FOR PROFESSIONAL INVESTORS ONLY

Alma Recurrent Global Natural Resources Fund

A sub-fund of Alma Capital Investment Funds SICAV

As of 29 October 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. The fund is considered as qualifying as a financial product promoting, among other characteristics, environmental or social characteristics, or a combination of those characteristics, under Article 8 of the European Regulation on sustainability-related disclosures in the financial services sector (SFDR)

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)

Management company: Alma Capital Investment Management

- Founded in 2006, Alma Capital Investment Management is an independent Luxembourg-regulated UCITS and AIF fund management company
- Alma Capital's assets under management or advisory are near $4bn. The team comprises over 25 people from 12 nationalities, with offices in Luxembourg, Paris and London
- Alma Capital Investment Management has been a signatory to the United Nations Principles for Responsible Investment (PRI) since 2016 and is a member of LuxFLAG

Cumulative performance (%)

	1 M	3 M	6 M	YTD	1Y	3Y	ITD	ITD (annualized)
I EUR C shares	5.04	6.09	9.62	37.39	74.30	36.51	27.73	7.61
I USD C shares	4.89	3.53	5.37	29.95	73.17	39.67	26.88	7.39
Index*	4.79	2.12	4.68	21.62	53.15	29.38	18.98	5.34

Fund launched on 29 June 2018

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

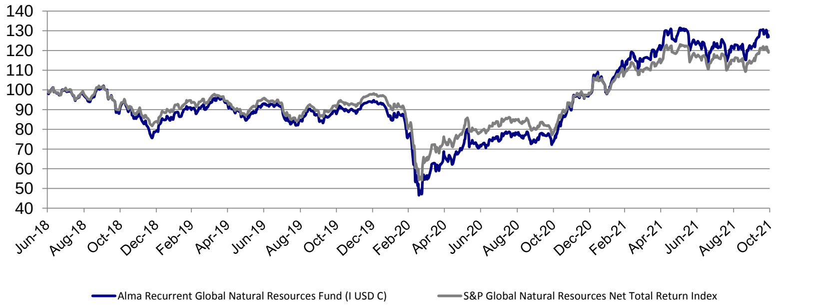
Portfolio characteristics

Main indicators	Fund	Index*
No. of securities	46	91
Weighted Average Market Cap ($ bn)	51.1	71.3
Median Market Cap ($ bn)	32.2	22.4
Price/Earnings (x)	12.9	13.8
Price/Book (x)	1.5	1.7
Price/Sales (x)	0.9	1.1
Estimated Long Term Growth (%)	12.8	13.4
Active Share (%)	60.9	-

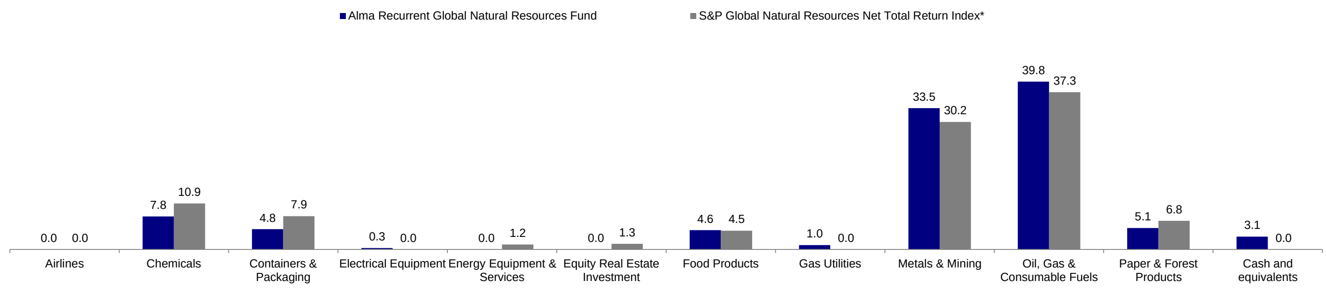
*S&P Global Natural Resources Net Total Return Index

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

Performance (Indexed - Base 100)

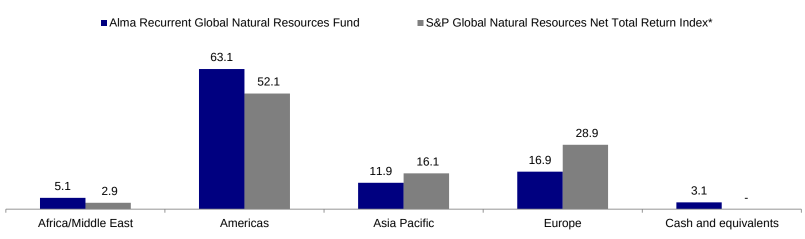


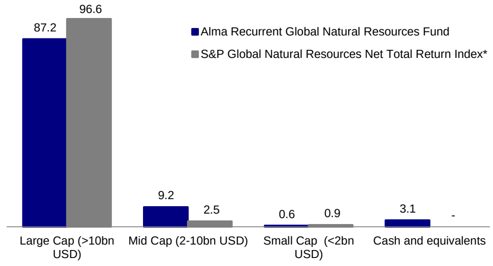
Industry breakdown (% NAV)



*Using "SPDR S&P GLOBAL NATURAL RESOURCES ETF" as a proxy

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
CENOVUS ENERGY INC	Oil, Gas & Consumable Fuels	Canada	5.67
ANGLO AMERICAN PLC	Metals & Mining	South Africa	5.10
ALCOA CORP	Metals & Mining	United States	5.04
NUTRIEN LTD	Chemicals	Canada	4.55
ROYAL DUTCH SHELL PLC-A SHS	Oil, Gas & Consumable Fuels	Netherlands	4.18
ARCELORMITTAL	Metals & Mining	Luxembourg	3.60
FREEPORT-MCMORAN INC	Metals & Mining	United States	3.51
SUNCOR ENERGY INC	Oil, Gas & Consumable Fuels	Canada	3.31
WESTROCK CO-WHEN ISSUED	Containers & Packaging	United States	3.28
ENERGY TRANSFER LP	Oil, Gas & Consumable Fuels	United States	3.16
		TOTAL:	**41.40**

Investment manager's commentary

Global Natural Resources

In the month of October 2021, the Alma Recurrent Global Natural Resources Fund rose 4.89% net of fees, outperforming the S&P Global Natural Resources Index's 4.79% return. In the month, Plug Power, a leading developer of hydrogen power technology, rose 50%, while Suncor Energy and Cenovus Energy, leading Canadian oil companies, rose 27% and 18% respectively. Portfolio performance was detracted by Alcoa, which fell 6% as global aluminum demand concerns emerged due to Chinese real estate debt leverage.

Investment discussion – Natural Gas, LNG and Oil, oh my!

"Christmas is on…I don't think we're going to have any problems on that scale…." – UK Prime Minister Boris Johnson, in September 2021, attempting to reassure the British that supply chains are sound for the holiday season. Fuel and natural gas price increases had elicited questions from the British press.

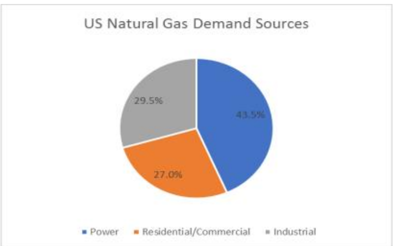
Given the recent commodity price increases for these 3 energy commodities, we wanted to give an overview of not only the supply/demand dynamics for each, but also their interconnected attributes which impact supply/demand.

Natural Gas

As is the case with many commodities, since the 2nd quarter of 2021, the price of natural gas in the US has risen to multi-year highs, reaching $6/mmbtu in the fourth quarter, compared to the 5 year average of $2.87/MMbtu.

Demand

During COVID many commodities saw weakened demand. However, since natural gas is primarily used for heating, power and industrial purposes as opposed to supporting mobility, demand remained relatively constant. The rolling 12 month average for US natural gas consumption fell just 1% during COVID; well within the normal variability due to weather.



Source: Bloomberg, Recurrent research

Supply

While demand for US natural gas was resilient during COVID, supply fell. Approximately 1/3 of US natural gas production is produced as a by-product from oil shale wells. As oil prices fell and were briefly negative in 1Q 2020, oil drilling activity fell. Associated natural gas production in higher cost oil producing Anadarko, Eagle Ford, and Bakken shale basins fell by 2.6 Bcf/day, approximately 3% of total US natural gas production.

To summarize, within the US, demand fell by 1%, and low cost supply fell by 3%.

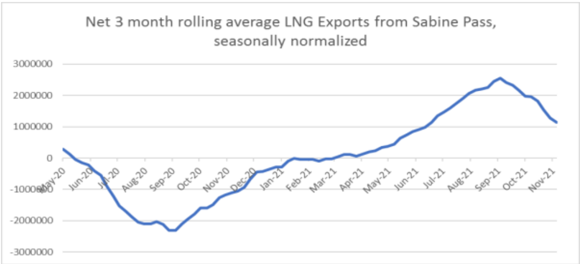
LNG/Global Demand

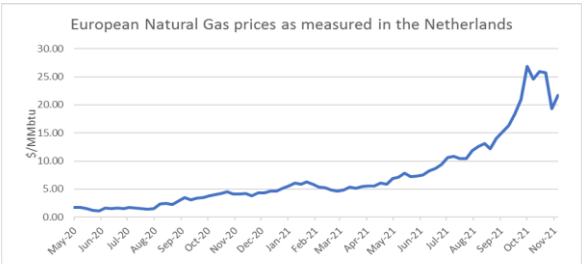
While US natural gas supply/demand dynamics remained generally in balance, global inventories are far below normal levels. Below is a chart outlining the percent of capacity utilization for one of the largest German natural gas storage facilities. The current 54% capacity is far below the normal 80+% capacity levels seasonally seen over the last several years.

Source: Bloomberg, Recurrent research

As a key supply source for additional natural gas to Europe, US LNG exports have notably increased in the second half of 2021. The below chart is the LNG export activity from Sabine Pass, one of the largest US LNG facilities.

Understandably, European and Asian natural gas prices reflect the scarcity, as seen in the chart below.





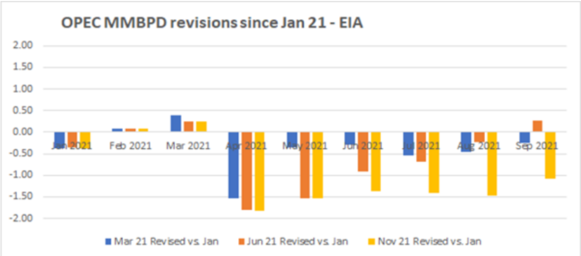
Source: Bloomberg, Recurrent research

<u>Oil</u>
And finally, turning to oil….high global natural gas prices increasing global oil demand?

After more than 18 months, global oil demand remains below pre-COVID levels, despite many mobility measures returning to pre-COVID levels. One idiosyncratic area of demand growth is in industries where natural gas and oil can be readily substituted. For example, many Asian power plants have the ability to switch between natural gas and oil, depending on the price per unit of energy.

As a rule of thumb, to determine the approximate btu equivalency between a barrel of oil and natural gas, multiplying the natural gas price by 6 is a rough estimate. As seen in the chart above, since the natural gas price in Europe and Asia is >$25/mmbtu, the btu equivalent oil price is $150 = 6 x $25/MMbtu. At that level, switching from natural gas to oil is the economically prudent decision, and as a result, current natural gas to oil switching estimates are as much as 1,000,000 barrels/day. Global jet fuel demand remains 15-20% below 2019 levels, and in 2019 accounted for 7% of global oil demand. The 1% of global demand weakness from jet fuel is largely offset by increased oil demand from natural gas to oil fuel switching.

Lastly, regarding oil supply…in June 2021, OPEC announced its plan to increase monthly oil supply by 400,000 per day. However, OPEC production remains more than 2 million barrels/day below 2019 levels, while US oil production is a further 1.5 million barrels/day below 1Q 2020 levels. Moreover, OPEC is proving to have difficulty reaccelerating production. Since January's announced production expectations, actual production has consistently missed expectations, as seen in the chart below.



Source: Bloomberg, Recurrent research

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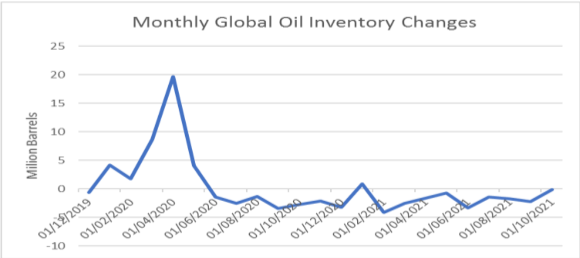
Investment manager's commentary

Since the large inventory injections during the early stages of COVID, global inventories have returned to normalized levels, while demand remains above supply for quarters to come.



Source: Bloomberg, Recurrent research

In summary, the interconnected nature of the natural gas, LNG and oil markets has lifted the tide of all boats. Price dislocations between commodities incentivized switching, and increased prices for all three. As winter approaches, fossil fuel demand is likely to seasonally increase, while production increases lag. As a result, energy commodity prices should remain elevated for the short to intermediate term.

Fund facts

Fund total net assets:	$41.51 M
Fund domicile:	Luxembourg
Countries where the fund is registered:	Luxembourg, France, Germany
Fund type:	UCITS SICAV
Base currency:	USD
Management fee:	0.95% p.a.
Depositary, 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

Dealing: Each day with a 1-day notice — Cut-off time : 12 pm CET

Identifiers:

Institutional USD Capitalisation share class
Isin: LU1823602369 — Ticker: ARGNIUC LX — Launch: 29 June 2018

Institutional EUR Capitalisation share class
Isin: LU1845388146 — Ticker: ARGNIEC LX — Launch: 29 June 2018

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