



# Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 30 June 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	2.65	24.53	-23.57	-23.57	-21.21	-	-25.26	-13.51
I USD C shares	3.65	27.47	-23.52	-23.52	-22.29	-	-27.94	-15.07
Index*	1.99	20.17	-19.47	-19.47	-17.36	-	-21.19	-11.19

Fund launched on 29 June 2018

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

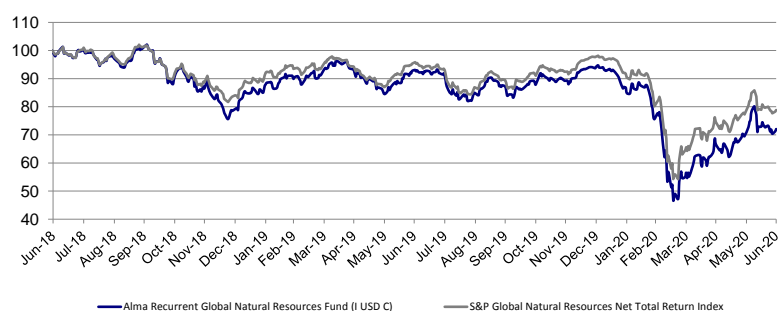
## Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	39	90
Weighted Average Market Cap (\$ bn)	37.4	47.8
Median Market Cap (\$ bn)	18.5	16.1
Estimated Price/Earnings (x)	17.0	19.9
Price/Book (x)	1.0	1.2
Price/Sales (x)	0.5	0.7
Estimated Long Term Growth (%)	1.4	7.3
Active Share (%)	65.4	-

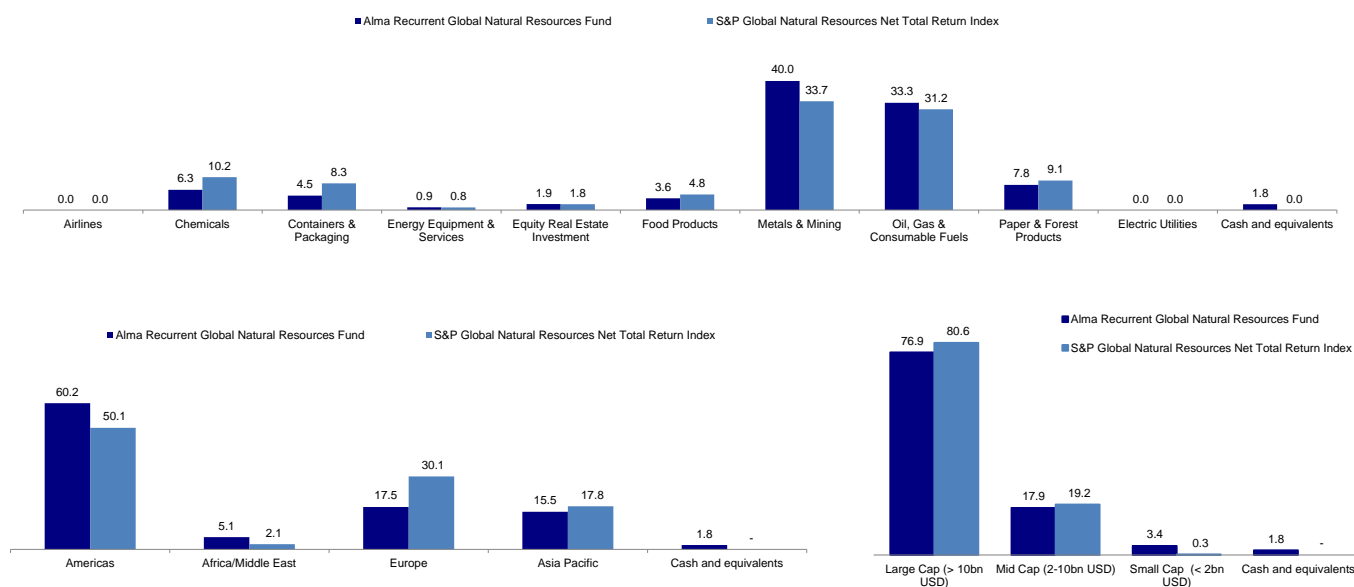
\*S&P Global Natural Resources Net Total Return Index

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

## Top 10 positions details

Security name	Industry	Country	% NAV
BARRICK GOLD CORP	Metals & Mining	Canada	6.25
BHP GROUP LTD-SPON ADR	Metals & Mining	Australia	5.61
ANGLO AMERICAN PLC	Metals & Mining	South Africa	5.05
FREEMPORT-MCMORAN INC	Metals & Mining	United States	4.92
TOTAL SA-SPON ADR	Oil, Gas & Consumable Fuels	France	4.15
NUTRIEN LTD	Chemicals	Canada	3.76
UPM-KYMMENE OYJ	Paper & Forest Products	Finland	3.49
KINDER MORGAN INC	Oil, Gas & Consumable Fuels	United States	3.48
ALCOA CORP	Metals & Mining	United States	3.39
CONOCOPHILLIPS	Oil, Gas & Consumable Fuels	United States	3.02
<b>TOTAL:</b>			<b>43.12</b>

## Investment manager's commentary

During the month of June 2020, the Alma Recurrent Global Natural Resources Fund rose by 3.65%, outpacing the S&P Global Natural Resources' 1.99% return. Early cycle resources holdings, such as Freeport McMoran and Alcoa, performed strongly, rising 27.6% and 22% respectively, as improved global demand and supply discipline made markets much healthier. Energy companies underperformed, particularly in the US, as the re-acceleration of COVID cases muted demand prospects in highly populated Southern states.

## Portfolio discussion

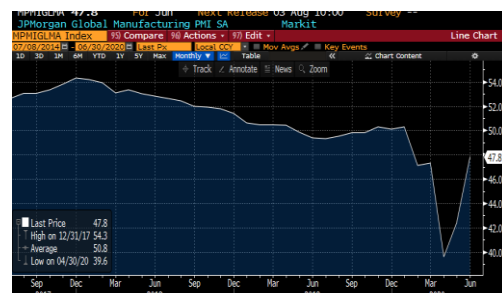
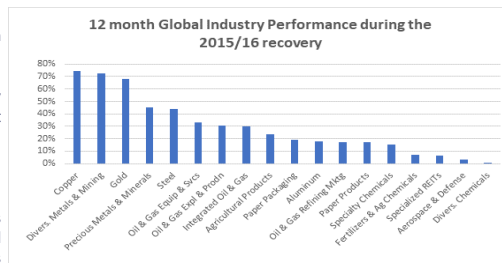
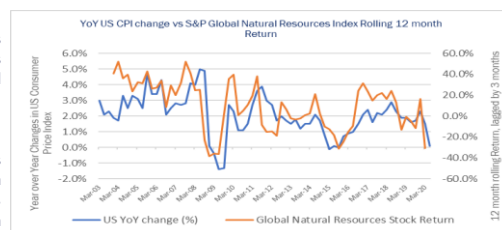
Since the beginning of COVID in 1Q, global economic growth has fallen into negative territory. Excess capacity in many industries has weakened pricing power, and global inflation has turned negative. As a beneficiary of inflation, the natural resources sectors have been among the market's worst performers. Many people are aware of the strong relationship between CPI and natural resources, as seen in the chart on the right. (Source: Bloomberg, Recurrent research).

While many are appropriately focused on continued weak demand as a result of COVID, one other interesting conclusion stands out from the data since 2003. The CPI has only been this low 3 times since 2003, and in the other two cases, within a 15 month period (the chart shows rolling 12 month returns, on a 3 month lag), performance increases by 30% or more. Given reduced prices causing reduced supply in many resources industries, small increases in demand are likely to have an outsized impact on profitability, which is generally reflected in stock performance.

With that in mind, using the 2015/2016 experience as an example to identify potential industries which would outperform in an economic recovery...

While to many, the industries that lead the sector in a recovery probably are not all that surprising, the strength of the recovery may be more surprising. Economically sensitive industries such as metals, steel, copper, and energy are most likely to benefit from a slack economy tightening, since increased volume is associated with pricing improvement, greatly improving profitability. More so, during times of economic weakness, it is natural to forecast continued weakness, or at best a muted recovery. Instead, this analysis shows that the recovery may in fact be more immediate and impactful than most realize.

Since the April trough, global manufacturing has since recovered to close to 2019 levels, as seen in the chart below. However, as we highlighted in our April monthly, many early beneficiaries of economic improvement – most notably aluminum and steel – still reflect bottom quartile valuations relative to historical levels. As such, the negative expectations embedded in current valuations is too pessimistic, and the portfolio is overweight these sectors in expectation of economic recovery.



## Fund facts

<b>Fund total net assets:</b>	\$23.09 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>		
<b>Countries where the fund is registered:</b>	Luxembourg, France	Institutional USD Capitalisation share class		
<b>Fund type:</b>	UCITS SICAV	Isin: LU1823602369	Ticker: ARGNIUC LX	Launch: 29 June 2018
<b>Base currency:</b>	USD	Institutional EUR Capitalisation share class		
<b>Management fee:</b>	0.95% p.a.	Isin: LU1845388146	Ticker: ARGNIEC LX	Launch: 29 June 2018
<b>Depository, Administrator, Transfer Agent:</b>	BNP Paribas Securities Services (LU)	<b>Contacts</b>		
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<b>Fund managers:</b>	Mark Laskin	Britt Lintner (UK / DE)	+44 207 009 9240	
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