Alma Recurrent Global Natural Resources Fund

Data as of	Fund AUM	Fund Launch
29 September 2023	**$83,000,709**	**29 June 2018**

ALMA CAPITAL

Investment Strategy

• Fund's investment objective is to seek total return by investing in global natural resource-related companies.
• Typical industries in which the fund invests are 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.

Performance History (29 June 2018 - 29 September 2023) (2)

Fund Performance Summary (I USD C Share Class) (2)

	Return				Annualised Return		
	1M	6M	YTD	ITD	1Y	3Y	ITD
Alma Recurrent Global Natural Resources Fund	-0.22%	1.18%	1.33%	53.40%	20.19%	27.82%	8.61%

Volatility since Launch (%) 27.81%

Please refer to our website to find performances for other shares classes.

Monthly Fund Performance (I USD C Share Class) (2)

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2023	9.04%	-6.24%	-2.04%	-0.85%	-9.62%	7.02%	9.03%	-3.02%	-0.22%				1.33%
2022	5.15%	9.21%	8.51%	-3.75%	5.36%	-16.94%	4.25%	0.96%	-9.92%	11.97%	9.65%	-3.40%	18.03%
2021	0.31%	11.61%	4.67%	5.24%	5.94%	-2.96%	-0.99%	-1.22%	-0.07%	4.89%	-5.56%	7.68%	32.15%
2020	-9.90%	-10.94%	-25.22%	17.99%	4.23%	3.65%	2.57%	4.78%	-4.52%	-0.91%	22.38%	8.89%	3.63%
2019	11.12%	2.22%	2.36%	1.25%	-9.30%	9.71%	-1.89%	-6.61%	2.65%	0.78%	1.55%	5.56%	19.01%
2018							0.60%*	-3.50%	3.63%	-9.70%	-4.78%	-8.47%	-20.83%

*Performance has been calculated since the share class launch

Investment Manager - Recurrent (1)

• SEC-registered Houston-based independent investment advisor founded in 2017, with $800m in AUM.
• Portfolio is managed by Mark Laskin and Bradley Olsen, founders of the firm, who both worked at BP Capital Fund Advisors and have extensive experience in energy investing.
• Specialised in energy and natural resources investment.

Fund Awards

CityWire France 2023

Awarded Best Natural Resources Manager over 3 years

Fund ESG Recognitions

8 SFDR

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

Alma Capital Commitments

LUXFLAG Supporting Sustainable Finance

PRI Principles for Responsible Investment

TCFD TASK FORCE on CLIMATE-RELATED FINANCIAL DISCLOSURES

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(1) Represents the views of Recurrent Investment Advisors LLC. Alma Capital Investment Management does not take any responsibility for these views and does not necessarily endorse or support such views. (2) Source: Alma Capital Investment Management. The Fund's performance above is shown net of all fund fees. Past performance is not a reliable indicator of future returns.
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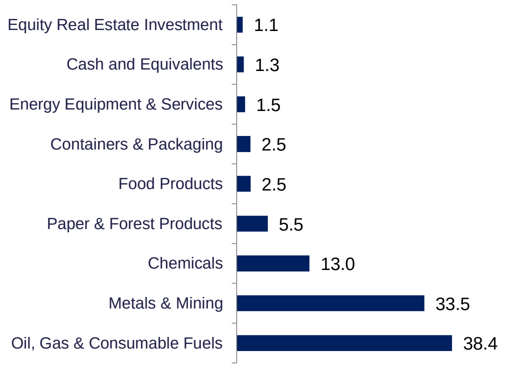
Fund Characteristics

Portfolio Characteristics (3)

Main indicators	Fund
No. of securities	49
Weighted Average Market Cap ($ bn)	57.8
Median Market Cap ($ bn)	33.4
Price/Earnings (x)	10.7
Price/Book (x)	1.4
Price/Sales (x)	0.8
Estimated Long Term Growth (%)	3.0

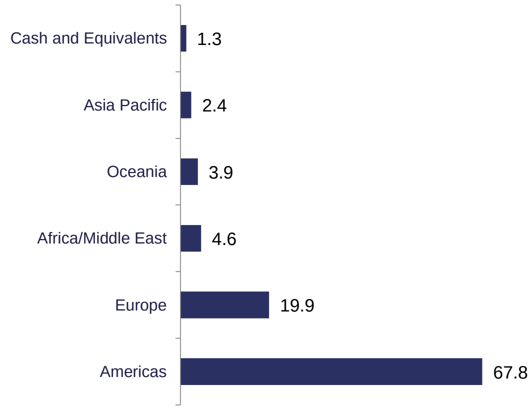
Sector Exposure (% AUM) (3)



Top 10 Issuers (3)

Issuer name	Sector	% AUM
CENOVUS ENERGY INC.	OIL, GAS & CONSUMABLE FUELS	5.95
TECK RESOURCES LIMITED	METALS & MINING	4.93
ANGLO AMERICAN PLC	METALS & MINING	4.62
ARCELORMITTAL SA	METALS & MINING	3.87
SUNCOR ENERGY INC.	OIL, GAS & CONSUMABLE FUELS	3.76
PHILLIPS 66	OIL, GAS & CONSUMABLE FUELS	3.54
MARATHON PETROLEUM CORPORATION	OIL, GAS & CONSUMABLE FUELS	3.42
ALCOA CORPORATION	METALS & MINING	3.33
FREEPORT-MCMORAN INC.	METALS & MINING	3.27
SHELL PLC	OIL, GAS & CONSUMABLE FUELS	3.24
	TOTAL :	**39.93**

Regional Exposure (% AUM) (3)



Key Facts

Issuer / Manager	Alma Capital Investment Funds / Alma Capital Investment Management		
Fund Type	Luxembourg UCITS SICAV		
Share Classes	I USD C	I EUR C	R EUR-H C
ISIN-Code	LU1823602369	LU1845388146	LU1823603680
BBG Ticker	ARGNIUC LX	ARGNIEC LX	ARGREHC LX
Currency	USD	EUR	EUR
Management Fee p.a. (4)	0.95%	0.95%	1.45%
Tax d'abonnement p.a.	0.01%	0.01%	0.05%
Initial Issue Price	$100	€ 100	€ 100
Launch Date	29 June 2018	29 June 2018	11 March 2022
Subscription and Redemption Cut-Off	12:00 p.m. CET (T-1)		
Valuation Day (T)	Daily		
NAV Publication	Daily, published on a T+1 basis		
Settlement	T+3		
Depositary, Administrator, Transfer Agent	BNP Paribas S.A.		
Registered Countries (5)	France, Germany, Luxembourg		
SRRI	7		

(3) Source: Alma Capital Investment Management. (4) Management Fee is payable monthly to the Management Company and is calculated on each Valuation Day on the basis of the Net Asset Value of the relevant Share Class. The Investment Manager is remunerated by the Management Company out of the Management Fee. (5) Registered countries where at least one share of the fund is registered.
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Commentary - Recurrent - September 2023 (6)

Performance Review
During the month of September 2023, the Alma Recurrent Global Natural Resources Fund fell -0.22% net of fees, less than the S&P Global Natural Resources Index's -0.42% fall. The portfolio's overweight in energy significantly contributed to relative performance, as the industry was one of few areas of the market benefiting from positive absolute performance. Stock picking in the portfolio's aluminum and steel sectors detracted from performance, as economic forecasts weakened operational outlooks for portfolio companies.

Investment Discussion
Historically, oil project economics focused on "cost of supply" as the primary unit of measure. However, the increased cost of capital - driven by ESG and divestment movements – along with the longer-term potential for oil obsolescence required a change in project economics, with a greater emphasis on "time". As a result, the industry has shifted from megaprojects with long lead times and low costs per barrel, to "short cycle" projects with short lead times and higher costs per barrel. This is driven by a focus on returns (IRRs), instead of cost-based metrics (NPVs), incorporate not only a project's cost inputs but also the time value of money.
Our 1Q 2022 white paper titled "The Twilight of the Energy Transition Becomes a New Dawn for Shale", we outlined why shale production, as the premier global short-cycle production, would counterintuitively increase in relevance rather than decrease. Although shale ranks poorly on a cost-per-barrel basis, its uniquely short time-to-production would prove shale to be an increasingly valuable contributor to the global oil production mix, regardless of global demand.
In early October, ExxonMobil (XOM) announced the acquisition of Pioneer Natural Resources (PXD) a ~$60 Billion transaction. In the past, ExxonMobil has made notable shale acquisitions, from the 2009 acquisition of XTO Energy to the 2017 acquisition of 275,000 Permian acres from the Bass family. XOM regularly makes acquisitions, but this time the language was different regarding three topics:

1) Short-cycle assets.
"To put this merger into context, our exposure to short-cycle barrels will increase to over 40% of our Upstream portfolio, from 28% today" - Exxon CEO Darren Woods, on the call announcing the PXD acquisition
While much of the language outlining the Pioneer acquisition mirrored past acquisitions, the messaging with the Pioneer acquisition added noteworthy language. The second bullet point of the presentation notes that the Pioneer operations "transforms ExxonMobil's Upstream portfolio" by "increasing short-cycle capital flexibility". Throughout the presentation, ExxonMobil notes the value of "short-cycle" production, including the fact that short cycle barrels will comprise 40% of the combined upstream portfolio by 2027. The first paragraph of our 2022 white paper summarizes XOM's rationale to buy PXD:
"Contrary to traditional supply-demand economics, oil projects are no longer focused on finding the cheapest barrels – the focus is now on high return barrels with the quickest paybacks. Defying many skeptics, Shale will represent a growing share of global supply growth in the next decade."

2) Capital flexibility.
"…this increased short cycle opportunity comes with even greater capital and operational flexibility" - XOM CEO Darren Woods, PXD conference call
One of the most desirable attributes of US Shale production is not only its "short cycle", but also its small unit size per well. Whereas offshore projects require significant capital over many years – usually measured in the hundreds of millions of dollars - to bring an entire project online, shale wells are much smaller in scope. The combination of small unit size and short cycle allow operators to more finely tune the amount of capital to allocate, which can be increased or decreased as energy market conditions warrant.

3) Capital efficiency.
While not as much a point of focus, on the conference call XOM management alluded to the concept of "capital efficiency". Over time, one of the most difficult challenges energy companies face is "fallow capital", which is inherent to reinvesting in large oil projects. At large oil companies, most capital projects take many years to complete and subsequently earn profits. Large percentages of invested capital do not earn a return during years of planning and construction, causing "capital inefficiency". XOM management's discussion of shale's "capital efficiency" focused on the idea that capital invested would deliver a return in months, rather than years or decades. For a large company undertaking capital intensive projects, having a large and "capital efficient" portion of the portfolio would be a desirable attribute, especially as concerns about the energy transition persist.

While XOM outlined positive attributes of short cycle shale production, there are drawbacks as well. Notably, Shale is quicker to ramp production, and quicker to fall, requiring higher sustained CAPEX to maintain production. As we have noted in multiple white papers, shale production is quick to ramp, but also declines 70% in the first 12 months, and 20-40% annually for the next 5-6 years. In comparison, most long-term projects take years to first production and upon reaching peak production, decline at a 5-10% annual rate. As we wrote in February 2022:
"One clear implication, in our view, is that increased dependence on Shale means that more maintenance drilling will be required to offset Shale's hyperbolic declines, requiring increased drilling capex even in the event of long-term demand destruction."

Importantly, the oil price must consistently remain high enough to incentivize higher cost shale production, despite the potential for falling oil demand. As one of the highest cost sources of oil production with short cycle production, oil companies make capital spending decisions using relatively short-term oil price signals. This is different than conventional oil market interpretations. While in a traditional economic supply/demand construct, if global oil demand falls, volume and therefore price would fall. However, when incorporating time as a key decision variable, the shale production cycle is so short that the oil price must remain high enough to incentivize the constant reinvestment required to keep shale production flat.

As the headline of XOM acquiring PXD crossed the wires, many investors assumed future XOM/PXD synergies would be key to the deal's success. Management commentary, however, focused on a broader strategic portfolio realignment, highlighting the unique attributes shale's short cycle production bring to XOM's portfolio, as we highlighted in our 2022 white paper.

Disclaimer

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