Strategic metals rebalanced: expanding exposure across the energy transition value chain

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Key Takeaways

- The strategic metals lens just got wider. The Index expanded from 10 to 14 metal categories, adding vanadium, silicon metal, manganese and niobium. This extended exposure beyond the core battery metals into grid storage, solar, green steel and defence-adjacent demand.
- The rebalance rotated toward supply security and quality. Within the established categories, it trimmed copper and lithium and added to rare earths and nickel, tilting back toward mining and upstream processing.
- Growth at a discount. The post-rebalance portfolio offers forward long-term growth roughly 1.5x the MSCI All Country World Index (ACWI) with improving return on equity (ROE) and return on assets (ROA), yet a forward P/E that has de-rated to a discount to the benchmark (16.6x versus 18.5x).

Strategic metals in a harder, more strategic world

The global race to secure critical minerals is now reshaping trade flows, industrial policy and supply chains. A recent UN Trade and Development (UNCTAD) Global Trade Update describes how demand for the minerals essential to the energy transition and advanced technologies such as lithium, cobalt, nickel, copper and rare earth elements, is transforming global commerce. Especially as governments and manufacturers pivot away from traditional commodity-trade patterns toward supply-chain resilience and reduced dependence on a narrow set of suppliers. China remains the dominant player across many of these value chains, particularly in processing and refining, while Australia, Indonesia, Chile and several African nations are expanding their presence in both raw materials and higher-value segments. UNCTAD also cautions that supply-chain concentration and geopolitical tension have been amplified by export controls, subsidies and other strategic measures could create new vulnerabilities for global trade.

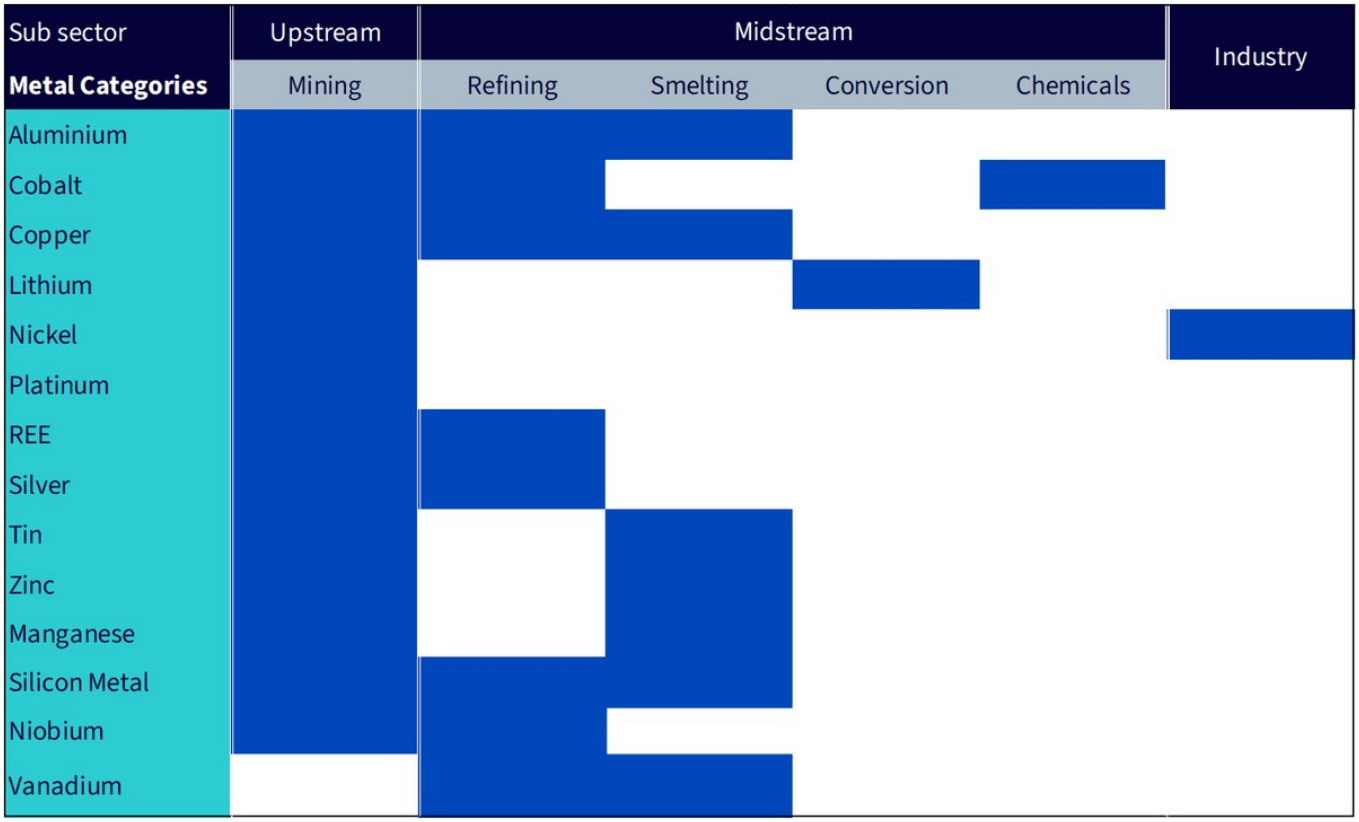
That theme dominated this year's Geneva Dry commodities-shipping conference, where panellists pointed to copper as one of the clearest long-term demand stories, underpinned by electrification, electric vehicles (EVs) and industrial growth, set against chronic under-investment in new supply. Several producers are now building strategic inventories of key minor-bulk commodities as a hedge against disruption. The investment implication is the same one driving this rebalance: these materials increasingly function as

policy instruments and supply-security assets, not just commodities and the companies that mine, refine and process them sit at the centre of the story.

Expanding the universe to 14 metal categories

Against this backdrop, the WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF (Ticker: RARE) provides diversified equity exposure to the Energy Transition Metals Value Chain (ETMVC). The latest rebalance of the underlying index (WTMRAREN) on 22 May drove a notable expansion of the metal categories from 10 to 14.

Figure 1: Energy Transition metals value chain post-rebalance



Source: Wood Mackenzie, WisdomTree as of 22 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

The Index now spans 14 metal categories, with four new additions: manganese, silicon metal, niobium, and vanadium, each reflecting a distinct and structurally important role in the energy transition and advanced industrial economy.

- **Vanadium (2.3% of the index)** — the highest-weighted of the four additions, anchored in vanadium redox flow batteries for long-duration grid storage. The five-year growth rate of 45% is particularly strong for the Vanadium market[1]. Pangang Group has been added to the index, which is the world's largest producer of Vanadium and also a leading manufacturer of titanium.

- **Silicon Metal (3.2%)** — the foundational input for solar (a ~14% five-year CAGR market1) and semiconductors. New additions include Ferroglobe, Elkem, Wacker Chemie and Tongwei. Ferroglobe is the largest merchant producer of silicon metal in the West. Elkem ASA is an international company that produces advanced silicon-based materials. Wacker Chemie is a global chemical company which manufactures silicone products and hyper-pure polycrystalline silicon for the semi-conductor and solar industries. Tongwei is a vertically integrated silicon manufacturer with a focus on refining high-purity polysilicon for solar panels.
- **Manganese** — is predominantly used as an alloy in steelmaking to enhance its durability and strength. Expressed via Ferroglobe (alloys) plus existing holdings Eramet and Anglo American.
- **Niobium** — Around 5% of niobium demand is linked to electric vehicles (EVs). The five-year growth rate of 19% is strong as the EV rollout continues1. No new companies have been added to cover Niobium but China Molybdenum which is already included in the index has exposure. References to specific companies are for illustrative purposes only and should not be considered a recommendation to buy or sell any security.

Together, these categories now account for roughly 5.5% of the Index, with the bulk of the heavy lifting from the rebalance happening within the established metal categories.

Metal category weights: trimming the top, adding to rare earths and nickel

Within those established categories, the most notable shift is a trimming of the index's two largest positions, copper and lithium, in favour of rare earths, nickel and tin, alongside the new categories. Copper remains the single largest category but its weight fell by nearly six points, while lithium was cut as some of late-2025's lithium-equity momentum unwound. Rare earths rose meaningfully, consistent with the strategic premium the market continues to place on supply-chain security, and nickel gained on the back of processing and battery-chain exposure.

Figure 2: Change in metal category weights post-rebalance

Metal Category	Nov-25	May-26	Change
Copper	27.4%	21.5%	-5.9%
Lithium	20.0%	16.4%	-3.6%
Silver	7.6%	7.3%	-0.3%
Rare Earth Elements	7.9%	10.2%	2.3%
Aluminium	12.9%	12.7%	-0.2%
Nickel	6.4%	8.8%	2.4%
Zinc	4.1%	2.7%	-1.4%
Cobalt	2.6%	3.1%	0.5%
Tin	0.9%	2.9%	2.0%
Platinum	10.1%	8.7%	-1.4%
Vanadium	-	2.3%	New
Sicilon Metal	-	3.2%	New

Source: FactSet, WisdomTree, Wood Mackenzie as of 22 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Subsector weights: conversion gives way to mining and smelting

Where the November rebalance rotated into conversion, this rebalance partially reverses that, with mining and smelting gaining at conversion's expense. This reflects the rare earth and nickel weighting increases (both mining-heavy) and a market that, amid supply disruptions, is again rewarding control of physical upstream and processing capacity, even as copper's weight was trimmed. The sharp drop in conversion weight (down nearly 11 points) is largely a function of the lithium trim, as lithium converters were a major conversion-subsector contributor in the prior portfolio.

Figure 3: Change in Subsector weights post-rebalance

Subsectors	Nov-25	May-26	Change
Mining	44.10%	50.40%	6.30%
Smelting	16%	17%	1.00%
Refining	12.80%	13.60%	0.80%
Conversion	19%	7.90%	-11.10%
Industry	6.40%	8.80%	2.40%
Chemicals	1.70%	2.30%	0.60%

Source: FactSet, WisdomTree, Wood Mackenzie as of 22 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Geographic shifts: US and China lead, Canada and Japan lighter

The breakdown of weights by geographic revenue moved meaningfully. The United States was the standout gainer (+2.1 points), consistent with the index's tilt toward US-aligned supply-chain development, while China edged higher to remain comfortably the largest country exposure, reflecting the addition of Pangang (vanadium) and Tongwei (silicon) and the continued importance of Chinese refining and processing capacity. South Korea rose (+1.2 points) on the back of nickel and cathode names.

Figure 4: Change in geographic revenue weights post-rebalance

Country	Nov-25	May-26	Change
China	24.10%	25.20%	1.10%
United States	15.20%	17.30%	2.10%
Japan	8.50%	6.30%	-2.20%
Canada	5.20%	2.60%	-2.60%
Mexico	3.50%	2.70%	-0.80%
South Africa	3%	2.40%	-0.60%
Germany	2.90%	2.80%	-0.10%
Indonesia	2.60%	2.30%	-0.30%
United Kingdom	2.30%	2.20%	-0.10%
South Korea	1.60%	2.80%	1.20%
Other	31.10%	33.50%	2.40%

Source: FactSet, WisdomTree, Wood Mackenzie as of 22 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Valuations: re-rating higher, but still a discount to the benchmark on forward earnings

The valuation picture has improved following the rebalance. The Index now combines above-market forward growth with improving profitability and a forward earnings multiple that has de-rated since the Iran war. Forward long-term growth of 23.2% is roughly 1.5x the MSCI All Country World Index's 15.5%, while return on equity has nearly doubled (from 4.2% to 7.7%) and return on assets (3.4%) now sits above the benchmark. Crucially, the index's forward P/E fell from 22.1x to 16.6x, moving from a slight premium to the benchmark at the November rebalance to a discount today (16.6x versus 18.5x for the ACWI).

Figure 5: Change in fundamental valuations post-rebalance

Fundamental Metrics	Nov-25		May-26		Change
	WisdomTree Strategic Metals and Rare Earths Miners Index	MSCI All Country World Index	WisdomTree Strategic Metals and Rare Earths Miners Index	MSCI All Country World Index	
Return on Equity	4.2	14.9	7.7	15.4	3.5
Return on Assets	1.7	2.4	3.4	2.5	1.7
Forward Long Term Growth	22.5	11.5	23.2	15.5	0.7
Forward Price to Earnings (P/E)	22.1	20	16.6	18.5	-5.5
Price to Book (P/B)	2.6	3.7	2.9	4	0.3
Dividend Yield	0.7	1.6	0.8	1.5	0.1

Source: FactSet, WisdomTree, Wood Mackenzie as of 22 May 2026. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

The broader context: why this rebalance matters

The expansion of the WisdomTree Strategic Metals and Rare Earths Miners Index from 10 to 14 metal categories reflects the evolving material demands of the energy transition.

The early framing of the critical minerals story was dominated by lithium, cobalt, and nickel (the core battery metals) and by rare earth elements essential for permanent magnets in EV motors and wind turbines. The transition will also require vast quantities of copper for electrification infrastructure, manganese for green steel and advanced battery technologies, silicon for solar energy systems, and vanadium for grid-scale energy storage, which is essential to supporting high levels of renewable power generation.

At the same time, the geopolitical backdrop has become materially more complex, with energy security moving back to the centre of the strategic metals story. The ongoing conflict in the Middle East has exposed how quickly an energy-supply shock can ripple through the critical-materials complex. Elevated fuel prices are accelerating the adoption of electric vehicles, boosting demand for magnet rare earths and battery metals, while military stockpiling and defence spending are increasing demand for heavy rare earth elements.

Against that backdrop, an index that tracks not just the commodity prices but the companies extracting, processing, and refining these materials across the value chain offers investors a structurally relevant expression of the critical materials theme.

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[1] Wood Mackenzie as of 30 April 2026

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