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Private
Wealth

3 R D A N N U A L

Innovative ALTERNATIVE STRATEGIES

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION AND ALPHA

MLPs: A Compelling Asset Class

MODERATOR

Steven H. Solys
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PANELISTS

Kenny Feng
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Alerian

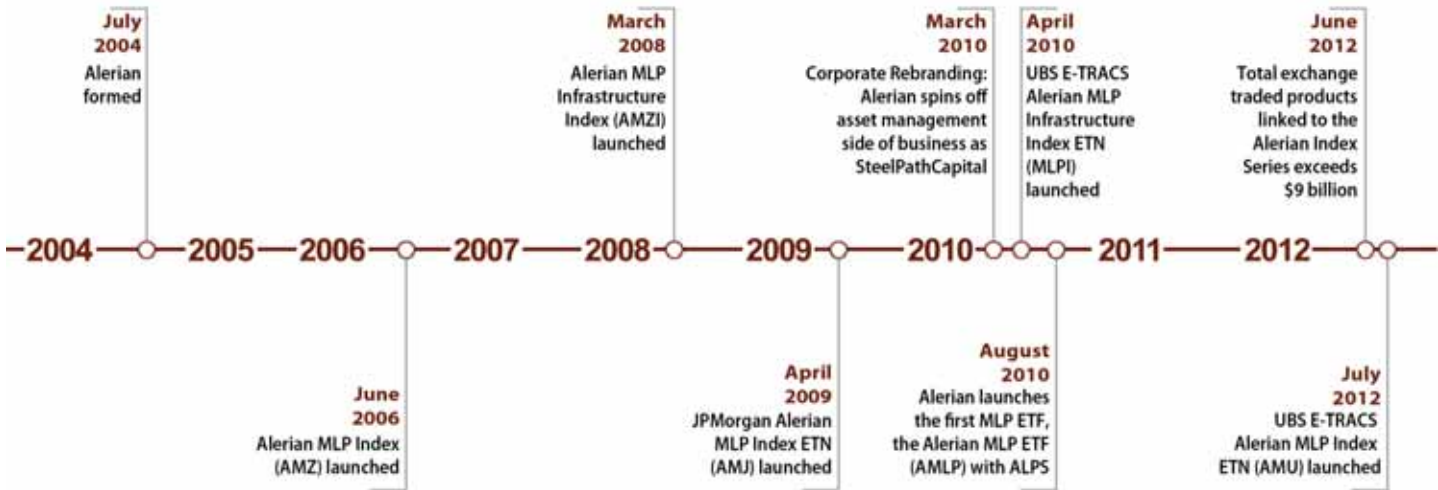
Bob Sinnott
President & CEO
Kayne Anderson Capital Advisors, L.P.

About Alerian

Market intelligence provided through industry-leading benchmarks and analytics

Alerian launched the first real-time MLP index

Over \$9 billion is directly linked to the Alerian Index Series



What is an Energy MLP?

Energy Supply Chain Businesses

- Transportation & Storage
- Exploration & Production
- Gathering & Processing, Fractionation
- Other: Propane, Shipping, Coal

Tax Efficiency

- No entity-level taxation if 90% of income is from “qualifying sources”
- Lower cost of capital and higher payout ratios than C corporations
- 70%-100% of distributions are tax-deferred return of capital

Stable and Growing Cash Flows

- Fee-based, toll-road business models
- Interstate liquids tariffs indexed to inflation using PPI plus methodology
- Average distribution growth of ~7% for past 10 years

25 Years of Growth

- MLPs redefined in the 1980s to encourage US energy infrastructure build-out
- 2002: 28 MLPs totaling \$25 billion in market capitalization
- 2012: 83 MLPs totaling ~\$350 billion in market capitalization

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The Chemistry of MLPs

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Annualized
Commodities 32.1%	MLPs 53.0%	REITs 35.0%	Commodities 25.6%	REITs 35.6%	Commodities 32.7%	Utilities -28.9%	MLPs 85.0%	MLPs 35.0%	Utilities 19.9%	MLPs 18.4%
REITs 1.9%	Small Cap 47.3%	Utilities 24.3%	Utilities 16.8%	MLPs 34.9%	Utilities 19.4%	DJIA -31.9%	Non-US 31.8%	Small Cap 26.9%	MLPs 17.0%	REITs 10.4%
MLPs -2.0%	Non-US 38.6%	MLPs 23.4%	REITs 13.7%	Non-US 26.3%	MLPs 11.3%	Small Cap -33.7%	REITs 27.6%	REITs 26.7%	REITs 9.4%	Utilities 6.4%
DJIA -15.0%	REITs 36.3%	Non-US 20.2%	Non-US 13.5%	Utilities 21.0%	Non-US 11.2%	S&P 500 -36.9%	Small Cap 27.2%	S&P 500 15.1%	DJIA 8.4%	Commodities 5.6%
Non-US -15.9%	S&P 500 28.7%	Small Cap 18.3%	MLPs 8.9%	DJIA 19.0%	DJIA 8.9%	REITs -37.3%	S&P 500 26.5%	DJIA 14.1%	S&P 500 2.1%	Small Cap 5.6%
Small Cap -20.4%	DJIA 28.3%	Commodities 17.3%	S&P 500 4.9%	Small Cap 18.4%	S&P 500 5.5%	MLPs -38.5%	DJIA 22.7%	Commodities 9.0%	Commodities -1.1%	Non-US 4.7%
S&P 500 -22.1%	Utilities 26.3%	S&P 500 10.9%	Small Cap 4.6%	S&P 500 15.8%	Small Cap -1.5%	Non-US -43.3%	Commodities 13.5%	Non-US 7.8%	Small Cap -4.1%	DJIA 4.6%
Utilities -29.9%	Commodities 20.7%	DJIA 5.3%	DJIA 1.7%	Commodities -15.0%	REITs -16.3%	Commodities -46.4%	Utilities 11.9%	Utilities 5.5%	Non-US -12.1%	S&P 500 2.9%

Master Limited Partnerships (MLPs) are represented by the Alerian MLP Index (AMZ). The S&P 500 is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy. The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 blue-chip stocks that are leaders in their industry. Utilities are represented by the S&P 500 Utilities Index, a composite of utility stocks in the S&P 500. Real Estate Investment Trusts (REITs) are represented by the Real Estate 50 Index, a supplemental benchmark to the FTSE NAREIT US Real Estate Index Series to measure the performance of more frequently traded equity REITs. Commodities are represented by the S&P Total Return World Commodity Index (SPWCITR). Non-US equities are represented by the MSCI Daily Total Return EAFE Index (NDDUEAFE). Small cap equities are represented by the Russell 2000 Index. Performance is provided on a total return basis.

Different Strokes for Different Folks



Investment Type	Direct Investment	Closed-End Funds	Open-End Mutual Funds	Exchange-Traded Notes	Exchange-Traded Funds
Tax Characteristic Flow-Through	Yes	Yes	Yes	No	Yes
Tax Treatment	Ordinary Income	Qualified Dividend	Qualified Dividend	Ordinary Income	Qualified Dividend
Tax Form	Form K-1	Form 1099	Form 1099	Form 1099	Form 1099
IRA/401k Eligible	Taxable Beyond \$1,000 in UBTI	Yes	Yes	Yes	Yes
Leverage	No	Varies	Varies	Varies	No
Annual Fee	None	Varies	Varies	0.85%	Varies
First Fund Launched	N/A	February 2004	March 2010	July 2007	August 2010
Total Funds	N/A	15	11	8	3
AUM (\$ MM)	N/A	\$10.2B	\$3.5B	\$5.6B	\$3.4B

Exchange-Traded Products Include: AMJ, AMLP, MLPA, MLPG, MLPI, MLPL, MLPN, MLPS, MLPW, MLPY, and YMLP
 Open-End Mutual Funds Include: AMLPX, CCCAX, CSHAX, INFRX, MLPAX, MLPDX, MLPLX, MLPFX, MLPPX, MLPUX, and TORTX
 Closed-End Funds Include: CEM, EMO, FEN, FMO, JMF, KED, KYN, MTP, NTG, SRF, SRV, TPZ, TYG, TYN, and TYY



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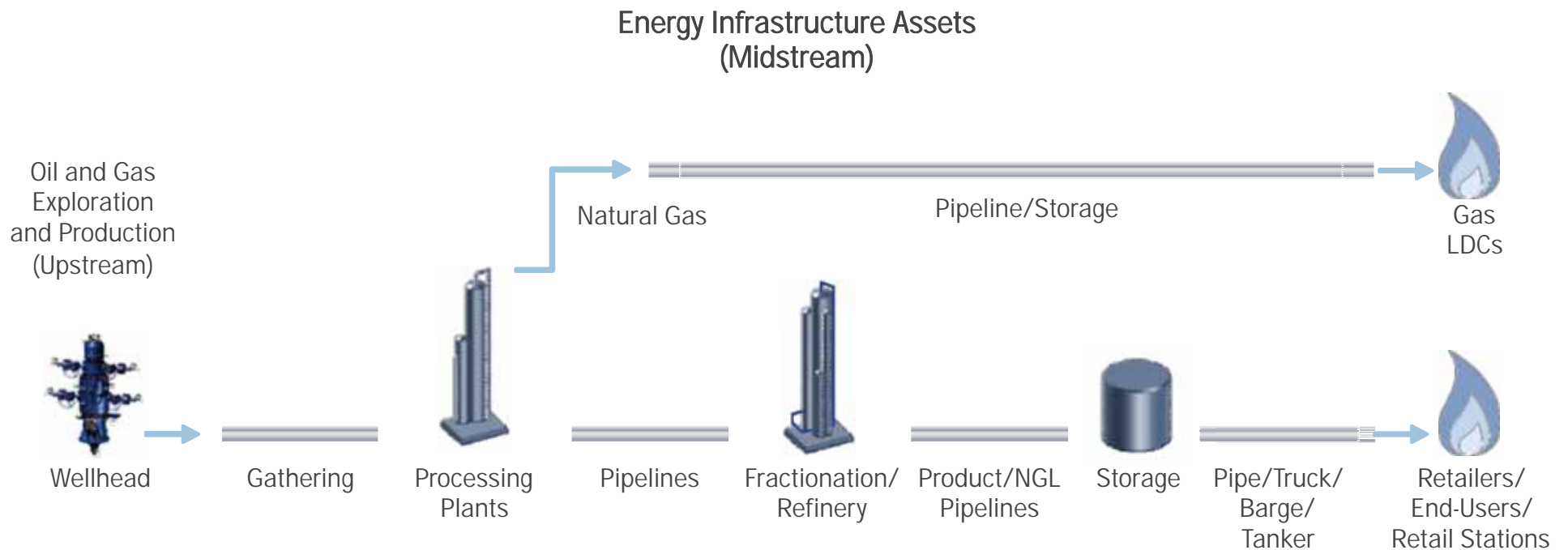
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These are the logistic or infrastructure assets of the energy sector

- The assets are used to provide services to the energy industry: they connect the sources of supply with the end users



- **Strategically Important Assets**
 - These assets are the backbone of delivering energy to our nation
- **High Barriers to Entry**
 - Permitting costs and environmental review make certain assets economically irreplaceable
- **Stable Earnings**
 - Substantial fee-based, inflation-linked revenues with limited commodity price risk
- **Significant Free Cash Flow**
 - Long-lived assets generate free cash flow used to pay distributions and fund growth



We believe that MLPs and midstream companies are poised to deliver market leading returns, driven by strong fundamentals and a dynamic energy story, for the foreseeable future

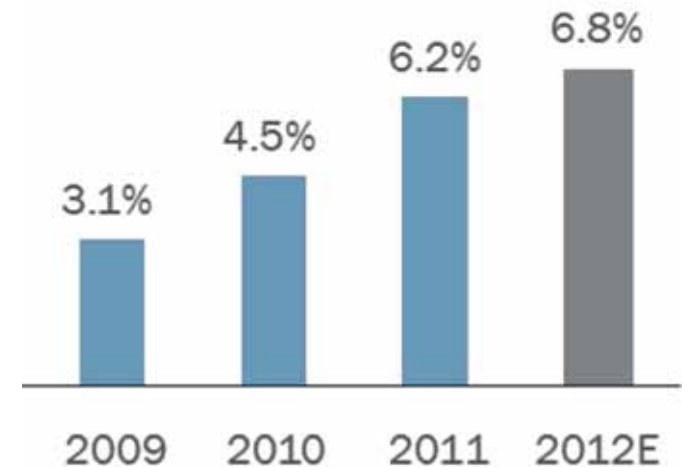
Yield: 4% to 9%, 6.5% on average 6.5%

Growth: up to 15% for some companies with 6% to 7% a longer term average + 6.5%

Change in multiple: 100bps spread compression, which equates to an incremental return of 18% above the Y+G + 0 to 20%

Total Return: = 13% - 15%
Projected Base Return

MLP Distribution Growth¹
(Market Cap Weighted)



Note: Distribution growth based on market capitalization weighted average of the Alerian constituents for the period.

- Security selection is additive through identifying higher growth names that are mispriced by the market and avoiding names that lack compelling fundamentals

Unconventional Reserves = Game-changer

- Shale gas has grown from 11% of production in 2008 to 34% in 2011 and could grow to 60% by 2035
- Increasing in U.S. crude oil production: In 10 years, U.S. could be the largest producer in the world
- First time in 50-years, refined petroleum products were the leading U.S. export in 2011
- \$250 - \$300 billion in infrastructure investments anticipated over the next 15–20 years

2007



Source: Kayne Anderson, EIA

Expected \$3 trillion in investments in unconventional petroleum development will drive jobs growth for the next 20-years

DIRECT

INDIRECT

ASSOCIATED



Drilling
Completing
Engineering



Pipeline
Construction
Other Support



Commercial
Residential
Industrial End-Users

Unconventional Resources = Jobs, Manufacturing and Higher GDP

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