Energy Infrastructure: 2 mos ago, we wrote about Shale's newfound ability to rapidly rebalance global oil markets. As a result, oil should be rangebound ($55 to $85/bbl), despite unprecedently volatile headlines. Shale stabilized prices during both COVID and the Russian invasion. More recently, shale rig cuts supported oil price after "Liberation Day" and kept markets orderly even with Iran at war only a month ago. In a rangebound world where Shale supply is never more than 12 mos away, midstream investors have some key takeaways: 1) discounted midstream valuations reflect a (backward-looking) belief that midstream is associated with a volatile commodity, instead of the reality that midstream operates in an increasingly stable market; 2) since Shale is the balancing point for the world, Shale Basins will move between growth and decline, and no trajectory is permanent. Given midstream's ability to generate significant cash flow in a $55-$85 world, midstream is an asset class well-suited to a world with fewer (upside and downside) dislocations.

Natural Resources: with inflation concerns looming in investors' minds, investors have increasingly focused on gold as a storer of value. Historical relationships rooted in the inflationary 1970s/early 1980s served to solidify gold's reputation as an inflation hedge. However, in the last 12 months strong price appreciation in a low inflation environment further calls into question investor perceptions regarding the relationship between gold and inflation.

Click here for our NEW white paper, *"The Frack-tured Cartel: How Shale's elastic supply broke OPEC's grip on the oil market"*

June 2025 Performance Summary and Market Commentaries

Please find below performance and commentary for our strategies – MLP & Infrastructure and Natural Resources. See performance tables at the bottom of the commentary. For additional information, please contact us at (832) 241-6400 or info@recurrentadvisors.com.

MLP & Infrastructure

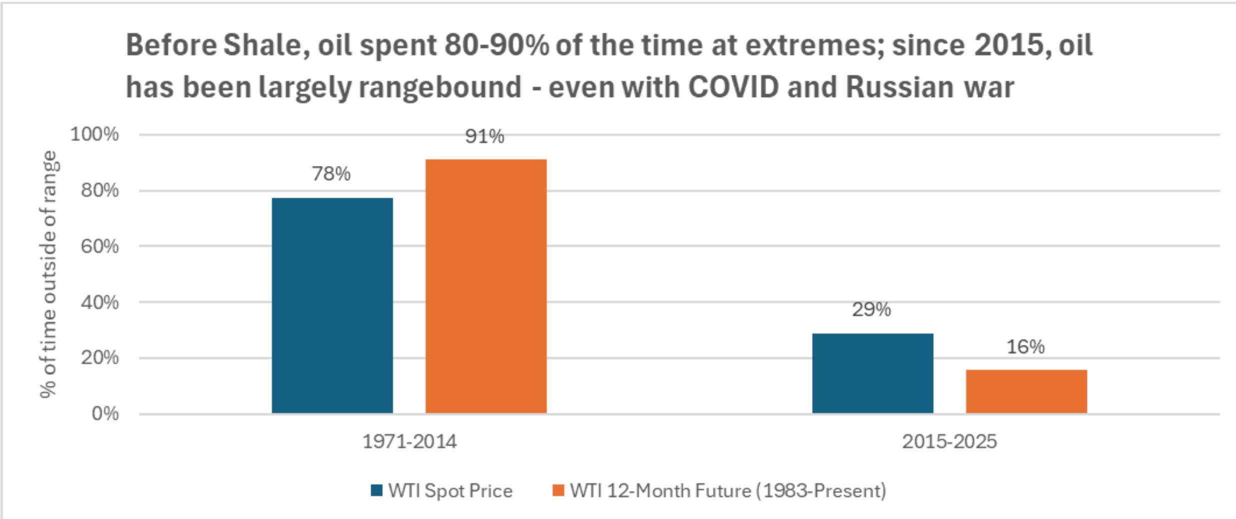
Performance review

During the month of June 2025, the Recurrent MLP & Infrastructure Strategy generated net returns of +4.13%, outperforming the Alerian MLP Index's (AMZ) +2.56% return by +1.57%. Since the strategy's July 2017 inception, Recurrent's MLP & Infrastructure Strategy has outperformed the AMZ by +36.31% (+2.37% annualized), net of fees. On a gross basis, the Strategy has outperformed its benchmark by +60.69% and +3.78% 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.

Investment Discussion

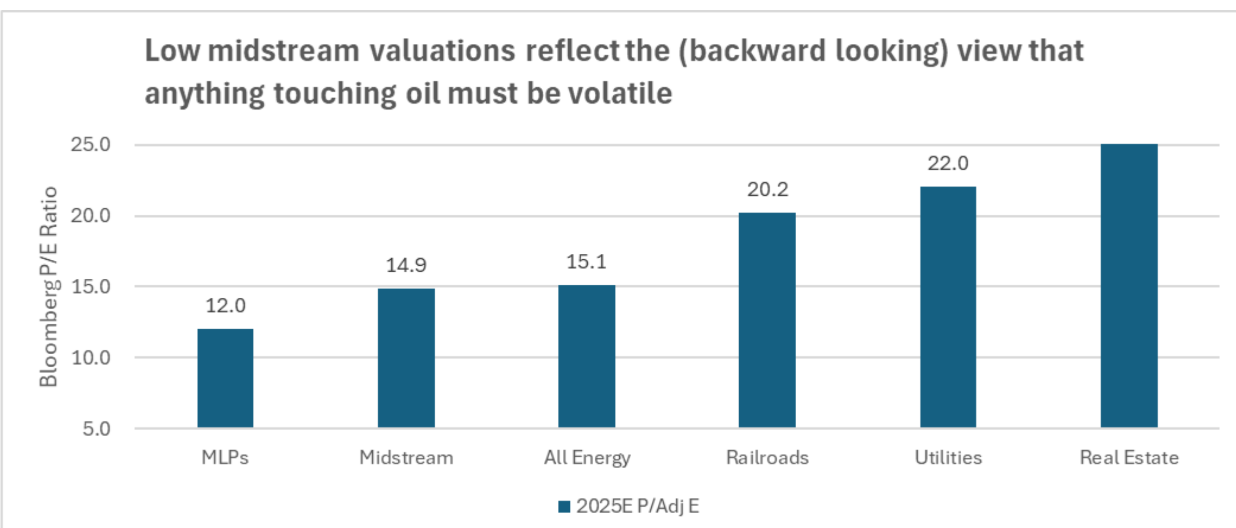
Our recent oil market white paper has vital and counterintuitive implications for midstream investors

Our May 2025 white paper, written prior to the outbreak of the Israel-Iran conflict, highlighted how Shale had arrived at a size and scale where it is capable of adding or removing over 1mmbpd from global oil markets within any 12 month timeframe. The result has been a world where oil prices are much more sanguine about the potential for supply disruptions lasting 12 months or longer (<12 month disruptions are typically covered by global oil in storage).



Source: Bureau of Labor Statistics (BLS), World Bank, Energy Information Agency (EIA), St. Louis Federal Reserve (FRED), Bloomberg, Recurrent research.

If investors accept the validity of the argument laid out in our paper, then this invites the question – do midstream energy assets still deserve a significant discount to other "real assets" due to midstream's association with a volatile commodity? What if the commodity itself is decreasingly volatile, and midstream's cash flows are largely non-commodity-dependent? Based on the chart below, it seems the market has not discounted a more stable, less volatile oil market into midstream valuations.



Source: Bloomberg, Recurrent research.

Note: MLPs = AMZ Index; Midstream = AMNA Index; All Energy = S&P 500 Energy; Railroads = S&P 500 Rail Index; Utilities = S&P 500 Utilities; Real Estate = S&P 500 Real Estate Index.

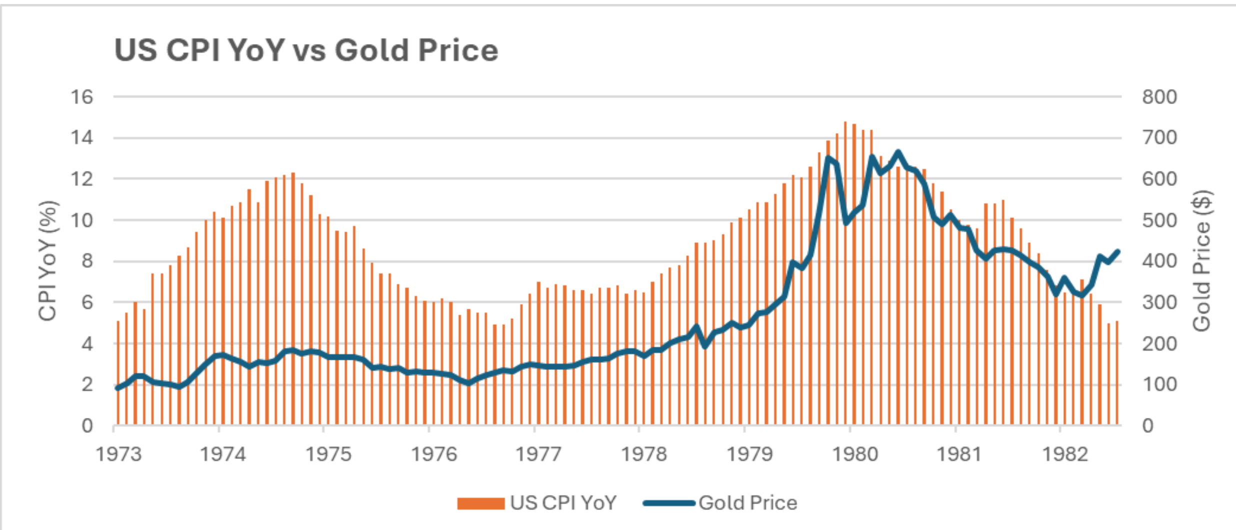
Natural Resources

Performance Review

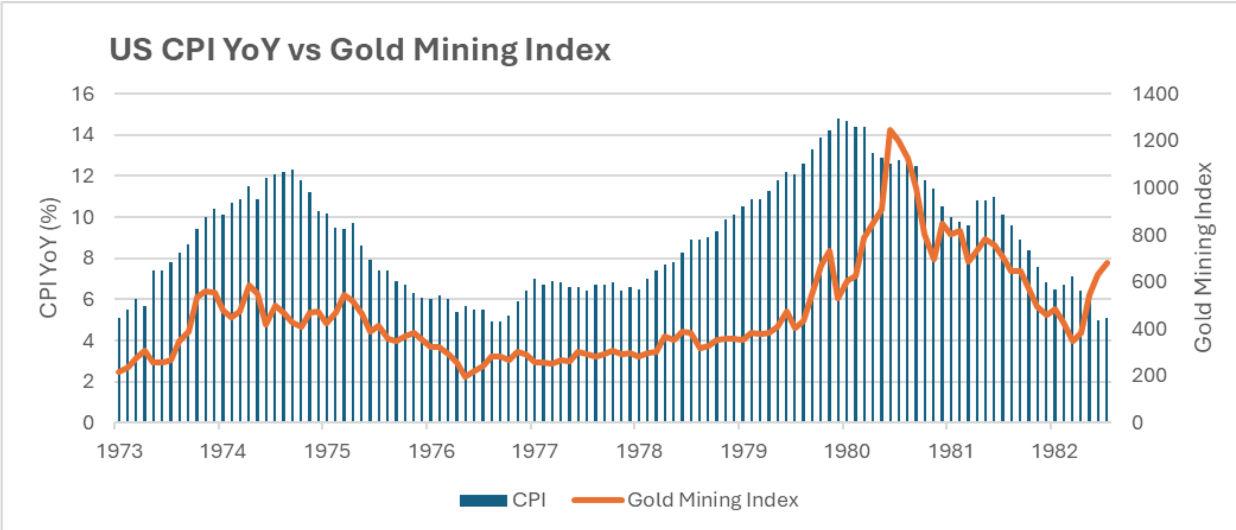
During the month of June 2025, the Recurrent Global Natural Resources Strategy rose 4.47% net of fees, outpacing the S&P Global Natural Resources Index's 3.50% return. Stock selection in steel, agricultural products and gold sectors added significant value during the month, while the portfolio's overweight in energy infrastructure detracted from relative performance.

Investment Discussion

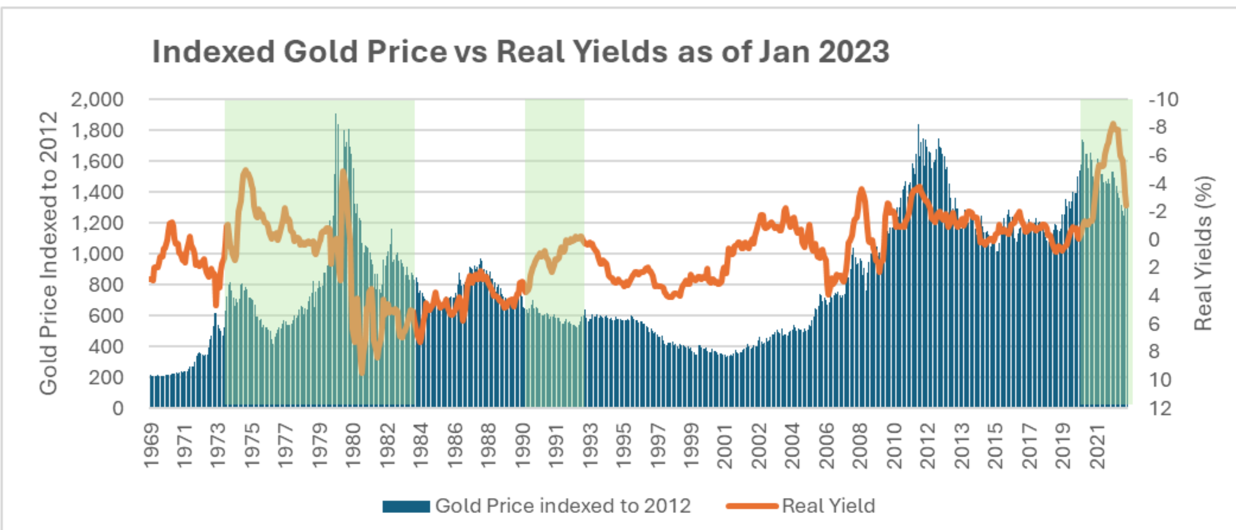
In our monthly investment letter 30 months ago (Jan 2023), we analyzed historical relationships between CPI, gold prices and gold mining stocks. During the inflationary period of the 1970s and early 1980s, there was a strong correlation between CPI, gold prices, and gold mining stocks, as seen in the two charts below.



Source: Bloomberg, Recurrent research.



Source: Bloomberg, Recurrent research.



Source: Bloomberg, Recurrent research.

When examining gold's performance in recent years compared to real yields and inflation rates, meaningful correlations remain elusive. Despite the lack of correlations in recent years, investors continue to cite the value of gold as an inflation hedge, as it was in the 1973-1983 period. However, in recent years, gold price performance has far exceeded levels justified by inflation rates or real yields alone.

Monthly Investment Commentary
June 2025

Recurrent Investment Advisors LLC
3801 Kirby Dr, Ste 654
Houston, Texas 77098
d: 832.241.6400

The foregoing is for research purposes only. Does not constitute a recommendation or offer to buy any securities. This communication is intended for qualified investors and financial professionals only. If you have received this email in error, please contact us to be removed from our mailing list.