



Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV



As of 30 June 2021

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	-0.33	7.21	30.78	30.78	62.68	21.59	21.59	6.72
I USD C shares	-2.96	8.19	26.77	26.77	71.77	23.78	23.78	7.36
Index*	-2.29	7.11	19.53	19.53	48.36	16.93	16.93	5.34

Fund launched on 29 June 2018

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

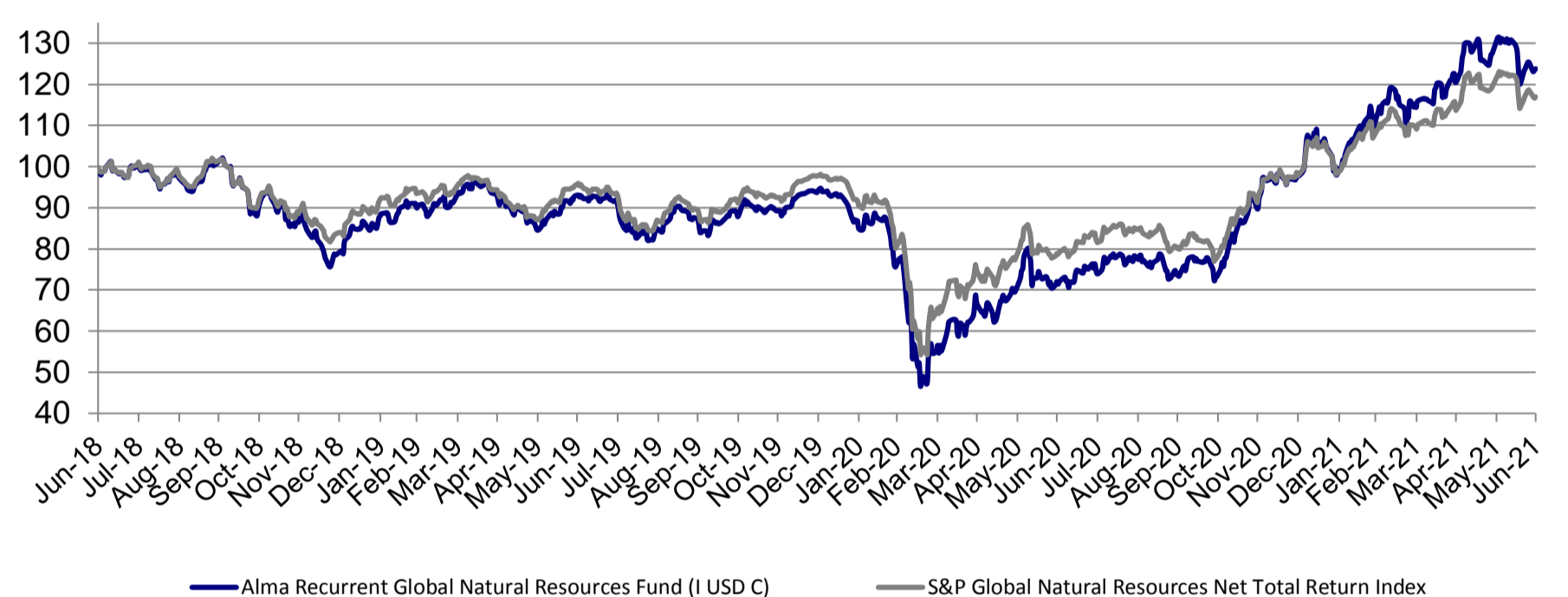
Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	45	90
Weighted Average Market Cap (\$ bn)	52.2	70.0
Median Market Cap (\$ bn)	32.3	21.5
Estimated Price/Earnings (x)	30.9	44.3
Price/Book (x)	1.6	1.7
Price/Sales (x)	1.1	1.3
Estimated Long Term Growth (%)	13.1	10.9
Active Share (%)	60.5	-

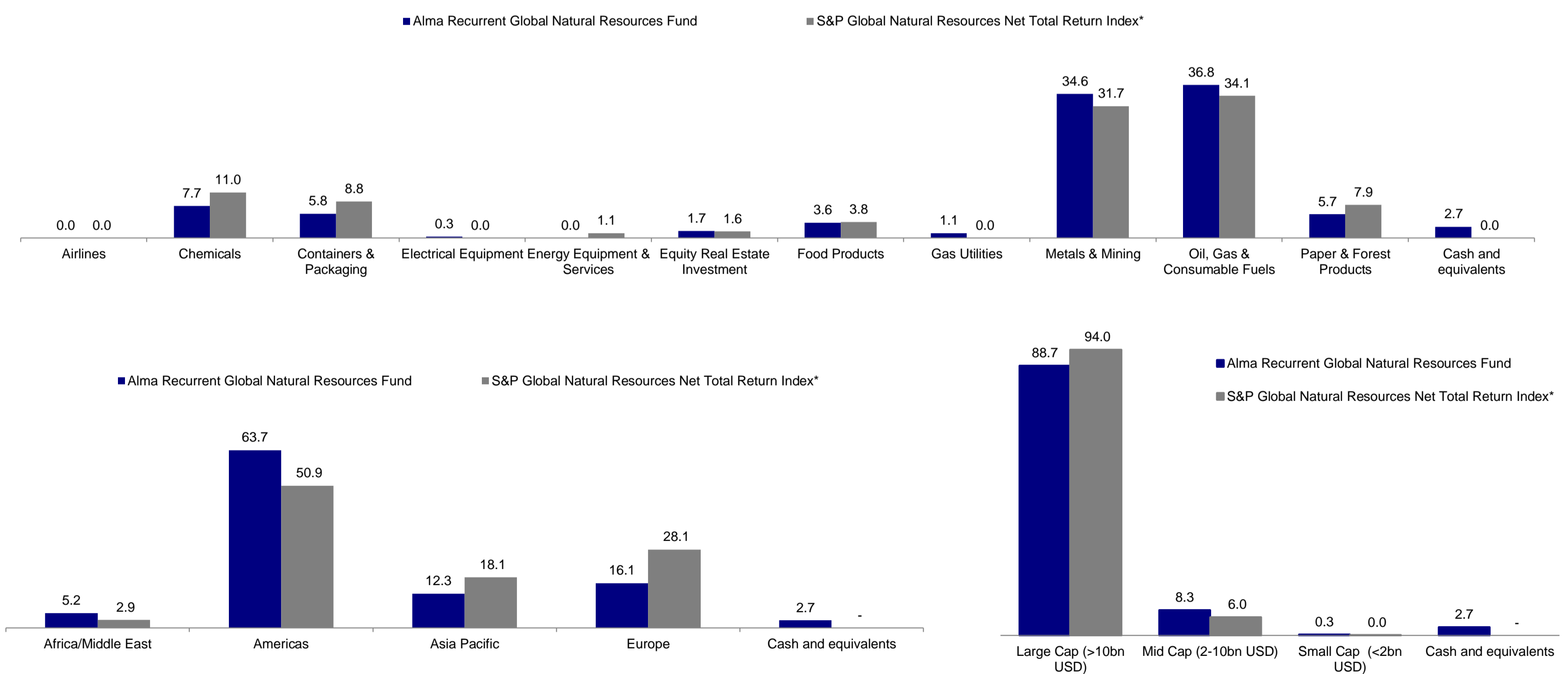
*S&P Global Natural Resources Net Total Return Index

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

Investment manager's commentary

Portfolio discussion

In June 2021, the Alma Recurrent Global Natural Resources strategy fell by 2.96%, underperforming the S&P Global Natural Resources Index's 2.29% fall. During the month, portfolio holdings in the copper, aluminum and steel sectors all fell more than the benchmark, after significant outperformance during the course of 2021. Stock selection in the energy industry added to performance, as WTI oil prices ended the month above \$70/barrel.

Investment Discussion

In our 2017 white paper titled "From Gasoline to the Grid", we analyzed the burgeoning electronic vehicle market. In it, we looked at the importance of cost factors to determine increases in market share. Additionally, we looked at potential scarcity of two important components – lithium and cobalt - in electric batteries which could inhibit widespread growth.

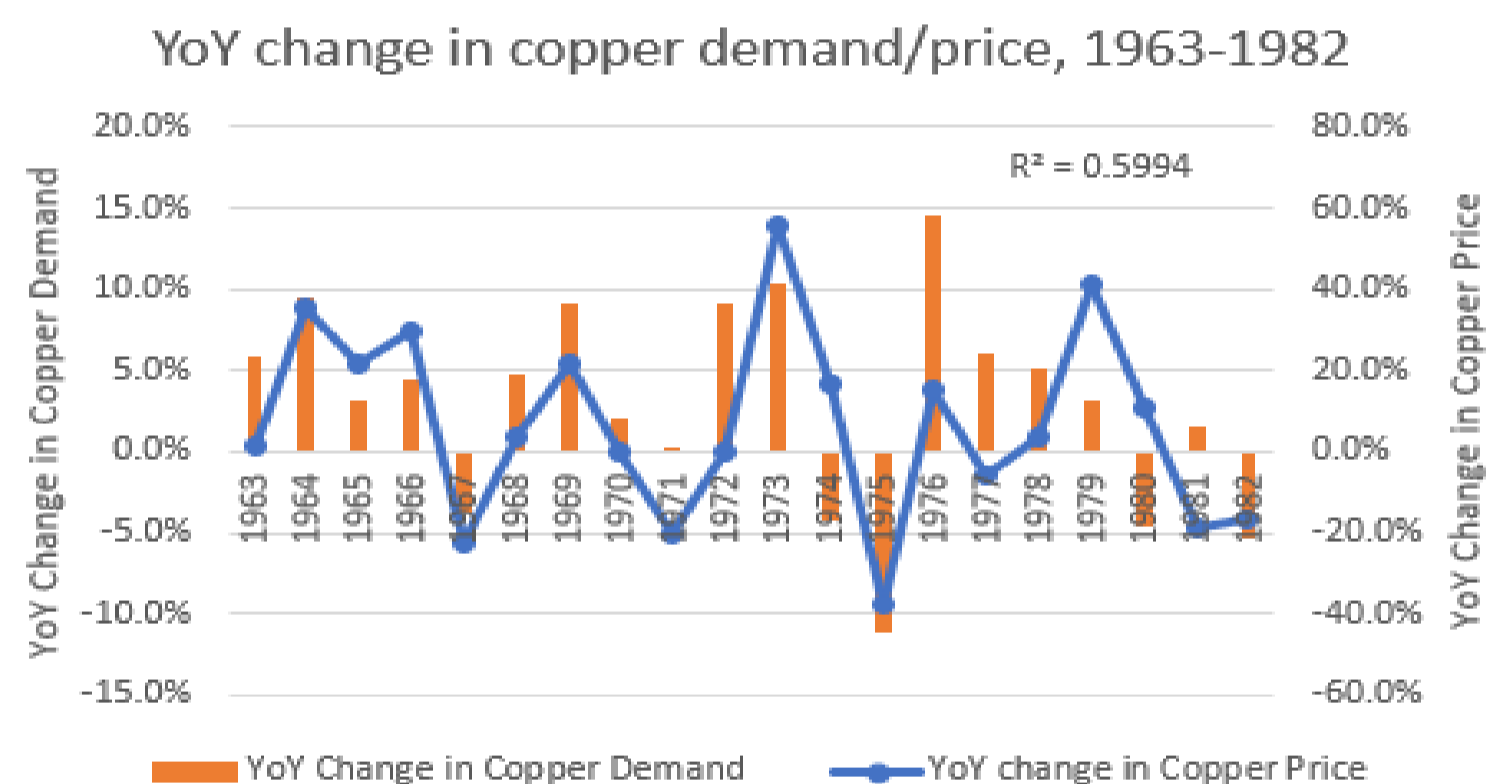
While widely used in a variety of applications, copper also plays a prominent role in the energy transition. In a conventional internal combustion engine vehicle (ICE), approximately 50 pounds of copper. In comparison, approximately 180 pounds of copper are used in a typical electric vehicle. While not necessarily a large impact on the global copper market at current market shares for electric vehicles, it is worth considering the impact of electric vehicle market share growth on the copper market.

In 1Q 2021, research firm Canalis estimated that 3.1 million electric passenger vehicles were sold in 2020 comprising approximately 5% of global market share. Compared to ICE vehicles, electric vehicles added 185,000 metric tons of global copper demand in 2020 (3.1 million cars x 130 pounds per car). This compares to annual global copper consumption of approximately 20.7 million metric tons, or 0.9% growth due to the switch to electric vehicles.

According to Bloomberg Analysts, despite COVID, 2020 global copper demand grew approximately +0.8%, nearly entirely attributable to incremental demand from electric vehicles. However, since 1961, annual copper demand has averaged roughly +3%, which is likely augmented by electric vehicles and grid electrification.

At this point, incorporating some learnings from our previously mentioned white paper helps to frame the demand outlook for copper. In 2017, we identified that EVs could account for 20-30% passenger vehicle sales before supplies of cobalt and lithium could face meaningful bottlenecks. If we extend the same consideration to copper, then global copper demand would increase approximately 3.6% per year, just from electric vehicle sales (if 5% market share = 0.9% copper demand growth; then 20% = 3.6% demand growth)

While extended periods of above average demand should be generally be supportive of strong copper prices, looking back to find relationships in the historically relevant inflationary period in the 1960s-1980s can also provide insight. As seen in the chart below, during the period, changes in copper prices showed a fairly strong correlation to changes in copper demand. More specifically, in the 5 years between 1963-1982 where demand exceeded 5% YoY growth, the average increase in copper prices was 21.6%.



Sources: www.macrotrends.net, Bloomberg, Recurrent Research

Compared to long term average copper demand growth of 3%, increases in electric vehicle market share will further add to growth prospects. The likelihood of >5% YoY annual copper demand growth grows with each increase in electric vehicle market share. As such, if the inflationary 1963-1982 period is a guide, the potential grows for >15% YoY price increases.

Top 10 positions details

Security name	Industry	Country	% NAV
ANGLO AMERICAN PLC	Metals & Mining	South Africa	5.25
ALCOA CORP	Metals & Mining	United States	4.27
NUTRIEN LTD	Chemicals	Canada	4.19
BHP GROUP LTD-SPON ADR	Metals & Mining	Australia	4.04
CENOVUS ENERGY INC	Oil, Gas & Consumable Fuels	Canada	3.88
WESTROCK CO-WHEN ISSUED	Containers & Packaging	United States	3.84
ENERGY TRANSFER LP	Oil, Gas & Consumable Fuels	United States	3.74
FREEPORT-MCMORAN INC	Metals & Mining	United States	3.66
ARCELORMITTAL	Metals & Mining	Luxembourg	3.45
SUNCOR ENERGY INC	Oil, Gas & Consumable Fuels	Canada	3.18
TOTAL:			39.50

Fund facts

Fund total net assets:	\$39.23 M	Dealing:	Each day with a 1-day notice	Cut-off time : 12 pm CET
Fund domicile:	Luxembourg	Identifiers:	Institutional USD Capitalisation share class	
Countries where the fund is registered:	Luxembourg, France, Germany	Isin: LU1823602369	Ticker: ARGNIUC LX	Launch: 29 June 2018
Fund type:	UCITS SICAV	Institutional EUR Capitalisation share class		
Base currency:	USD	Isin: LU1845388146	Ticker: ARGNIEC LX	Launch: 29 June 2018
Management fee:	0.95% p.a.			

Depository, 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

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