



# Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 31 January 2020

## 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 energy investing
- Based in Houston, Texas (US)

## Cumulative performance (%)

	1 M	3 M	6 M	YTD	1Y	3Y	ITD	ITD (annualized)
I EUR C shares	-8.74	-2.78	-6.25	-8.74	-0.15	-	-10.76	-6.90
I USD C shares	-9.90	-3.42	-6.69	-9.90	-3.50	-	-15.11	-9.78
Index*	-7.63	-0.71	-2.80	-7.63	-1.90	-	-9.59	-6.14

Fund launched on 29 June 2018

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

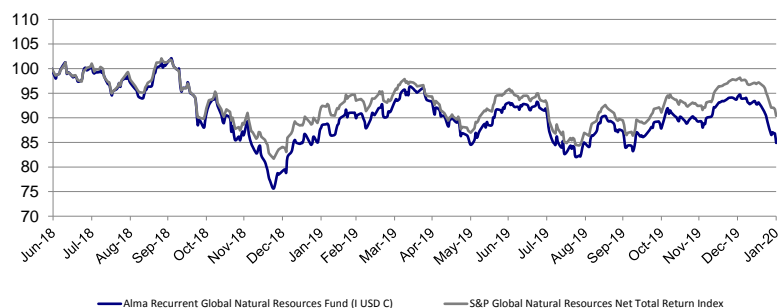
## Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	44	90
Weighted Average Market Cap (\$ bn)	48.5	59.5
Median Market Cap (\$ bn)	17.1	17.2
Estimated Price/Earnings (x)	14.6	15.0
Price/Book (x)	1.2	1.3
Price/Sales (x)	0.6	0.9
Estimated Long Term Growth (%)	4.8	4.1
Active Share (%)	62.8	-

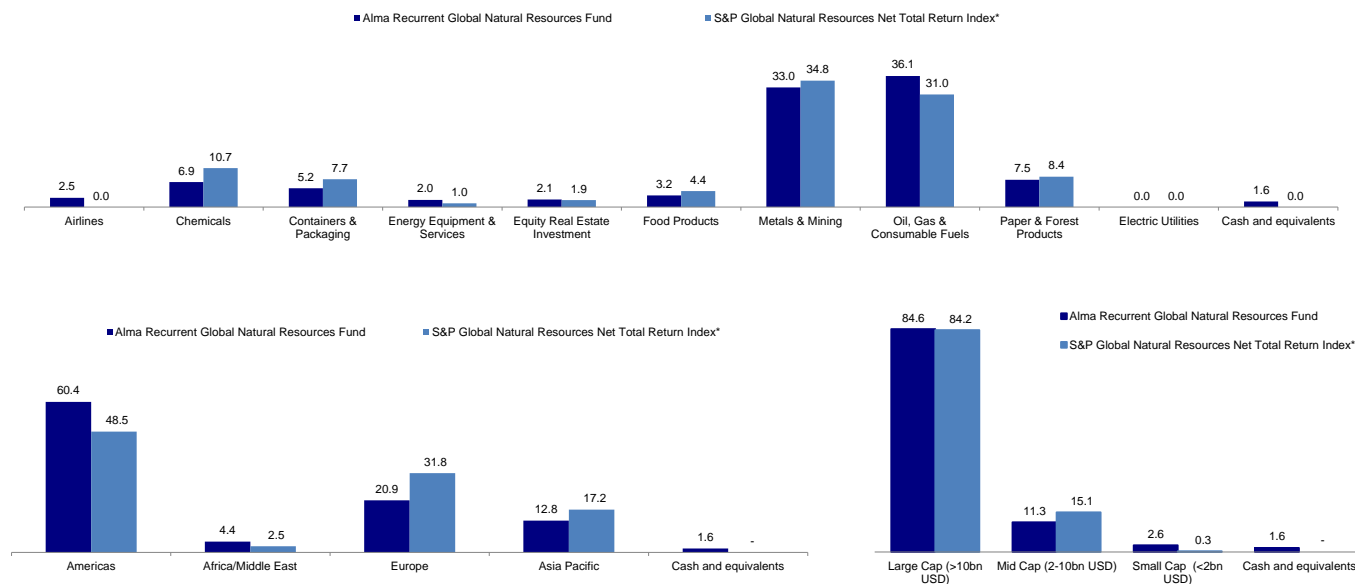
\*S&P Global Natural Resources Net Total Return Index

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

## Top 10 positions details

Security name	Industry	Country	% NAV
BHP GROUP LTD-SPON ADR	Metals & Mining	Australia	4.98
TOTAL SA-SPON ADR	Oil, Gas & Consumable Fuels	France	4.53
ANGLO AMERICAN PLC	Metals & Mining	South Africa	4.35
UPM-KYMMENE OYJ	Paper & Forest Products	Finland	4.15
KINDER MORGAN INC	Oil, Gas & Consumable Fuels	United States	4.14
FREEMPORT-MCMORAN INC	Metals & Mining	United States	4.08
BARRICK GOLD CORP	Metals & Mining	Canada	3.73
RIO TINTO PLC-SPON ADR	Metals & Mining	Australia	3.70
NUTRIEN LTD	Chemicals	Canada	3.33
ENERGY TRANSFER LP	Oil, Gas & Consumable Fuels	United States	3.14
<b>TOTAL:</b>			<b>40.13</b>

## Investment manager's commentary

### Performance Review

In the month of January 2020, the Alma Recurrent Global Natural Resources Fund fell 9.90%, underperforming the S&P North American Natural Resources Index's -7.63% return. During the month, the Chinese economy was impacted by the spread of coronavirus. As the largest global consumer of many natural resources, stalled Chinese economic growth disproportionately weakened global natural resources markets. In particular, portfolio holdings Alcoa (AA) and Freeport McMoran (FCX) fell by 35% and 15%, respectively, during the month, as Chinese demand concerns caused underlying commodity prices to fall.

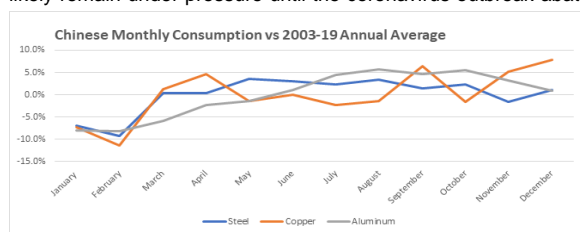
### Portfolio Discussion: "When China sneezes, the global natural resources markets catch cold"

Since the outbreak of the coronavirus early in 2020, we have seen images of thousands of affected patients being treated, and learned of province-wide travel restrictions for populations larger than the entire country of Spain, all of which offer perspective of the illness' wide-ranging impacts. From a financial perspective, the investment community has tried to frame the potential impact to a variety of industries, and in our case, specifically to natural resources. As a similar event in the same country, the SARS outbreak of 2003 has been widely cited to estimate the potential impacts of coronavirus.

As a foundation, it is important to examine not only similarities, but also what has changed since 2003 in order to determine the relevance of the comparison. Upon reviewing the potential global impact of SARS compared to the situation today, the most relevant trend is China's growing importance as a consumer of global natural resources. In 2003, China was only 4% of global GDP, today that figure is closer to 16%. Furthermore, China's relative consumption of natural resources has grown even more quickly. As a percent of global annual consumption, Chinese consumption has grown from roughly 20% to 50% in key foundational natural resources such as steel, copper and aluminum, all since 2003. Therefore, the interruption of Chinese demand will impact global natural resources markets – the question is for how long. More importantly, is the resultant reaction of equities appropriate? In some cases, individual equities, many of which are not facing financial distress, have fallen >25% during the month. In those cases, the reaction seems to be overdone, given the seemingly transitory impact of the coronavirus on global natural resources demand.

If there is one further mitigating factor to the negative demand impact of coronavirus, it is that January and February are on average the lowest demand months of the year. Celebrations for the Lunar New Year generally occur in January or February, with multiple Chinese national holidays during the "Golden Week", in which economic activity pauses. In fact, since 2003, Chinese consumption of copper, steel and aluminum is weaker in the first two months of the calendar year, as shown in Chart 1.

In sum, the coronavirus has stagnated economic activity in China, by far the largest consumer of global natural resources. How much, we will learn in the coming days and weeks. Chinese demand is generally weakest during the first quarter, reducing the potential impact. Additionally, we have reason to believe that the coronavirus will likely have only a seasonal impact, and is not expect to fundamentally impair Chinese demand. As such, we expect demand to return to pre-coronavirus levels, and the thawing of global trade relations to help return global economies to grow, particularly those with an industrial focus. While commodities likely remain under pressure until the coronavirus outbreak abates, historical precedents indicate that virus containment is followed by rapid recovery in commodity



Source: Recurrent Advisors research, Bloomberg

## Fund facts

<b>Fund total net assets:</b>	\$21.27 M	<b>Dealing:</b>	Each day with a 1-day notice	<b>Cut-off time :</b> 12 pm CET
<b>Fund domicile:</b>	Luxembourg	<b>Identifiers:</b>	Institutional USD Capitalisation share class	
<b>Countries where the fund is registered:</b>	Luxembourg, France	Isin:	LU1823602369	Ticker: ARGNIUC LX
<b>Fund type:</b>	UCITS SICAV	Isin:	LU1845388146	Ticker: ARGNIEC LX
<b>Base currency:</b>	USD	Launch:	29 June 2018	
<b>Management fee:</b>	0.95% p.a.	Launch:	29 June 2018	
<b>Depositary, Administrator, Transfer Agent:</b>	BNP Paribas Securities Services (LU)	<b>Contacts</b>		
<b>Management company:</b>	Alma Capital Investment Management (LU)	Hervé Rietzler (FR / CH / LU / IT)		
<b>Investment manager:</b>	Recurrent Investment Advisors (US)	Baptiste Fabre (FR / IR / UK)		
<b>Fund managers:</b>	Mark Laskin	+352 28 84 54 19		
	Bradley Olsen	+33 1 56 88 36 55		
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