What's Hot: The strategic calm amid the tariff storm

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Key Takeaways

- Rare earth miners are emerging as safe havens amid renewed trade tensions and US protectionism
- The WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF offers targeted exposure to companies enabling the global energy transition
- The WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF global exposure and policy tailwinds position it for long-term structural growth

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In a world once again rattling with the clang of tariff threats and geopolitical sabre-rattling, investors might be forgiven for seeking sanctuary. Oddly enough, that sanctuary is being found in a most unlikely corner of the market: critical minerals and rare earths miners. As trade tensions intensify—particularly with Donald Trump's return to the White House and his all-too-familiar protectionist playbook back on the table—an undercurrent of stability has emerged from companies that dig up the world's most esoteric-sounding elements.

Geopolitics Meets Geology

Rare earths may be arcane to most, but they have never mattered more. And for all the unpredictability surrounding global trade, they are becoming something close to predictable in investment terms. That's because these materials—vital to electric vehicles, advanced weaponry, wind turbines, and next-gen batteries—are no longer just the scaffolding of tomorrow's economy. They've become leverage. Trump's second-term strategy places critical minerals squarely at the nexus of national security and economic independence, invoking wartime powers, fast-tracking mining permits, and pushing deals with countries like Ukraine and Greenland in what might be better described as 21st-century resource diplomacy.

The Middle East Has Oil, China Has Rare Earths

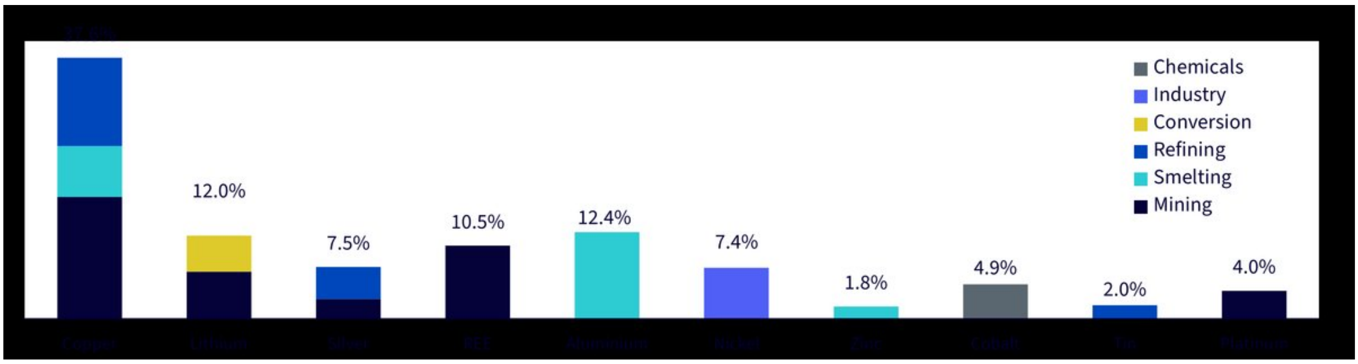
China, of course, looms large over all of this. Its dominance in rare earths is not just historical accident—it is strategic design. For decades, Beijing has poured resources into refining capabilities, environmental tolerance that the West has lacked, and control of supply chains. As far back as the Deng era, Chinese policymakers knew the power of cornering the future. Deng Xiaoping once quipped, with characteristic understatement, that "the Middle East has oil, China has rare earths."1 Today, that remark rings prophetic. China refines nearly 90% of the world's rare earths and accounts for over two-thirds of their mine production.

And this matters—not only because China could throttle supply in the event of a geopolitical rupture, but because the West is now fully awake to that possibility. Trump's mineral-first doctrine, Europe's Critical Raw Materials Act, and supply diplomacy with nations like Ukraine, Greenland, and the Democratic Republic of Congo all reflect a fundamental shift: critical minerals are no longer just inputs; they are instruments of negotiation.

Allocating Capital in an Era of Resource Nationalism

Against this backdrop, the WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF (Ticker: RARE) presents an unusually timely investment opportunity. It offers targeted exposure to the mining companies at the heart of this global realignment—miners extracting the very elements that will fuel the energy transition, support defence infrastructure, and serve as bargaining chips in a fractured geopolitical landscape. Mining companies involved in extracting critical metals and minerals are the key enablers supporting the energy transition. The WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF (Ticker: RARE) seeks to track the price and yield performance of the WisdomTree Energy Transition Metals and Rare Earth Miners Index. The Index is designed to identify globally listed companies from developed and emerging markets involved in the Energy Transition Metals Value Chain (ETMVC). Companies that belong to the ETMVC are identified and classified into 10 metal categories - aluminium, cobalt, copper, lithium, nickel, platinum, silver, tin, zinc, and rare earth elements (REE) and within mining subsectors such as mining, refining, smelting, chemicals, conversions, industry.

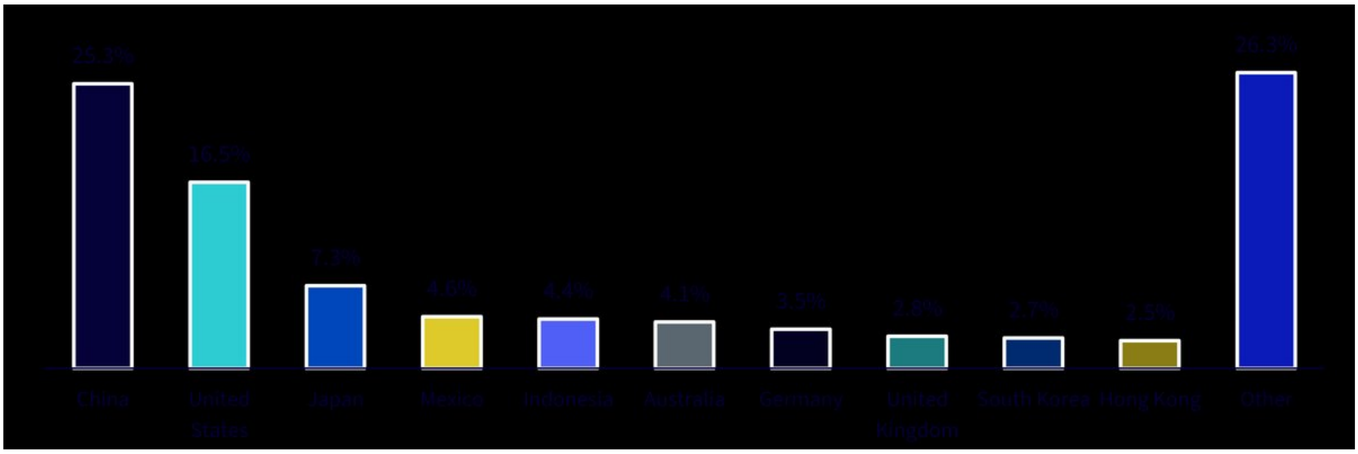
Figure 1: Weights of Stocks across metal categories and mining subsectors



Source: FactSet, WisdomTree as of 31 March 2025. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

While tariffs on semiconductors and steel have whipped up volatility in broader equities, rare earth and strategic metals miners have quietly staged a rally across continents—from Latin America and Africa to China and Australia. The WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF (Ticker: RARE) is deeply diversified across this landscape, with a notable tilt toward emerging markets, where over half the portfolio's weight resides.

Figure 2: Geographic Allocation



Source: FactSet, WisdomTree as of 31 March 2025. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Companies such as MP Materials and Lynas Rare Earths are central to the energy transition and dominate upstream segments of the critical mineral supply chain. Latin America brings in powerhouses like SQM in Chile, pivotal to the global lithium market, while Ivanhoe Mines in the Democratic Republic of Congo anchors the ETF's copper and cobalt exposure. These firms, many backed by long-term government support and regional strategic initiatives, are not only beneficiaries of global policy shifts—they are enablers of them. In an era of trade disruptions and nationalistic resource policies, this global footprint offers a rare mix of growth potential and geopolitical insulation.

The WisdomTree Energy Transition Metals and Rare Earth Miners Index currently trades at a lower price-to-book ratio and a higher forward growth multiple than the MSCI All Country World Index—reflecting both relative value and earnings momentum. Notably, year-to-date (YTD), the WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF (+4.33%) has outperformed the MSCI All Country World Index (-5.97%) by over 9.76%2, underscoring the strength of the theme amid shifting macro and political currents.

Figure 3: WisdomTree Energy Transition Metals & Rare Earths Miners UCITS Index – Geographic Allocation

Source: FactSet, WisdomTree as of 31 March 2025. **You cannot invest directly in an index. Historical performance is not an indication of future performance and any investments may go down in value.**

Conclusion

In a decade increasingly shaped by competition over strategic resources, critical minerals have moved from the periphery to the centre of geopolitical and industrial policy. As governments seek to strengthen supply chain resilience and reorient alliances around resource security, the role of metals such as lithium, cobalt, and rare earth elements is becoming more foundational to global economic strategy. In this context, mining companies involved in the extraction and processing of these materials represent not just a cyclical opportunity, but a potential structural allocation linked to long-term policy and technological shifts. The WisdomTree Strategic Metals and Rare Earths Miners UCITS ETF offers a lens through which to observe and potentially capture the market implications of these evolving dynamics.

1 Deng Xiaoping, the architect of China's economic reforms, made this statement during a visit to Baotou, Inner Mongolia, a region with substantial rare earth deposits in 1992
2 Bloomberg from 31 December 2024 to 16 April 2025

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