

# Alma Recurrent Energy Infrastructure Income Fund

Data as of  
31 July 2024

Fund AUM  
\$14,615,559

Fund Launch  
11 May 2023



## 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<sup>(1)</sup>

- SEC-registered Houston-based independent investment advisor founded in 2017, with \$1bn 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 - 31 July 2024)<sup>(2)</sup>



## Fund Performance Summary (I USD C Share Class)<sup>(2)</sup>

	Return				Annualised Return		
	1M	6M	YTD	ITD	1Y	3Y	ITD
<b>Alma Recurrent Energy Infrastructure Income Fund</b>	3.51%	17.88%	18.94%	37.90%	24.63%	-	30.01%

Volatility since Launch (%) 13.80%

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

## Alma Capital Commitments



## Monthly Fund Performance (I USD C Share Class)<sup>(2)</sup>

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	0.90%	3.62%	7.71%	-1.46%	3.27%	0.26%	3.51%						18.94%
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

## Contact Details

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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. All information as of 31 July 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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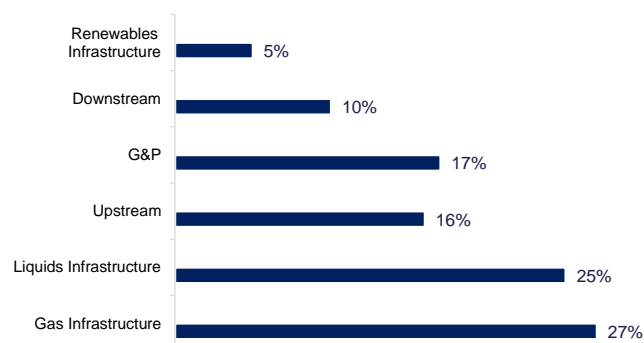


## Fund Characteristics

### Portfolio Characteristics <sup>(3)</sup>

Main indicators	Fund
No. of securities	26
Weighted Average Market Cap (\$ bn)	29.2
Median Market Cap (\$ bn)	22.4
Price/Earnings (x)	16.7
Price/Book (x)	2.3
Estimated Dividend Yield (%)	4.2

### Sector Exposure (% AUM) <sup>(4)</sup>



### Top 10 Issuers <sup>(5)</sup>

Issuer name	Sector	% AUM
PEMBINA PIPELINE CORPORATION	Oil & Gas Transportation Services	7.37%
PLAINS GP HOLDINGS L.P.	Oil & Gas Transportation Services	6.69%
KEYERA CORP.	Oil & Gas Transportation Services	5.79%
ONEOK INC.	Oil & Gas Transportation Services	5.59%
CENOVUS ENERGY INC.	Integrated Oil & Gas	5.29%
TARGA RESOURCES CORP.	Oil & Gas Transportation Services	5.28%
CHENIERE ENERGY INC.	Oil & Gas Transportation Services	5.00%
SUNCOR ENERGY INC.	Integrated Oil & Gas	4.93%
THE WILLIAMS COMPANIES INC.	Oil & Gas Transportation Services	4.74%
KINDER MORGAN INC.	Oil & Gas Transportation Services	4.63%
<b>TOTAL :</b>		<b>55.30%</b>

## 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. <sup>(6)</sup>	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					
Depository, Administrator, Transfer Agent	BNP Paribas S.A.					
Registered Countries <sup>(6)</sup>	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. All information as of 31 July 2024 unless otherwise specified. Please refer to the disclaimers at the end of this document.

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## Commentary - Recurrent - July 2024 <sup>(7)</sup>

Income investors find themselves paralyzed as the world waits on the Fed to cut rates. With much of the bond market priced for rate cuts, fixed income investors are forced to make an implicit bet on Fed policy, with asymmetric risk if the Fed doesn't cut. How can investors generate portfolio income without being hostage to the FOMC? Over the last 3 years, midstream has offered a rare combination: high income with minimal correlation to Fed policy. Our study below shows just how unique midstream has been, and how it can serve as a superior diversifier for rate-sensitive income portfolios.

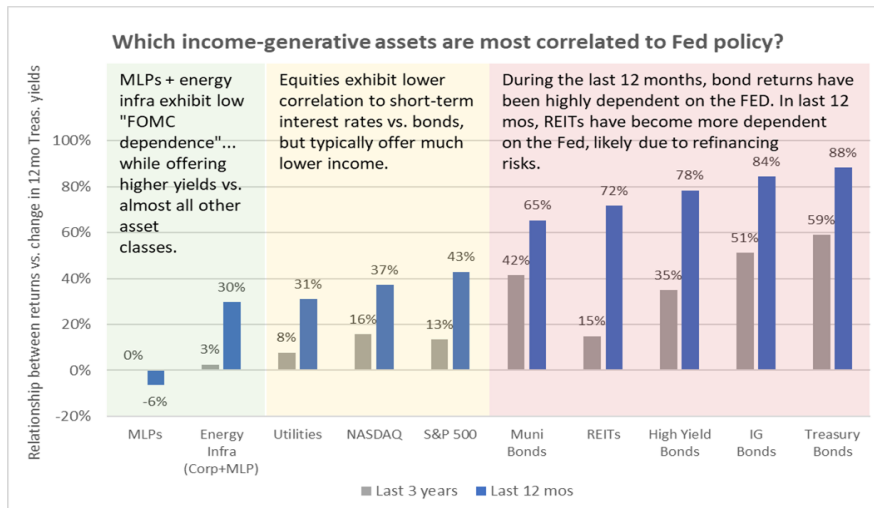
### Performance review

During the month of July 2024, the Recurrent MLP & Infrastructure Strategy generated net returns of +3.05%, outperforming the Alerian MLP Index's (AMZ) +0.62% return by +2.43%. Since the strategy's July 2017 inception, Recurrent's MLP & Infrastructure Strategy has outperformed the AMZ by +37.04% (+3.02% annualized), net of fees. On a gross basis, the Strategy has outperformed by +57.17% and +4.48% respectively. See performance section at bottom for more detail, plus performance detail on the Recurrent Energy Infrastructure Strategy, which seeks to track the MLP & Infrastructure Strategy while excluding MLPs.

### Income investors are stuck between a rock (expensive bonds) and a hard place (hopes of aggressive Fed cuts)

With concerns of a global economic slowdown roiling the capital markets in early August, the bond markets appear to be pricing in at least two 50-basis-point rate cuts by the Federal Reserve in 2024. Income investors are now faced with buying bonds at lower yields, as fixed income investors wager that this previously hawkish FOMC (at least in public messaging) will pivot and cut rates aggressively to support slowing job and equity markets. For income investors skeptical of aggressive cuts, the risk-reward appears asymmetrically negative in bonds.

The graph below shows that bond buyers are correct in feeling trapped by the Fed. Bond performance has always depended on the path of interest rates, but correlations between bond returns and short-term Treasury rates (which closely track Fed policy) have spiked in the last 12 months. Fed policy has always been important for fixed income investors, but it is the dominant variable today.



Notes: MLPs = Alerian MLP Index; Energy Infra = Alerian Midstream Energy Index; Utilities = S&P 500 Utilities; REITs = S&P 500 Real Estate; Muni Bonds, High Yield Bonds, IG Bonds, Treasury Bonds = LMBITR, LF98TRUU, LUACTRUU, LUATTRUU Bloomberg Indices.  
Source: Recurrent research, Bloomberg.

### Midstream correlations to the interest rate environment are consistently low, while offering outsized income

Above, we can see that Treasuries are most dependent on the Fed (88% correlation to changes in 12mo yields), while investment grade bonds are similarly Fed-dependent (84% correlation). High yield bonds, historically exhibiting lower duration risk and lower correlation to Fed policy, have also seen increasing correlations to the Fed. Interestingly, REITs have also seen a sharp increase in correlation to Fed policy, perhaps as refinancing risks have increased.

On the other end of the spectrum, we can see that returns for MLPs and Energy Infrastructure (MLPs + Corps) have exhibited very low correlations to short-term rates over the last 1- and 3-year periods, much lower than even broad equity indices. While Utilities have also exhibited low correlations to short-term rates, we have written elsewhere about our concerns regarding Utilities' financial health.

Perhaps most intriguingly, midstream offers a truly diversifying total return stream (given the low correlation to interest rates above), but also offers an income stream that looks much more like a high yield bond vs. a traditional equity. This is despite debt leverage, returns on capital, and payout ratios all at the best they have been in at least 20 years.

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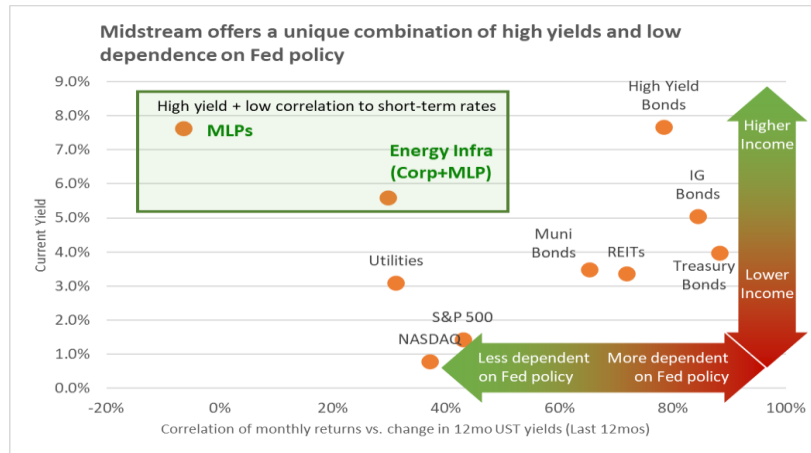
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Source: Recurrent research, Bloomberg.

For all the income investors glued to their screens, turning up the volume whenever a Fed governor speaks on the timing and magnitude of interest rate cuts, there may be an alternative: using energy infrastructure to generate income whose total return proposition is much more than a simple bet on the direction of Fed policy, and getting to enjoy some peace and quiet in the office.

### MARKETING COMMUNICATION

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Alma Capital Investment Management S.A. acts as the management company. It is governed by chapter 15 of the law of 17 December 2010 and supervised by the Commission de Surveillance du Secteur Financier (CSSF) in Luxembourg under number S00000930. It is incorporated under the form of a société anonyme and has its registered address at 22-24 Boulevard Royal, L-2449, Luxembourg.

It is registered with the Luxembourg Trade and Companies Register under number B171608 and its website is: [www.almacapital.com](http://www.almacapital.com)

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