particularly revealing: the metals and mining sector accounts for only a limited fraction of the S&P 500, while some large technology stocks weigh several dozen times more. This underexposure creates an interesting asymmetry: on the one hand, fundamentals are improving; on the other, valuations and allocations do not yet fully reflect this reality. It is often in these periods of relative disinterest that the best long-term opportunities are formed.

Recommended investment period: 5 years.

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Meer informatie over de fondsen

R-co Strategic Metals and Mining

Bekijk dit document op onze website

[1] Source: Rothschild & Co Asset Management, June 2026.
[2] Source: Bloomberg, BNEF Transition Metals Outlook 2024.
[3] An asset's sensitivity to market movements.
[4] Alpha measures an asset's performance beyond what the market explains (i.e., after accounting for beta).

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(1) Bron: Rothschild & Co Asset Management, 31/07/2026.

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