ALMA CAPITAL

Alma Recurrent Global Natural Resources Fund

RECURRENT INVESTMENT ADVISORS

A sub-fund of Alma Capital Investment Funds SICAV

As of 30 April 2019

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	1.43	8.38	3.52	20.00	-	-	-3.14
I USD C shares	1.25	5.93	2.59	17.71	-	-	-6.81
Index*	-0.02	2.35	2.57	12.19	-	-	-5.67

Fund launched on 29 June 2018

*S&P Global Natural Resources Net Total Return Index USD

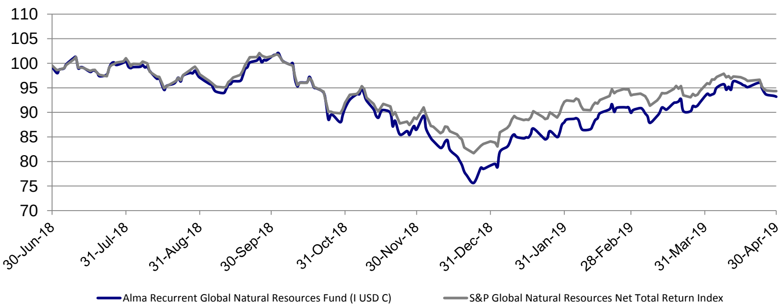
Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	44	88
Estimated Price/Earnings (X)	13.4	13.1
Estimated Long Term Growth (%)	8.7	6.5
Price/Book (X)	1.6	1.4
Price/Sales (X)	0.7	0.8
Weighted Average Market Cap ($ bn)	57.2	71.2
Median Market Cap ($ bn)	19.4	18.3
Active Share (%)	65.4	-

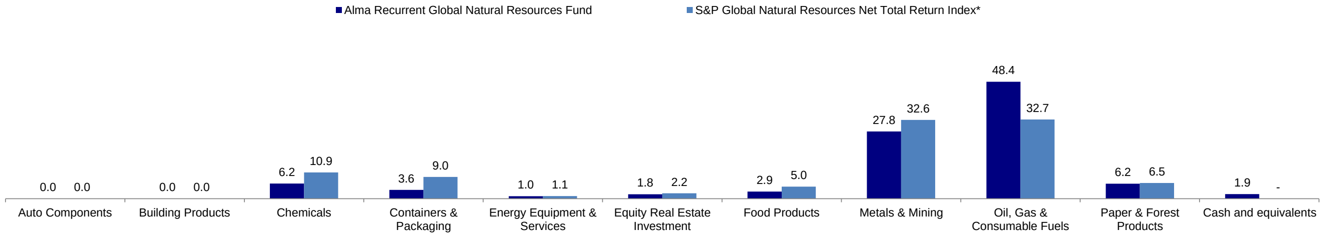
*S&P Global Natural Resources Net Total Return Index

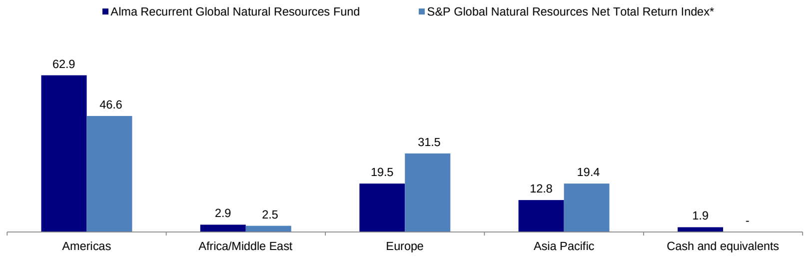
Except number of securities, using "SPDR S&P GLOBAL NATURAL RESOURCES ETF" as a proxy

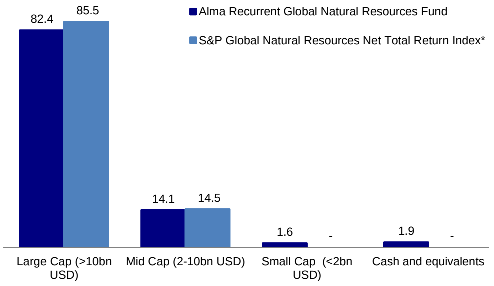
Performance (Indexed - Base 100)



Industry, region and market cap breakdown (% NAV)







*Using "SPDR S&P GLOBAL NATURAL RESOURCES ETF" as a proxy

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Top 10 positions details

Security name	Industry	Country	% NAV
BHP GROUP LTD-SPON ADR	Metals & Mining	Australia	4.97
TOTAL SA-SPON ADR	Oil, Gas & Consumable Fuels	France	4.46
NUTRIEN LTD	Chemicals	Canada	4.06
RIO TINTO PLC-SPON ADR	Metals & Mining	Australia	3.93
FREEPORT-MCMORAN INC	Metals & Mining	United States	3.83
ENERGY TRANSFER LP	Oil, Gas & Consumable Fuels	United States	3.63
CENOVUS ENERGY INC	Oil, Gas & Consumable Fuels	Canada	3.59
UPM-KYMMENE OYJ	Paper & Forest Products	Finland	3.55
EXXON MOBIL CORP	Oil, Gas & Consumable Fuels	United States	3.40
GLENCORE PLC	Metals & Mining	Switzerland	3.24
		TOTAL:	**38.67**

Investment manager's commentary

Performance Review

During the month of April, the Alma Recurrent Global Natural Resources Strategy rose 1.25%, outpacing the S&P Global Natural Resources' -0.02% return. While commodity prices were mixed during the month, with supply outages causing oil and iron ore prices to rise 6% and 10%, respectively, most other commodity prices fell due to economic concerns.

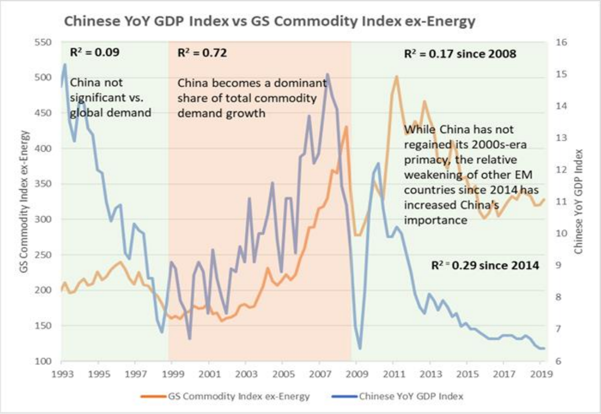
From a portfolio perspective, the most influential performance driver was Chevron's proposed acquisition of portfolio holding Anadarko, the subsequent higher bid by Occidental Petroleum, and resultant positive impact on E&P sector valuation. Anadarko shares rose more than 60% during April, and the E&P segment of the S&P 500 Index rose more than 5%, outpacing every other segment of the energy sector.

Natural Resources Discussion

Last month, we saw that oil's increasing supply elasticity (due to shale) has reduced the correlation between oil price and Chinese economic data. This month, we see that commodities with low supply elasticity (due to a lack of shale-equivalent resource in metals and mining) remain highly dependent on Chinese economic data.

In last month's commentary, we outlined the changing relationship between key oil prices and Chinese economic data. Our analysis showed that during the period from 1998-2008, the correlation between the two was very strong. However, since 2008, the relationship has materially weakened. The data since 2014 is particularly noteworthy, since the R2 weakened to a mere 0.04, showing limited if any correlation between the two.

In that context, it is important to assess whether this is phenomenon applies to commodities broadly or is oil-specific. Broadly speaking, since 1992, correlations between Chinese economic data and commodities ex-energy show a similar trend to the relationship between Chinese economic data and crude oil.



Source: Bloomberg, Recurrent Investment Advisors

Period 1 – Pre-1999

In the period between 1992-1998, the correlation between Chinese YoY GDP and commodity prices ex-energy was very low, with an R^2 of just 0.09. The low correlation is very similar to the low correlation between Chinese GDP and crude oil during the same period.

Period 2 – 1Q 1999-1Q 2008

The decade was highlighted by multiple years of >10% Chinese GDP growth, which catapulted the Chinese economy to rank among the world's largest. During this period, the relationship between Chinese GDP and commodity prices ex-energy strengthened materially, with an R^2 of 72%. Unsurprisingly, the strong relationship mirrors the high correlation between Chinese GDP and oil prices, which rose to nearly 85%.

Period 3 – 2Q 2008-1Q 2019

Since the financial crisis, the correlation between Chinese economic data and commodities ex-energy weakened compared to the decade prior to the financial crisis, falling to an R^2 =0.17. A similar phenomenon occurred in the correlation between Chinese GDP and crude oil during the same period.

However, there is one major difference which has emerged since 2014. While the correlation between Chinese GDP and commodities ex-energy was only an 0.007 R^2 in the 2008-2014 period, the R^2 increased to 0.29 from 2014-2019.

Interestingly, the relationship between crude oil and Chinese GDP weakened during the same period. Over the entire 2008-2019 period, the R^2 was 0.26. However, since 2014, the correlation fell to an R^2 =0.04.

What caused the divergent correlation between crude oil and commodities ex-energy? Since the Chinese demand didn't change, the more likely difference resides in the changes in the supply side of the equation. While the supply elasticity for commodities ex-energy generally has not changed in the last decade, global supply elasticity for crude oil has changed significantly, most notably at the high end of the global cost curve occupied by US shale producers. As a result, the correlation between Chinese data, crude oil, and other commodity prices have changed, and is likely to remain differentiated as long as the supply elasticity of crude oil is markedly different than that of other commodities.

Fund facts

Fund total net assets:	$21.06 M
Fund domicile:	Luxembourg
Countries where the fund is registered:	Luxembourg, France
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

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