



Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 31 August 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	3.58	3.60	-5.92	-22.87	-16.08	-	-24.57	-12.16
I USD C shares	4.78	11.39	2.43	-17.81	-8.86	-	-22.56	-11.09
Index*	3.89	9.60	5.64	-13.47	-2.60	-	-15.31	-7.35

Fund launched on 29 June 2018

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

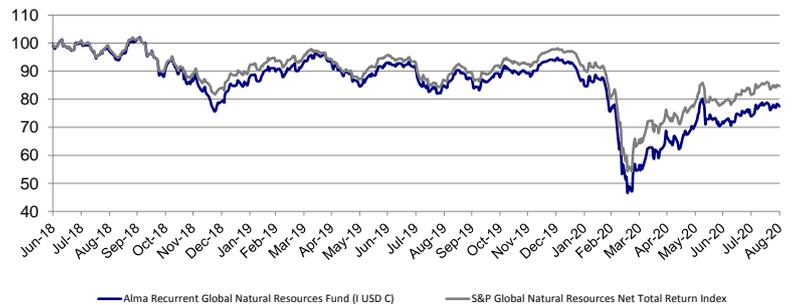
Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	41	90
Weighted Average Market Cap (\$ bn)	36.7	49.6
Median Market Cap (\$ bn)	21.4	17.3
Estimated Price/Earnings (x)	43.3	92.1
Price/Book (x)	1.1	1.3
Price/Sales (x)	0.6	0.9
Estimated Long Term Growth (%)	14.5	8.2
Active Share (%)	62.5	-

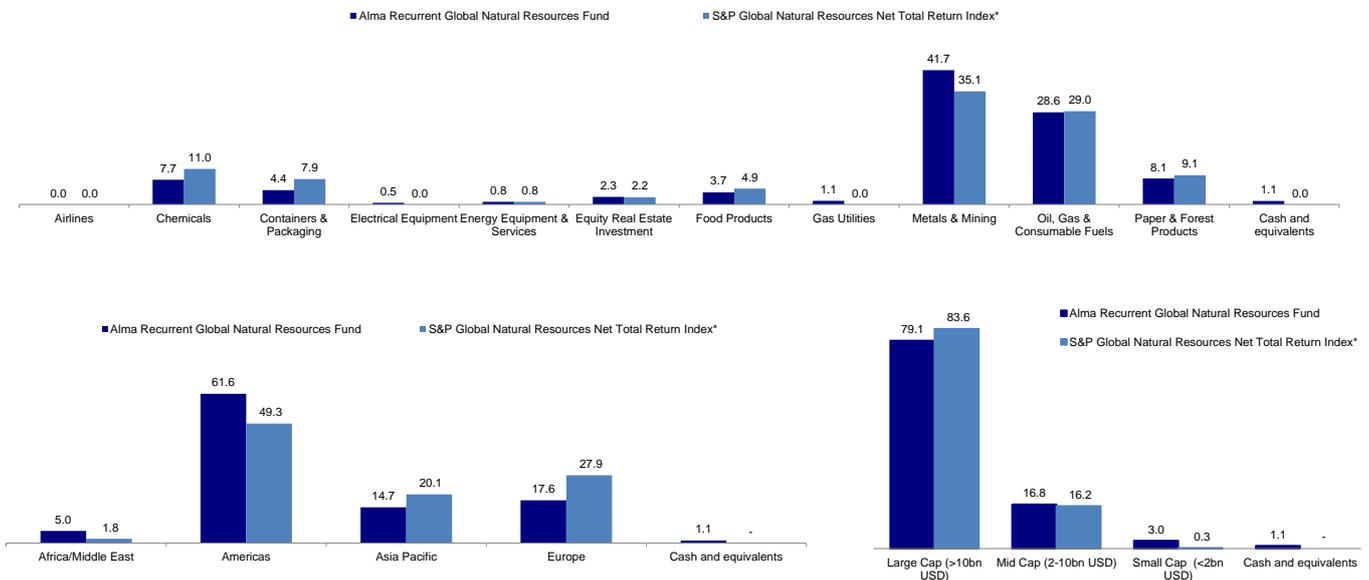
*S&P Global Natural Resources Net Total Return Index

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
FREEMPORT-MCMORAN INC	Metals & Mining	United States	6.18
ANGLO AMERICAN PLC	Metals & Mining	South Africa	5.00
BHP GROUP LTD-SPON ADR	Metals & Mining	Australia	4.82
ALCOA CORP	Metals & Mining	United States	4.10
NUTRIEN LTD	Chemicals	Canada	4.05
TOTAL SE-SPON ADR	Oil, Gas & Consumable Fuels	France	4.04
UPM-KYMMENE OYJ	Paper & Forest Products	Finland	3.42
BARRICK GOLD CORP	Metals & Mining	Canada	3.33
ARCELORMITTAL	Metals & Mining	Luxembourg	3.28
NEWMONT CORP	Metals & Mining	United States	3.12
TOTAL:			41.33

Investment manager's commentary

Portfolio review

In August 2020, the Alma Recurrent Global Natural Resources Fund rose by 4.78%, outperforming the S&P Global Natural Resources Index's 3.89% return. The portfolio benefited from overweights in copper and aluminum, while stock selection in energy slightly detracted from performance.

Portfolio Discussion

California: A tale of the benefits and shortfalls of increased reliance on renewable power supplies.

In August, California experienced blackouts which disrupted power to nearly 4 million residents (~10% of CA's population). In the immediate aftermath, many people have tried to understand the causes for the power shortage. While different groups have offered a variety of reasons for the blackout, it is important to outline a few facts which provide insight to the situation.

The unique challenges of California's increasingly renewable grid

From a power generation perspective, since 2013 California has taken a leadership role to reduce carbon emissions. A large component of the strategy is moving from nuclear, coal, and natural gas power generation to solar and wind. Since 2013, the total amount of generation capacity in California has not materially changed. However, as you can see in the charts below, the percent change from conventional to renewable power is approximately 12% of total capacity. While seemingly a small change, but there is one crucial aspect of renewable power generation that amplifies its impact: renewable power supply changes in response to weather conditions, not in response to price. The impact of solar power generation on the grid is even more dramatic when we consider the fact that daily power demand typically peaks as the sun is setting.

California Power Generation Fuel Sources

	2013	2019	Change
Renewables	29.0%	40.8%	11.7%
Nat Gas/Oil/Nuclear	66.1%	54.1%	-12.0%
Other	4.9%	5.2%	0.3%

Source: California Independent System Operator (CAISO)

To be continued on the next page

Fund facts

Fund total net assets:	\$24.81 M	Dealing:	Each day with a 1-day notice	Cut-off time : 12 pm CET
Fund domicile:	Luxembourg	Identifiers:		
Countries where the fund is registered:	Luxembourg, France, Germany	Institutional USD Capitalisation share class		
Fund type:	UCITS SICAV	Isin: LU1823602369	Ticker: ARGNIUC LX	Launch: 29 June 2018
Base currency:	USD	Institutional EUR Capitalisation share class		
Management fee:	0.95% p.a.	Isin: LU1845388146	Ticker: ARGNIEC LX	Launch: 29 June 2018
Depository, Administrator, Transfer Agent:	BNP Paribas Securities Services (LU)	Contacts		
Management company:	Alma Capital Investment Management (LU)	Hervé Rietzler (FR / CH / LU / IT)	+352 28 84 54 19	
Investment manager:	Recurrent Investment Advisors (US)	Baptiste Fabre (FR / IR / UK)	+33 1 56 88 36 55	
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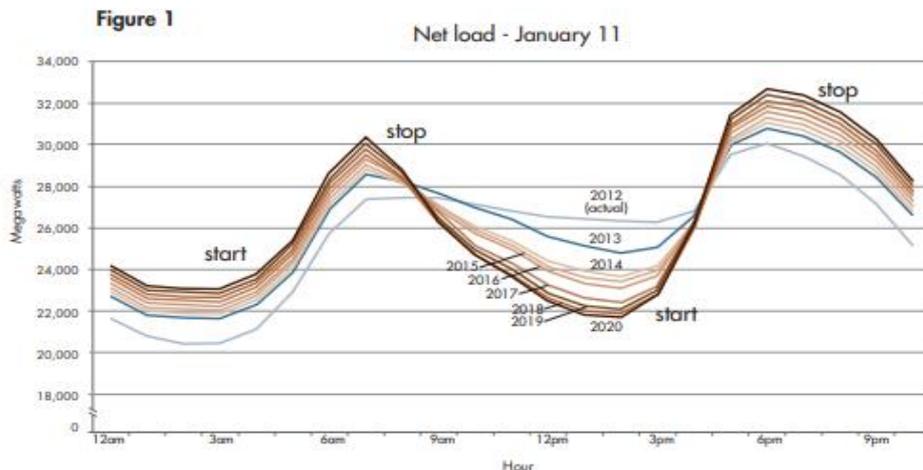
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The challenges of integrating large intermittent power supply

Below, the California grid operator (CAISO) offers an illustration of the impact solar power has on the rest of California’s power generation. On a daily basis, non-solar power generators face two peak periods – one before solar generation begins, one after. Note that as installed solar capacity increases each year from 2012 through 2020, the demand for late afternoon non-renewable power generation – primarily natural gas – has **increased**, as the 12% increase in solar power generation capacity increases mid-day power supply, but not in late afternoon/early evening hours when demand typically peaks.



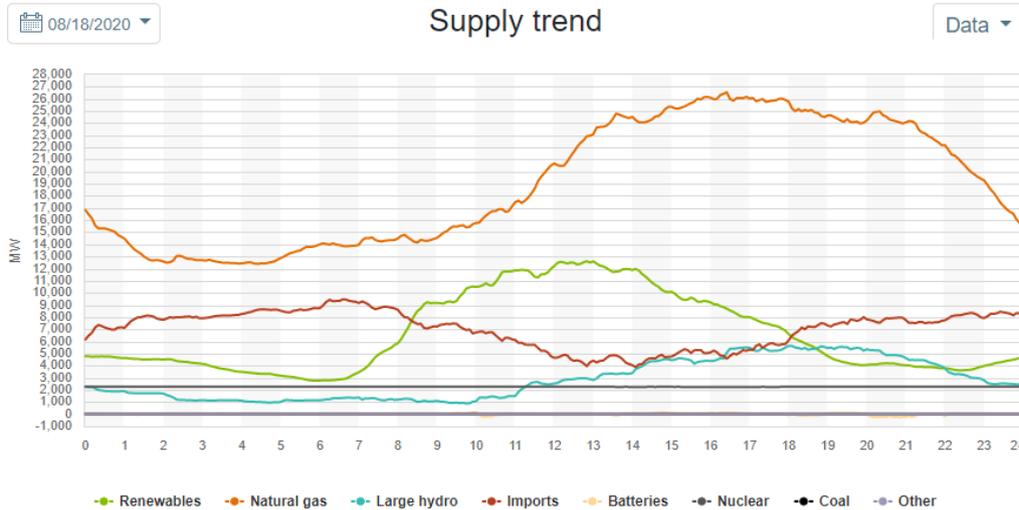
Source: California Independent System Operator (CAISO)

California’s shrinking natural gas fleet was unable to cope with surging sunset demand

With the supply/demand dynamics as a backdrop, we can now look at the power market on August 18th. On this day, extremely high temperatures increased statewide peak power demand by nearly 20% compared to August 2020’s average daily peak power demand. In most high demand periods, California draws power from surrounding states. Because of the record heat in the entire region, excess power in nearby states was in short supply. On the below chart, you can see that in the midst of increasing power demand, renewable power generation fell steadily from 2 PM to 6 PM, leaving the grid increasingly dependent on a highly-utilized fleet of natural gas power plants. Ultimately, with temperatures remaining high into the evening, the system was unable to meet market demand in the late afternoon and blackouts ensued until power demand fell after 9 PM.

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Source: California Independent System Operator (CAISO)

All told, in the effort to reduce carbon emissions of power generation, California built solar power supply, and retired natural gas power plants. While the substitution of renewables for fossil fuel generation capacity is often presented as a “1 for 1” exchange, in reality with solar generation is primarily available only from 9 AM to 4 PM. Accordingly, in high demand periods, without sufficient quick-to-respond natural gas power plants, the grid is overwhelmed and blackouts result. In the post-2013 period, had the natural gas plants been merely idled instead of retired, power supply could have met demand. Instead, California’s power generation could not meet demand and 10% of the population was impacted by blackouts.

The transition to renewable power generation will continue, supported by the falling cost of solar generation as well as government mandates and tax credits. However, the need for responsive, dispatchable power in the highest demand periods – which today can only be supplied on an economic basis by fossil fuel power sources – will remain unfulfilled by an aggressive solar and wind buildout. Even as utilities spend heavily on non-dispatchable (primarily solar) resources, fossil fuel generation will remain essential for balancing the grid during periods when sun does not shine, wind does not blow, or our demand for electricity surges.