Alma Recurrent Global Natural Resources Fund

ALMA CAPITAL

RECURRENT INVESTMENT ADVISORS

A sub-fund of Alma Capital Investment Funds SICAV

As of 28 September 2018

Fund description

- Investment objective: the fund seeks total return by investing in global natural resource-related companies.
- Typical industries in which the fund invests: energy, basic materials, infrastructure, transportation and logistics
- The fund may invest in companies of any market size capitalization, including IPOs
- The investment process incorporates macroeconomic and commodity supply/demand factors with fundamental company analysis

Investment manager: Recurrent Investment Advisors, LLC (US)

- Recurrent Investment Advisors is focused on understanding and profiting from commodity cycles to make differentiated natural resource investments
- Formed in April 2017. Registered as an investment adviser with the U.S. Securities and Exchange Commission (SEC)
- Primarily owned by its co-founders Mark Laskin and Bradley Olsen, who both have extensive experience in finance and energy
- Based in Houston, Texas (US)

Cumulative performance (%)

	1 M	3 M	6 M	YTD	1Y	3Y	ITD
I EUR C shares	3.75	1.20	-	-	-	-	1.20
I USD C shares	3.63	0.60	-	-	-	-	0.60
Index*	3.52	1.17	-	-	-	-	1.17

Fund launched on 29 June 2018

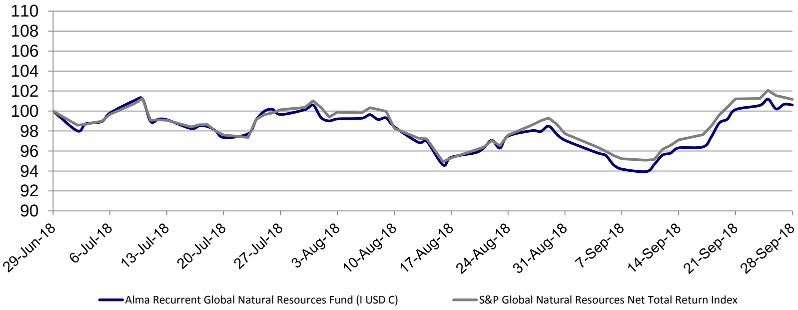
*S&P Global Natural Resources Net Total Return Index

Portfolio characteristics

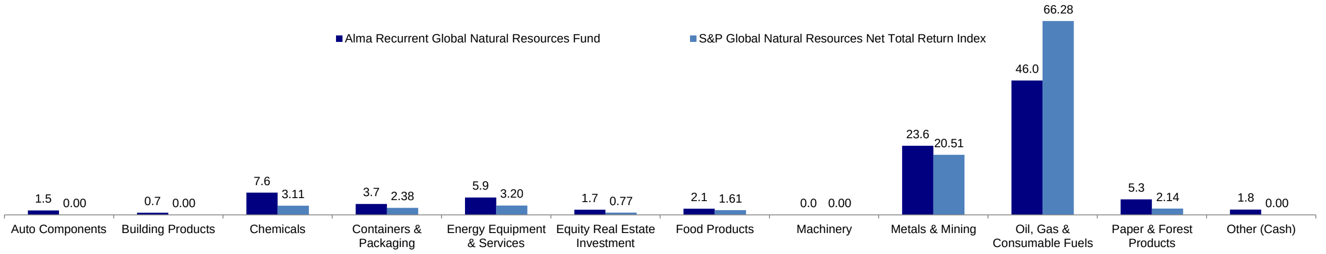
Main indicators	Fund	Index*
No. of securities	40	90
Estimated Price/Earnings	12.6x	12.6x
Estimated Long Term Growth	10.1x	8.2x
Price to Book Ratio	1.7x	1.5x
Price to Sales Ratio	2.0x	0.9x
Weighted Average Market Cap ($ bn)	48.6	122.4
Median Market Cap ($ bn)	17.4	20.1
Active Share (%)	81.2	-

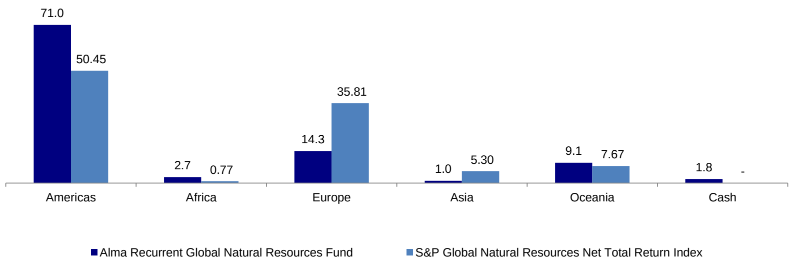
*S&P Global Natural Resources Net Total Return Index

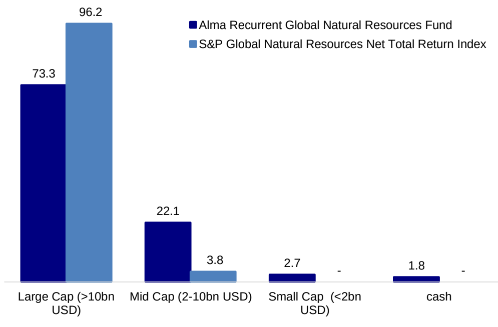
Performance (Base 100)



Industry, region and market cap breakdown (% NAV)







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Top 10 positions details

Security name	Industry	Country	% NAV
UPM-KYMMENE OYJ	Paper & Forest Products	Finland	4.37
NUTRIEN LTD	Chemicals	Canada	4.18
TOTAL SA-SPON ADR	Oil, Gas & Consumable Fuels	France	4.18
GLENCORE PLC	Metals & Mining	Switzerland	4.03
HALLIBURTON CO	Energy Equipment & Services	United States	3.90
CENOVUS ENERGY INC	Oil, Gas & Consumable Fuels	Canada	3.84
EXXON MOBIL CORP	Oil, Gas & Consumable Fuels	United States	3.81
WILDHORSE RESOURCE DEVELOPME	Oil, Gas & Consumable Fuels	United States	3.68
FORTESCUE METALS GROUP LTD	Metals & Mining	Australia	3.48
VALE SA-SP ADR	Metals & Mining	Brazil	3.47
		TOTAL:	**38.95**

Investment manager's commentary

Performance Review

During the month of September, the Alma Recurrent Global Natural Resources strategy rose by 3.63%, outpacing the S&P Global Natural Resources Index's 3.52% return. During the course of the quarter, strong stock selection, particularly in the Energy Exploration and Production (E&P) sector, added more than 100 basis points of relative value. Additionally, portfolio holding Barrick Gold rose nearly 8% in September, in response to its merger announcement with Randgold Resources. Barrick Gold's valuation appeared inexpensive to us prior to the merger, and as a result of the merger, the combined company will benefit from increased scale and a higher returning opportunity set. Additionally, Randgold's management is regarded by the market as better able to maximize the value of the merged asset portfolio. As a result, Barrick Gold shares rose by nearly 6% in the week following the proposed merger announcement and have continued to rise early in October.

Natural Resources Portfolio Review

From a portfolio perspective, during the month of September, oil-linked exposure was increased in the E&P segment, while reducing exposure in the end user segment of the portfolio. While we remain equalweight refining stocks, our refining positions benefitted from continued robust demand for refined products in conjunction with robust US economic growth.

Going forward, we continue to be constructive on the price of oil, which should disproportionately benefit oil producers. Historically, oil price strength has translated directly into oilfield services strength, but 2018 has been an exception as services have lagged producers meaningfully YTD. On the margin, we are beginning to see signs of "green shoots" for services pricing power and margins into 2019 after a disappointing 2018. The natural resources strategy has selectively maintained oil services exposures in undervalued companies, since excess capacity exists in many market segments. Going forward, however, we expect that with WTI oil prices maintained above $70/barrel, drilling activity will increase in 2019.

The combination of high oil prices and a strong dollar…..make for higher oil prices around the world

During the month of September, the price of Brent oil – the global benchmark - rose from $77/barrel to end the month priced just shy of $83/barrel. With sanctions limiting the ability of Iran to export as much as 2 million barrels of oil per day to consuming nations, some market participants have called for oil prices to once again reach $100/barrel or more.

Looking at the price of Brent oil in United States Dollars, the September month ending price of $83/barrel is highest it has been since 2014, but does not yet approach the >$100/barrel plateau seen in the years from 2011-14, and is a far cry from the more than $140/barrel seen in 2008. As such, it seems reasonable to determine that higher oil prices have not yet reached a point that would materially impair demand, since current oil prices remain approximately 20% below the 2001-14 levels.

However, one element which tempers our enthusiasm for significantly higher oil prices is the historically anomalous combination of high oil prices and a strong dollar. Since the oil trade is generally conducted in dollars, foreign exchange rates can greatly impact oil prices to end consumers whose currencies are not correlated to the USD, particularly in emerging markets. An easy way to roughly approximate the impact to end consumers is to look at the price of Brent oil, but in different world currencies. In doing so, we can see that several countries critical to global oil demand growth are experiencing surprisingly high oil prices, when priced in local currencies.

While not a comprehensive list by any means, these and other leading emerging markets comprise a disproportionate percentage of the growth in global demand. According to the 2018 BP Statistical Review, more than 50% of global oil demand comes from non-OECD countries, with 2017 demand growth rates of 2.4%, compared to OECD demand growth of 1%. To the degree that the combination of high oil prices and a strong dollar combine to dampen oil growth demand, expectations for oil prices to sustainably exceed $100/barrel are less likely. That said, we continue to believe the fundamentals for oil as a commodity continue to be strong, and energy equities will benefit as confidence in this view strengthens. The energy portion of the Natural Resources Strategy, at 50.7%, and more than 15% overweight the S&P Global Natural Resources Index, reflects this view.

Fund facts

Fund total net assets:	$17.63 M
Fund domicile:	Luxembourg
Fund type:	UCITS SICAV
Base currency:	USD
Management fee:	0.95% p.a.
Depositary, Administrator, Transfer Agent:	BNP Paribas Securities Services (LU)
Management company:	Alma Capital Investment Management (LU)
Investment manager:	Recurrent Investment Advisors (US)
Fund managers:	Mark Laskin Bradley Olsen

Dealing:

Each day with a 1-day notice — Cut-off time : 12 pm CET

Identifiers:

Institutional USD Capitalisation share class

Isin: LU1823602369 — Ticker: ARGNIUC LX — Launch: 29 June 2018

Institutional EUR Capitalisation share class

Isin: LU1845388146 — Ticker: ARGNIEC LX — Launch: 29 June 2018

Countries where the fund is registered:

Luxembourg, France

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