Not for retail distribution - Marketing communication for institutional investors only

Alma Recurrent Energy Infrastructure Income Fund

Data as of	Fund AUM	Fund Launch
29 February 2024	**$12,938,434**	**11 May 2023**

ALMA CAPITAL

Investment Strategy

• The fund seeks total return with substantial current income from a diversified portfolio of energy infrastructure companies specialising in the transportation of oil and gas.
• Energy infrastructure assets often generate revenues with inflation and interest rate pass-throughs, making investments in these companies potentially better insulated from inflation risks over time. Further, energy infrastructure assets have long lives and low variable costs, meaning they can generate high levels of free cash flow across the full economic cycle.
• The fund may invest in companies of any market size capitalisation, including IPOs.
• The investment process is strongly focused on company-level valuation analysis.

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.

Performance History (11 May 2023 - 29 February 2024) (2)

Data is not shown as there is less than 12 months of performance data available.

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

	Return				Annualised Return		
	1M	6M	YTD	ITD	1Y	3Y	ITD
Alma Recurrent Energy Infrastructure Income Fund	3.62%	8.98%	4.55%	21.22%	-	-	-

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

Alma Capital Commitments

LUXFLAG Supporting Sustainable Finance
PRI Principles for Responsible Investment
TCFD Task Force on Climate-Related Financial Disclosures

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

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.90%	3.62%											4.55%
2023					-2.22%*	7.07%	5.69%	0.52%	-0.13%	-2.35%	5.87%	0.95%	15.94%

*Performance has been calculated since the share class launch

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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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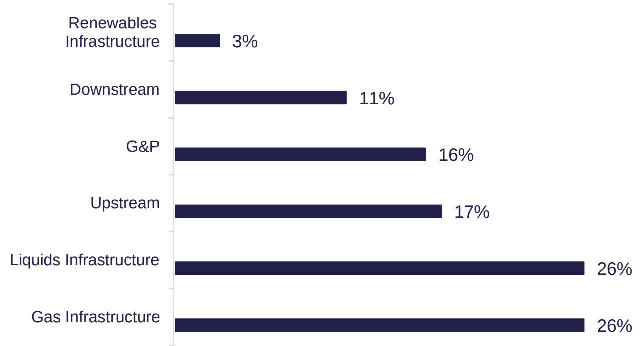
Fund Characteristics

Portfolio Characteristics (3)

Main indicators	Fund
No. of securities	25
Weighted Average Market Cap ($ bn)	26.2
Median Market Cap ($ bn)	13.2
Price/Earnings (x)	13.0
Price/Book (x)	2.2
Estimated Dividend Yield (%)	12.3

Sector Exposure (% AUM) (3) (4)



Top 10 Issuers (3)

Issuer name	Sector	% AUM
PEMBINA PIPELINE CORPORATION	Oil & Gas Transportation Services	7.64%
PLAINS GP HOLDINGS L.P	Oil & Gas Transportation Services	7.31%
KEYERA CORP.	Oil & Gas Transportation Services	5.52%
PHILLIPS 66	Oil & Gas Refining and Marketing	5.25%
CENOVUS ENERGY INC.	Integrated Oil & Gas	5.17%
ONEOK INC.	Oil & Gas Transportation Services	5.11%
SUNCOR ENERGY INC.	Integrated Oil & Gas	5.03%
EQUITRANS MIDSTREAM CORPORATION	Oil & Gas Transportation Services	5.02%
TARGA RESOURCES CORP.	Oil & Gas Transportation Services	5.01%
CHENIERE ENERGY INC.	Oil & Gas Transportation Services	4.74%

Key Facts

Issuer / Manager	Alma Capital Investment Funds / Alma Capital Investment Management				
Fund Type	Luxembourg UCITS SICAV				
Share Classes *	I USD C	I EUR-H C	I EUR C	R USD C	R EUR-H C
ISIN-Code	LU2568321942	LU2568322320	LU2568321785	LU2568322833	LU2568323211
BBG Ticker	ALMAYUI LX	ALMAENQ LX	ALMNRCP LX	ALMAENR LX	ALMNRCS LX
Currency	USD	EUR	EUR	USD	EUR
Management Fee p.a. (5)	1.05%	1.05%	1.05%	1.55%	1.55%
Tax d'abonnement p.a.	0.01%	0.01%	0.01%	0.01%	0.01%
Initial Issue Price	$100	€100	€ 100	$100	€ 100
Launch Date	11 May 2023				
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 (6)	France, Luxembourg				
SRI	6				

* Note: additional share classes available, please refer to the Prospectus

(3) Source: Alma Capital Investment Management. (4) Source: Recurrent Investment Advisors LLC (5) 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. (6) Registered countries where at least one share of the fund is registered.
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Commentary - Recurrent - February 2024 (7)

“It was the best of times…” in 2023’s More than just Dividend Yield, we noted how 5 years of (underappreciated) cash flow growth in excess of dividends meant that midstream dividends were unsustainably low. “The sector has ample capacity to increase dividends from current levels… dividends could rise by roughly 50% and still sit near historical average [cash flow] payout ratios.” With balance sheets already investment grade, and a variety of factors discouraging capex, dividends seemed an obvious outlet. This month, we saw our thesis validated as one of our holdings announced a 52% dividend increase. Future increases are impossible to predict, but our analysis shows that higher dividends would be supported by midstream’s significant unspent free cash flow (FCF).
Please reach out for the new midstream white paper, which explores midstream’s excess (and growing) yield vs. fixed income and white paper on the long-term relationship between inflation and capex.

Performance review
The performance of the Alma Recurrent Energy Infrastructure Income Fund for the I USD C Share Class was +3.62% in February.

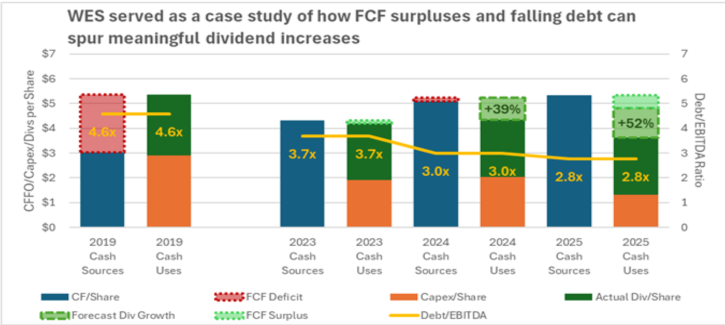
Investment discussion

Our 2023 analysis indicated that ~50% dividend increases were possible… in February, WES announced a +52% bump

As recently as 2019 (on the eve of the COVID shock), despite attempts to slow growth spending, WES was reinvesting 100% of its operating cash flow (CF/share, dark blue in the below chart) into capex (orange). Even with elevated leverage of 4.6x debt/EBITDA, the decision to grow at all costs meant that WES’s 2019 dividend was effectively 100% externally financed with additional debt (the 2019 deficit indicated in red below).

By 2023, thanks to dramatic cost and capex cuts, the combined dividend (green) and capex (orange) were fully covered by significantly higher cash flow (blue), even with 2023 capex representing the highest rate of investment since 2019. With an aggressive capex program fully funded by cash flow in 2023, the stage was set for significantly higher dividends in 2024 (announced +39% vs. 2023 levels) and 2025 (announced +52% vs. 2023 levels) as cash flow grows and capex moderates, as shown below.

Based on management commentary pointing to additional modest cash flow growth and declining capex, 2025 will once again see a free cash flow (FCF) surplus after funding a 52% higher dividend, as shown in the illustration below.

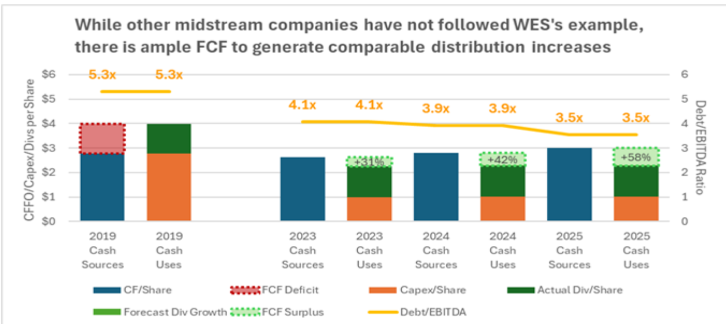


Source: Recurrent research, company press releases, SEC public filings.

WES’s announcement may have been an outlier, but other midstream guides indicate similar levels of untapped FCF

As the debt reduction cycle has now largely played out, the question remains how to maximize the impact of the excess free cash flow being generated by the midstream sector. Some companies may follow WES’s approach, opting for a splashy dividend “resets” back to more normalized payout ratios (WES’s dividend announcement implied a shift from ~50% to ~65% payout of cash flow), while other management teams may prefer smaller increases to retain more flexibility, while continuing to naturally whittle down debt leverage. While we don’t aim to predict or forecast which company could be next, we would simply offer another well-known midstream company to illustrate that WES’s financial position is not an outlier.

Below, we offer a comparable illustration of Energy Transfer (ET), another FCF-rich midstream company (and the midstream company most often asked about in client and investor conversations). Like WES, ET spent years slowing down an ambitious growth program, but by 2019, remained highly levered (>5x debt/EBITDA) and was reliant on asset sales and debt for its combined dividend and capex. By 2023, debt leverage had improved meaningfully, but cash flow per share was largely flat. Capex had declined by nearly 65%, creating significant FCF. Based on 2024, per-share cash flow should continue to expand beyond dividends, further expanding FCF in excess of the dividend as debt continues to fall.



Source: Recurrent research, company press releases, SEC public filings.

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