# Resources fundies reveal top picks ahead of ‘stellar’ 2025

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Some of Australia’s biggest resources funds are gearing up for a bumper start to the new year as China releases the shackles on further stimulus and US President-elect Donald Trump delivers tax cuts, supporting global growth and commodity prices.

The anticipated resurgence follows a turbulent year for the fund managers who have grappled with wild swings in the iron ore price amid waves of hope and disappointment around Beijing delivering a bazooka-style stimulus package to shore up the economy.

Meanwhile, a surge of supply flooded battery material markets and extended the collapse in lithium prices and highly touted commodities such as uranium and copper fell short of investors’ lofty expectations.

Argonaut’s David Franklyn, Terra Capital’s Jeremy Bond and Perennial’s Sam Berridge. Resources funds are ready to bounce back. Bethany Rae

Those popular raw materials were surpassed by soft commodities such as cocoa and coffee which delivered the strongest gains last year as adverse weather in key producer Brazil sparked concerns about crops for 2025. Precious metals also posted stellar returns amid bubbling geopolitical tensions and increased demand from central banks.

The rally in gold prices drove the Bloomberg Commodity Spot Index — which tracks 24 energy, metal and agricultural contracts — to a 6.3 per cent gain for 2024, reversing the decline experienced in 2023.



Still, the turbulence resulted in many resources funds posting modest returns in 2024, but those same fund managers are now preparing their portfolios for an acceleration in global growth this year as the world’s two largest economies ease policy simultaneously.

“We are optimistic on commodity markets in 2025,” said David Franklyn, portfolio manager of Argonaut’s Natural Resources Fund. “China appears to be gearing up for a major economic stimulus aimed at boosting domestic demand, [so] while the market is sceptical as they have heard it all before, the Chinese economy is at the point now where action is urgently required.”

## Copper

Argonaut is most bullish on copper this year despite the metal's correction from record highs of above $US11,000 a tonne reached in May.

Mr Franklyn believes the demand outlook for copper over the next five-plus years remains robust. At the same time, bringing substantial volumes of new supply online is difficult, with major high-grade discoveries becoming increasingly scarce.

Argonaut's top pick is MAC Copper, which owns the high-grade CSA copper mine in Cobar, NSW. The fund also holds Firefly and Cygnus.

Tribeca Investment Partners is also bullish on the year ahead as China ramps up fiscal spending, boosting domestic consumption and increasing demand for industrial commodities.

"We believe commodity markets are positioned for a stellar 2025 following a number of frustrating years," said Ben Cleary, portfolio manager of Tribeca's Global Natural Resources Fund.

Tribeca is most bullish on copper, labelling its top picks as global leaders that are producing at the bottom of the cost curve. These include Glencore, Anglo American, Freeport-McMoRan and Teck Resources. In Australia, Mr Cleary likes Develop Global.

Bauxite

Perennial's high-flying Strategic Natural Resources Fund, meanwhile, is planning to continue riding the rally in bauxite through one of the ASX's only pure-play producers, Metro Mining.

Producers of bauxite, which is refined into alumina and then smelted into aluminium, are expected to benefit from the huge rally in alumina prices through expanding margins in the short term. The price of bauxite in December surpassed the value of a tonne of iron ore for the first time.

"Longer term, declining reserves in China and steady demand growth support a sustained reset to higher prices in order to incentivise more bauxite into the market long term," said Perennial portfolio manager Sam Berridge.

Lithium

Meanwhile, Janus Henderson Investors is braving the beaten-down lithium sector, noting that demand appears to be strengthening at the same time as producers curtail supply because of depressed prices.

"Lithium shares are down around 55 per cent to 80 per cent," said Janus Henderson's head of global natural resources, Daniel Sullivan. "It is possible they can double from here if the commodity prices recover."

Mr Sullivan added to the firm's holdings in Albemarle and Pilbara Minerals as part of a move to position the Global Natural Resources Fund more aggressively following Trump's decisive US election victory.

Ausbil's Global Resources Fund is also betting on battery minerals stocks to bounce back, despite the sector contributing to the portfolio's near-30 per cent loss in the 12 months through November 2024.

Head of equities Paul Xiradis is tipping the decarbonisation and energy transition will remain significant themes across resources, energy, utilities and the mining services sector.

Specifically, Mr Xiradis pointed to surging demand for copper, rare earths and lithium, which should benefit companies such as IGO, Pilbara Minerals, Lynas Rare Earths and Sandfire Resources. BHP and Rio Tinto are also well-placed given they both have major copper divisions, he said.

Terra Capital is betting that China will surprise investors with the size and scope of its stimulus this year.

"The market has been too focused on short-term numbers around the stimulus package," said Terra portfolio manager Matthew Langford. "The messaging has been very positive, and I expect that more concrete numbers will come post-Trump inauguration."

Portfolio manager of Terra's Natural Resources Fund Jeremy Bond believes New York Stock Exchange-listed Coeur Mining is well-positioned to capitalise on the surge in silver prices. Mr Bond also likes ASX-listed titanium producer IperionX.