



# Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV

**RECURRENT**  
INVESTMENT ADVISORS

As of 29 March 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 | 3.74 | 18.30 | -5.64 | 18.30 | -  | -  | -4.51 |
| I USD C shares | 2.36 | 16.26 | -8.51 | 16.26 | -  | -  | -7.96 |
| Index*         | 0.94 | 12.22 | -6.74 | 12.22 | -  | -  | -5.65 |

Fund launched on 29 June 2018

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

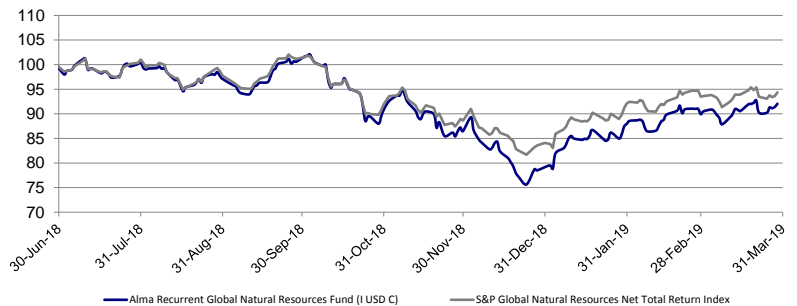
## Portfolio characteristics

| Main indicators                     | Fund  | Index* |
|-------------------------------------|-------|--------|
| No. of securities                   | 42    | 89     |
| Estimated Price/Earnings            | 13.9x | 13.2x  |
| Estimated Long Term Growth          | 11.9% | 7.1%   |
| Price to Book Ratio                 | 1.6x  | 1.4x   |
| Price to Sales Ratio                | 0.7x  | 0.8x   |
| Weighted Average Market Cap (\$ bn) | 58.1  | 71.2   |
| Median Market Cap (\$ bn)           | 19.7  | 18.5   |
| Active Share (%)                    | 51.6  | -      |

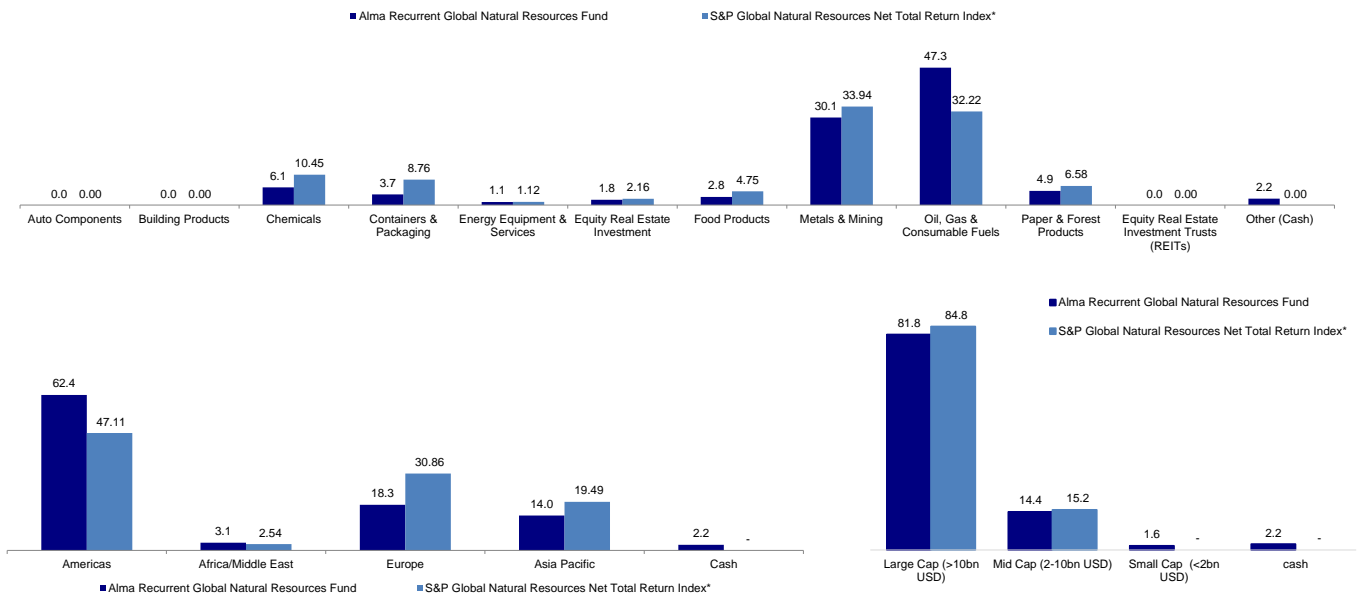
\*S&P Global Natural Resources Net Total Return Index

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

## Performance (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     | 5.20         |
| TOTAL SA-SPON ADR      | Oil, Gas & Consumable Fuels | France        | 4.49         |
| FREEMPORT-MCMORAN INC  | Metals & Mining             | United States | 4.06         |
| NUTRIEN LTD            | Chemicals                   | Canada        | 4.01         |
| RIO TINTO PLC-SPON ADR | Metals & Mining             | Australia     | 3.97         |
| ENERGY TRANSFER LP     | Oil, Gas & Consumable Fuels | United States | 3.73         |
| UPM-KYMMENE OYJ        | Paper & Forest Products     | Finland       | 3.73         |
| EXXON MOBIL CORP       | Oil, Gas & Consumable Fuels | United States | 3.46         |
| GLENCORE PLC           | Metals & Mining             | Switzerland   | 3.42         |
| BARRICK GOLD CORP      | Metals & Mining             | Canada        | 3.19         |
| <b>TOTAL:</b>          |                             |               | <b>39.27</b> |

## Investment manager's commentary

### Performance Review

During the month of March 2019, the Alma Recurrent Global Natural Resources portfolio rose 2.36%, outpacing the S&P Global Natural Resources' 0.94% return. In contrast to base metals such as nickel and copper, which fell during the month, oil prices rose more than 5% in March, and total more than 32% year-to-date. The strong relative performance in March was in part due to the portfolio's 13% overweight in E&P companies, which generally have higher sensitivity to changes in oil prices. Portfolio holdings Pioneer Natural Resources, Oasis Petroleum and Parsley Energy rose more than 5% during the month, and positively contributed to relative performance. Additionally, oil services company Propetro Holdings performed particularly well, rising more than 13% in the month, due to the companies' exposure to oil price dynamics.

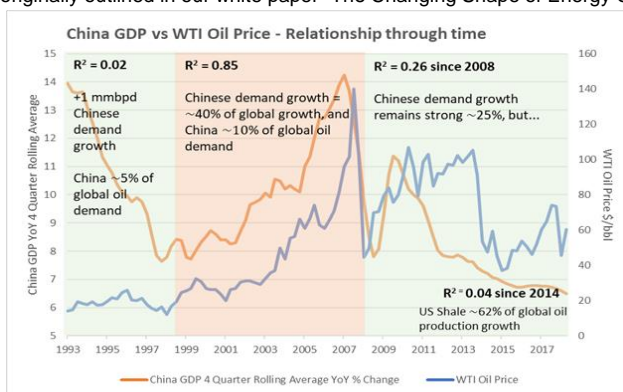
Additionally, iron ore producers performed well as iron ore prices rose in the aftermath of the Brazilian dam disaster and weather related interruptions to key Australian ports. BHP, Rio Tinto each rose more than 5% during the month, and Fortescue Metals rose nearly 14%.

Our analysis of the month examines the relationship between Chinese economic data and oil prices. Many natural resources investors believe that there is a strong relationship between the two, and in the chart below, we show that while there was a strong relationship for a decade from 1998-2008, since 2008 the correlation between the two weakened. In fact, since 2014, the relationship is practically non-existent ( $R^2 = 0.04$ ). This is quite a change from the strong relationship ( $R^2 = 0.85$ ) from '98-'08.

So the question becomes "if the correlation between oil prices and Chinese economic data was strong and Chinese oil demand continues to be strong, why would the correlation weaken?"

The most relevant causal factor impacting oil prices seems to have changed since 2008, and more so since 2014. Instead of a demand factor, we suggest that the supply elasticity of US shale production significantly weakened the relationship between Chinese economic data and oil prices.

Since the widespread introduction of oil shale production in 2008, US oil production has grown from 8% of global oil production to 14%, and has accounted for more than 60% of global oil production growth. However, it is not simply the percentage of global oil production which is relevant. The supply elasticity of shale production – the speed with which production can turn on and off, according to pricing signals – changed the global supply/demand balance which determines oil prices, and weakened the strong correlation between Chinese economic data and global oil prices. Going forward, we expect the trend of US shale supply elasticity to regulate global oil markets for the foreseeable future, and make for shorter cycles of lower amplitude than had historically been the case, as we originally outlined in our white paper "The Changing Shape of Energy Cycles".



## Fund facts

|   |   |  |  |                          |
|---|---|--|--|--------------------------|
| <b>Fund total net assets:</b>                     | \$20.8 M                                | <b>Dealing:</b>  | Each day with a 1-day notice                 | Cut-off time : 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                           | Launch: 29 June 2018     |
| <b>Fund type:</b>                                 | UCITS SICAV                             | Isin: LU1845388146   | Ticker: ARGNIEC LX                           | Launch: 29 June 2018     |
| <b>Base currency:</b>                             | USD                                     | <b>Contacts</b>  |  |                          |
| <b>Management fee:</b>                            | 0.95% p.a.                              | Nick Stoop (UK)  | +44 77 8980 0397                             |                          |
| <b>Depositary, Administrator, Transfer Agent:</b> | BNP Paribas Securities Services (LU)    | Baptiste Fabre (FR)  | +33 1 56 88 36 55                            |                          |
| <b>Management company:</b>                        | Alma Capital Investment Management (LU) | Hervé Rietzler (FR / CH / LU / IT)   | +352 28 84 54 19                             |                          |
| <b>Investment manager:</b>                        | Recurrent Investment Advisors (US)      | Dirk Tödtte (DE / AT)  | +352 28 84 54 16                             |                          |
| <b>Fund managers:</b>                             | Mark Laskin<br>Bradley Olsen            | <a href="mailto:info.investors@almacapital.com">info.investors@almacapital.com</a> |  |                          |

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