Alma Recurrent Energy Infrastructure Income Fund

ALMA CAPITAL

Data as of	Fund AUM	Fund Launch
31 October 2024	**$15,088,807**	**11 May 2023**

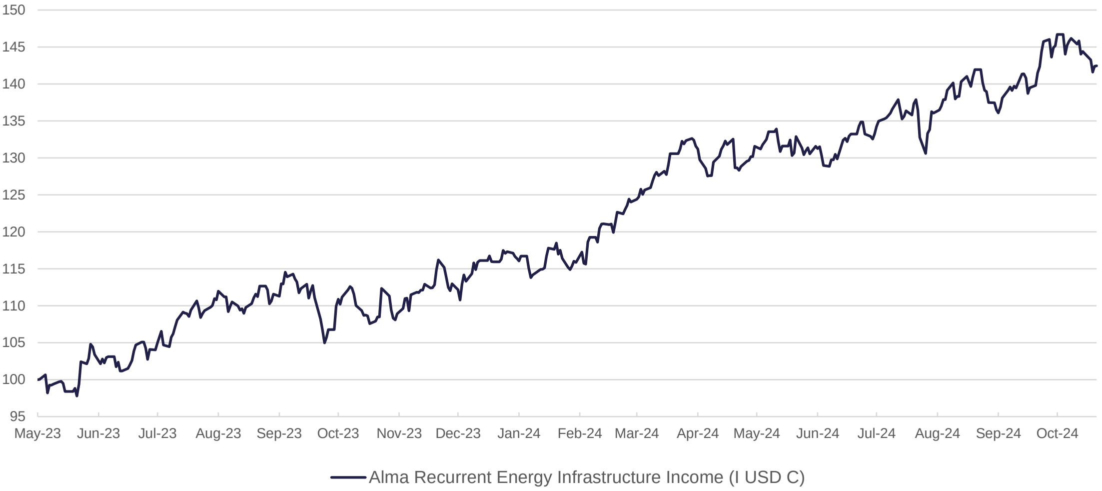
Investment Strategy

• 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 [1]

• 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 October 2024) [2]



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

	1M	3M	6M	YTD	1Y	3Y	5Y	ITD	Annualized ITD
Alma Recurrent Energy Infrastructure Income Fund	1.89%	3.30%	10.71%	22.87%	31.31%	-	-	42.45%	27.07%
Volatility since Launch (%)	13.94%								

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%	7.71%	-1.46%	3.27%	0.26%	3.51%	2.94%	-1.51%	1.89%			22.87%
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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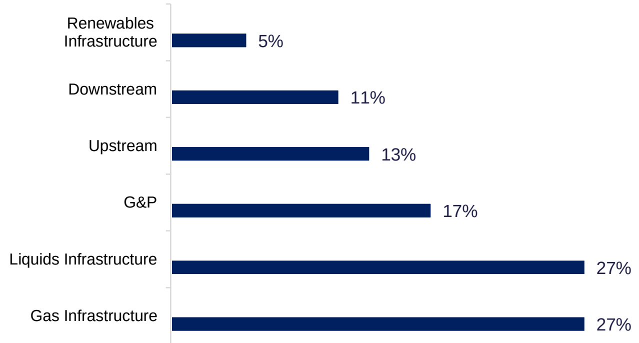
Fund Characteristics

Portfolio Characteristics [3]

Main indicators	Fund
No. of securities	29
Weighted Average Market Cap ($ bn)	21.6
Median Market Cap ($ bn)	19.9
Price/Earnings (x)	18.8
Price/Book (x)	2.2
Estimated Dividend Yield (%)	4.0

Sector Exposure (% AUM) [4]



Top 10 Issuers [3]

Issuer name	Sector	% AUM
PEMBINA PIPELINE CORPORATION	Oil & Gas Refining and Marketing	7.42%
TARGA RESOURCES CORP.	Oil & Gas Transportation Services	6.31%
ONEOK INC.	Oil & Gas Transportation Services	6.29%
PLAINS GP HOLDINGS L.P	Oil & Gas Transportation Services	5.72%
CHENIERE ENERGY INC.	Oil & Gas Transportation Services	5.71%
KEYERA CORP.	Oil & Gas Transportation Services	4.88%
KINDER MORGAN INC.	Food Processing	4.87%
THE WILLIAMS COMPANIES INC.	Oil & Gas Transportation Services	4.84%
CENOVUS ENERGY INC.	Oil & Gas Exploration and Production	4.84%
SUNCOR ENERGY INC.	Integrated Oil & Gas	4.82%
	TOTAL :	**55.70%**

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 - October 2024 (7)

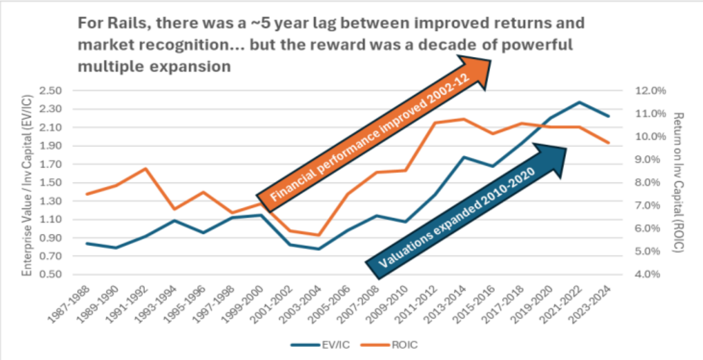
We examine a sector whose returns suffered due to aggressive growth and M&A, culminating in a period of 200% underperformance vs. the S&P 500. This unexciting "old economy" sector saw valuations stagnate for years, forcing companies to abandon growth ambitions and focus on capital efficiency. (Hint: we're not talking about midstream). After ~5 years of belt tightening, railroads recaptured investors' attention, and today, after ~20 years of massive outperformance vs. the S&P, railroads are (rightly) celebrated: limited competition, exposure to long-term GDP growth, low capex and massive recurring FCF. Midstream today resembles the early innings of the 2000s railroad recovery: declining competition, low capex, high FCF, with valuations that have been anchored to the negative experiences of the recent past.

Performance review

During the month of October 2024, the Alma Recurrent Energy Infrastructure Fund returned 1.89%. On a year-to-date basis the Fund has risen 22.87%.

Today, Railroads are considered rock-solid assets, with limited competition and strong FCF – but it was not always this way

Railroads have become "consensus longs" for many asset managers over the last 20 years. But many of the attributes cited today – "wide moats," "capital discipline," "highly free cash flow generative" – reflect the improved financial performance that railroads demonstrated during the 2000s and since. For much of the 1980s and 1990s, railroads were poorly run, chasing M&A, expanding outside of their railroad monopolies, and operating with low margins.



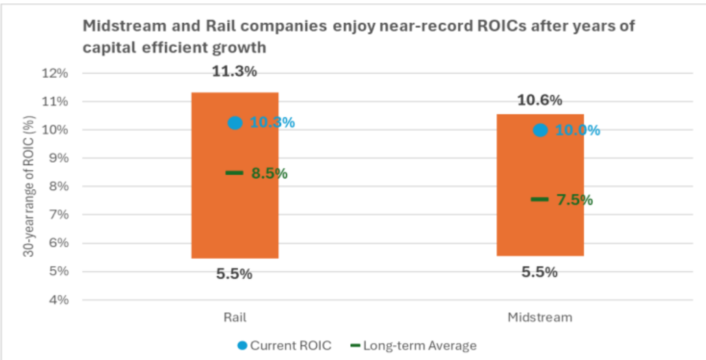
Note: includes large-cap North American railroads (UNP, CP, CNI, KSU, CSX, NSC)
Source: Recurrent research, Bloomberg, public filings

As seen in the graph above, for much of the 1985-2005 period, railroads were valued at or below 1x enterprise value vs. invested capital (EV/IC). A sub-1x valuation reflected the fact that the market expected semi-monopolistic railroads, titans of the American economy, to actually earn less than their cost of capital over time! As it turns out, these concerns were not unfounded: railroad returns on invested capital (ROIC) had been falling for much of this timeframe as a result of poor margins and aggressive asset growth.

In the early 2000s, management teams focused on less asset growth, and greater capital efficiency, pushing returns from 5% to nearly 11% in less than a decade, well above the cost of capital for well-capitalized rails. Given the turbulence of the Great Financial Crisis (GFC) in 2008-2009, railroads initially received little recognition for their efforts, and remained in the 1.0-1.1x EV/IC range for close to 5 years after demonstrating clear improvement. By 2015, ROIC improvements proved durable, and were driving unprecedented FCF. Rail valuations had reached an unprecedented 1.70x by 2013-15, and even as ROICs plateaued over the last decade, multiples continued to expand to the current level of 2.2-2.3x EV/IC.

Today, Midstream is not given anything like the respect (or valuation) of the Rails – are they really comparable?

Are railroads really a comparable industry to the pipeline industry? Let's examine the long-term returns on capital shown below:



Note: includes large-cap North American railroads (UNP, CP, CNI, KSU, CSX, NSC) and large-cap North American pipeline companies (KMI, WMB, OKE, TRP, ENB, LNG, MMP, EPD, TRGP, ET, PBA, KEY).
Source: Recurrent research, Bloomberg, public filings
Clearly, the return profiles - both the range of ROICs as well as the potential for high-growth to put very stable assets at financial risk – reflect some obvious similarities, and reflect increased capital discipline in both industries (well-established discipline for rails, more recent discipline for midstream).

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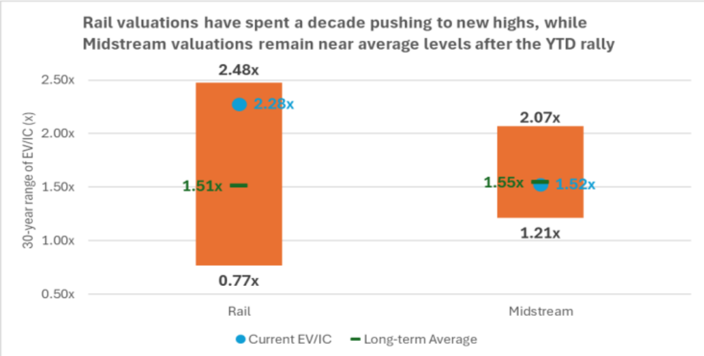
Do both industries deserve the same valuation? Interestingly, midstream and railroad valuations have historically averaged approximately 1.5x EV/IC. Today, rails sit near the peak 2.5x EV/IC valuation, while midstream sits near average valuations despite generating near-peak ROICs. Clearly there is a disconnect between midstream returns and current valuations, which sit nearly 40% cheaper than railroads while offering comparable returns.



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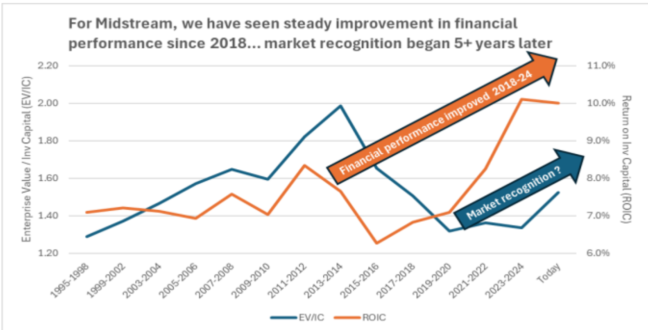
Source: Recurrent research, Bloomberg, public filings

Qualitatively, we would argue that both industries possess leverage to long-term US GDP growth, both industries enjoy wide moats created by the difficulties of building new assets, and as non-consumer-facing businesses, both railroads and midstream are relatively lightly regulated with the ability to grow revenues above inflation over time.

One potential argument in favor of a “midstream discount” is ESG, or “terminal value” risk associated with fossil fuels. While this argument was in vogue over the past several years, today the realities of continued energy demand growth since COVID, as well as the potential for future fossil fuel demand growth from datacenters and AI, meaningfully undermines the case for a “terminal value discount”. We believe the reason for Midstream’s cheaper valuation is much more straightforward: multiple expansion requires time and consistent execution. Investors need to be shown.

We believe the persistent “Midstream discount” has a simple explanation: valuations can take years to reflect improved returns

Railroad investors - after nearly 20 years of weak ROICs, thin margins, and empire-building - took 5+ years to recognize the obvious progress made by the railroads in the early 2000s. The GFC compounded this issue as investors were preoccupied by macro risks. Similarly, midstream investors have been slow to capitalize the progress made by midstream companies in increased ROICs over the last several years, with the COVID pandemic playing a similar confounding role as the GFC did for the railroads. As we examine the chart below, the valuation improvements seen in 2024 have been noteworthy, but have still meaningfully lagged ROIC improvements (ROICs are 70% above historical lows, while EV/IC valuations are 25% higher than lows).



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