

4 T H A N N U A L

Innovative **ALTERNATIVE** **INVESTMENT STRATEGIES**

MLPs, A Compelling Asset Class

MODERATOR

Clay H. Womack

Managing Director

Adageo Management & MLPMarket.Com

PANELISTS

Kenny Feng, CFA

President & CEO

Alerian

Ed Russell

Director

Tortise Capital Advisors

Brian Watson, CFA

Director of Research & Portfolio Manager

Steelpath



Master Limited Partnerships – “MLP”

Some Basics

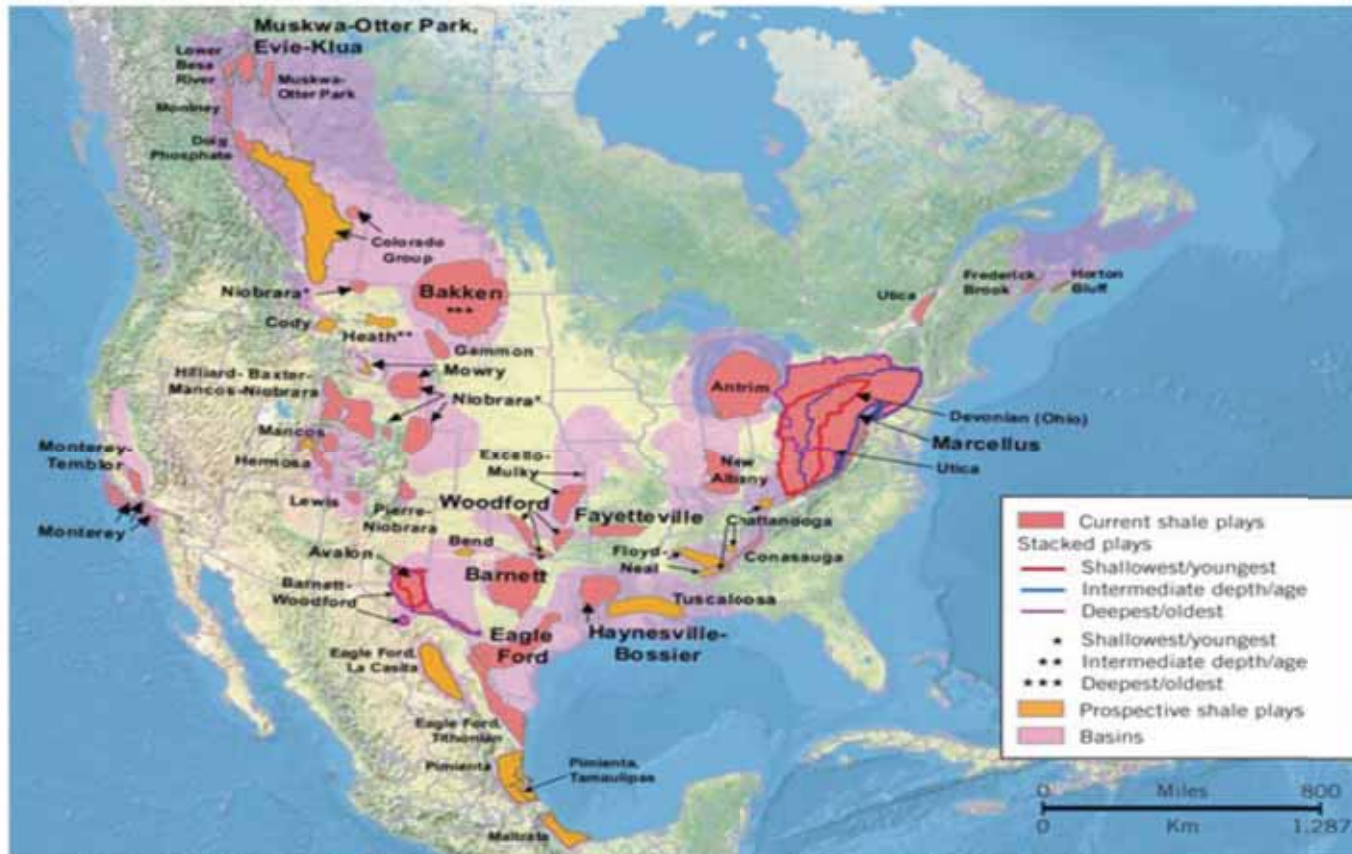
- Also referred to as “Publicly Traded Partnerships”
- Tax efficient vehicle for acquisitions & distributions
- Must have “Qualifying Income” to maintain tax status
- Significant “loosening” of QI definition through PLR’s
- Significant growth in Private and Pre-Public MLP’s achieving capital formation through RIA offices



Paradigm Shift in U.S. Energy Supply

NORTH AMERICAN SHALE PLAYS AND FORMATIONS

FIG. 1



Source: U.S. Energy Information Administration based on data from various published studies. Current and Prospective shale plays Advanced Resources International Inc.



Source: Energy Information Administration based on data from various published studies. As of May 9, 2011.

Supply Chain for Energy Products



“Toll Road” Business Model	Midstream MLPs collect revenue based on the transportation of commodities between producers and consumers
Historical Income Generator	Compelling historical yields and distribution growth potential*
Thematic Opportunities	Opportunistic investment in the infrastructure required to support the U.S. energy renaissance

*Past performance does not guarantee future results. Based on the historical performance of the ~90 partnerships in the MLP asset class.



Midstream: \$100 billion+ in MLP, pipeline and related projects 2013-2015e



Source: ITG and Tortoise Capital Advisors

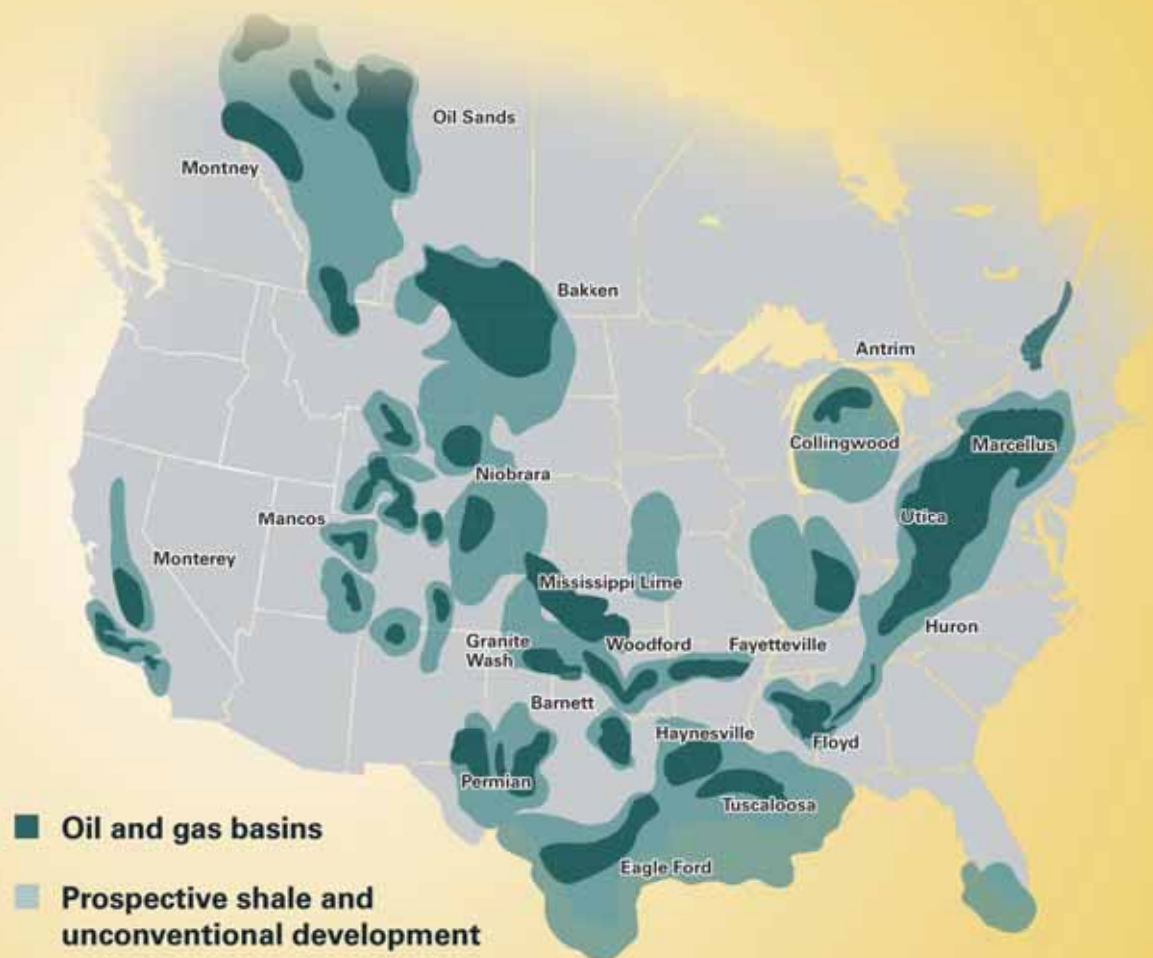
Note: 000's bbl/d = Thousands barrels per day. MMcf/d = Million cubic feet per day.



The North American energy revolution

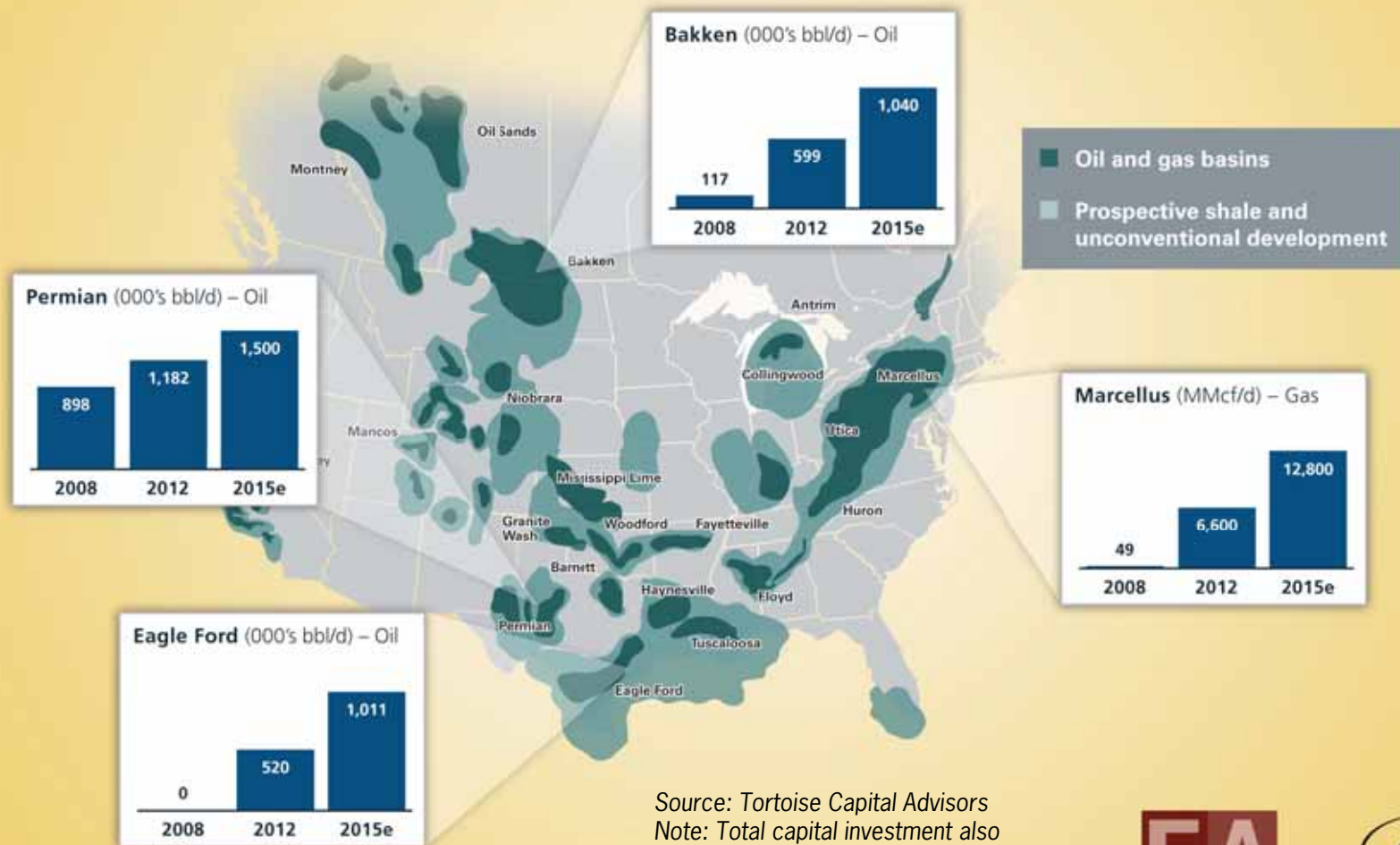
Upstream acreage, drilling and production investments like never before

\$184 billion is expected in 2013 alone and \$4.3 trillion is expected through 2035¹



¹Source: 2012: Barclays and Tortoise Capital Advisors; Projections from 2011 - 2035: International Energy Agency
The projections on this page are based on industry estimates and are no guarantee of future outcomes

Growing North American oil and gas production



Source: Tortoise Capital Advisors
 Note: Total capital investment also includes miscellaneous other projects totaling approximately \$15.9 billion.



Unconventional production could dramatically alter North American energy relevance

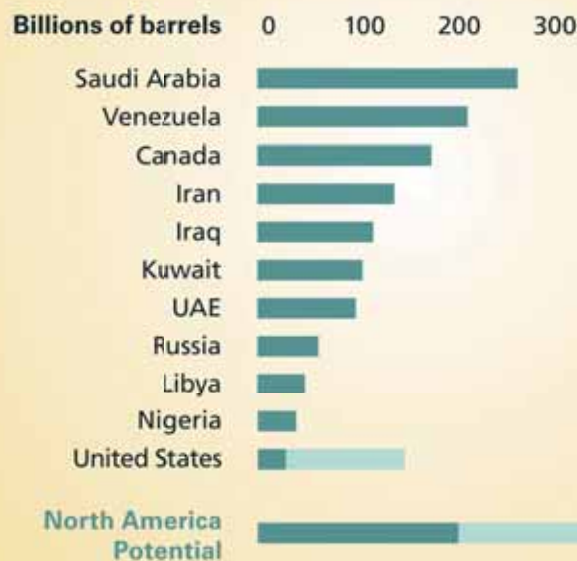
■ Proved Reserves

Quantities estimated with reasonable certainty to be producible from defined reservoirs under existing economic, technological, and regulatory conditions

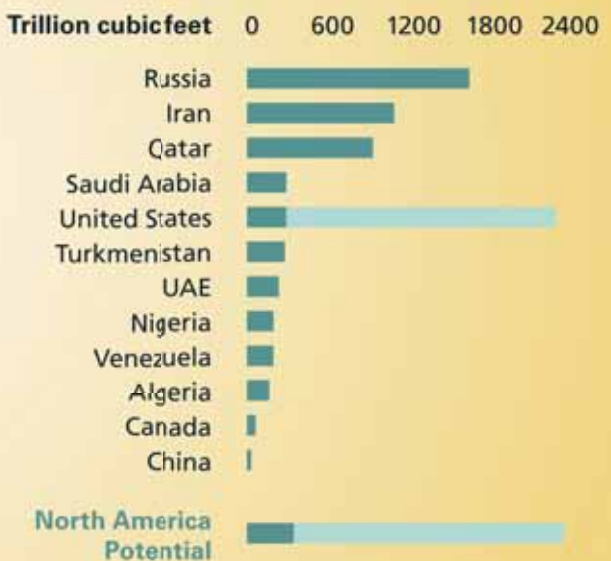
■ Potentially Recoverable Resources

Cumulative estimates of proved, probable, possible, currently uneconomic, and speculative reserves

Crude oil resources



Natural gas resources

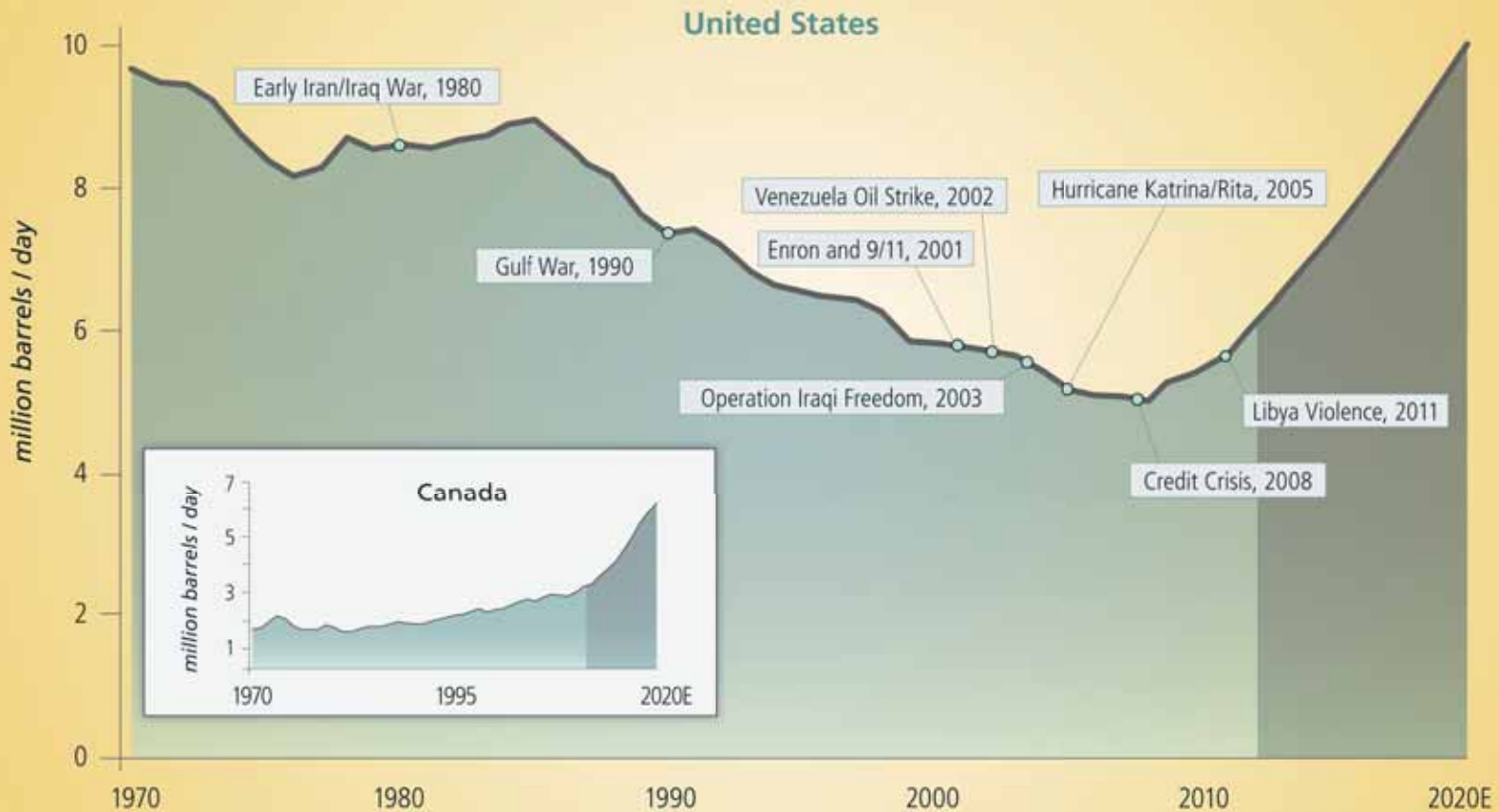


Source: Proved Reserves: CIA (2013). Potentially recoverable resources of 2,203 trillion cubic feet of natural gas and 220 billion barrels of crude oil in U.S. alone (EIA, 2011). Assumes resource levels of other countries remain static due to lack of quantifiable data. Some sources believe there are significant potential natural gas resources in Canada and China, though no reliable data is available.

The data reflected on this page is based on industry estimates and are not a guarantee of future outcomes.



Game-changing crude oil production



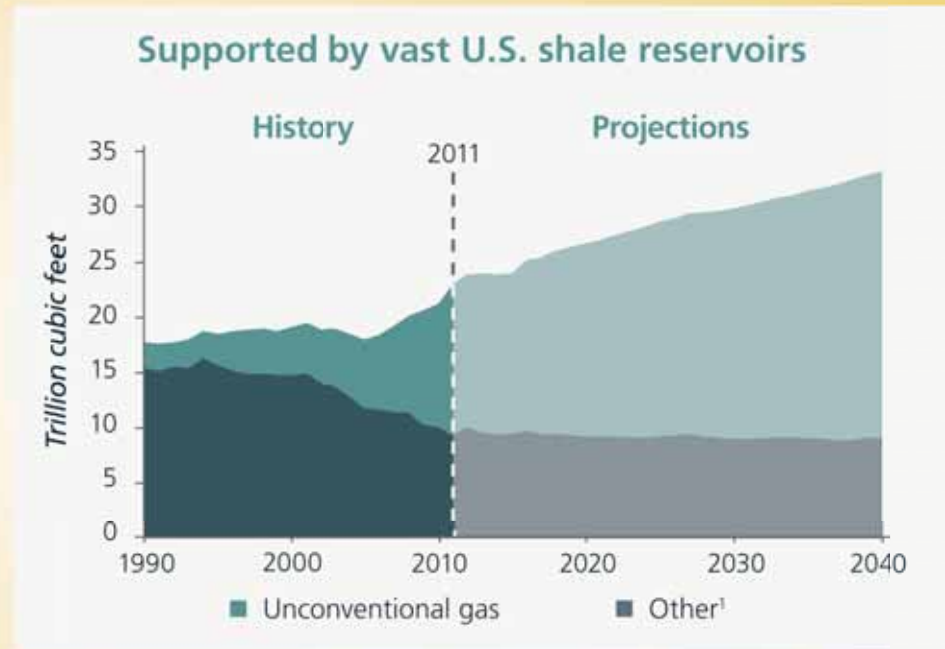
Source: US: EIA (historical), CITI, 2012 (forecasted); Canada: Canadian Association of Oil Producers (historical), BMO Capital Markets (forecasted).



Growing natural gas production supported by growing demand



Source: EIA, 2012 & 2013

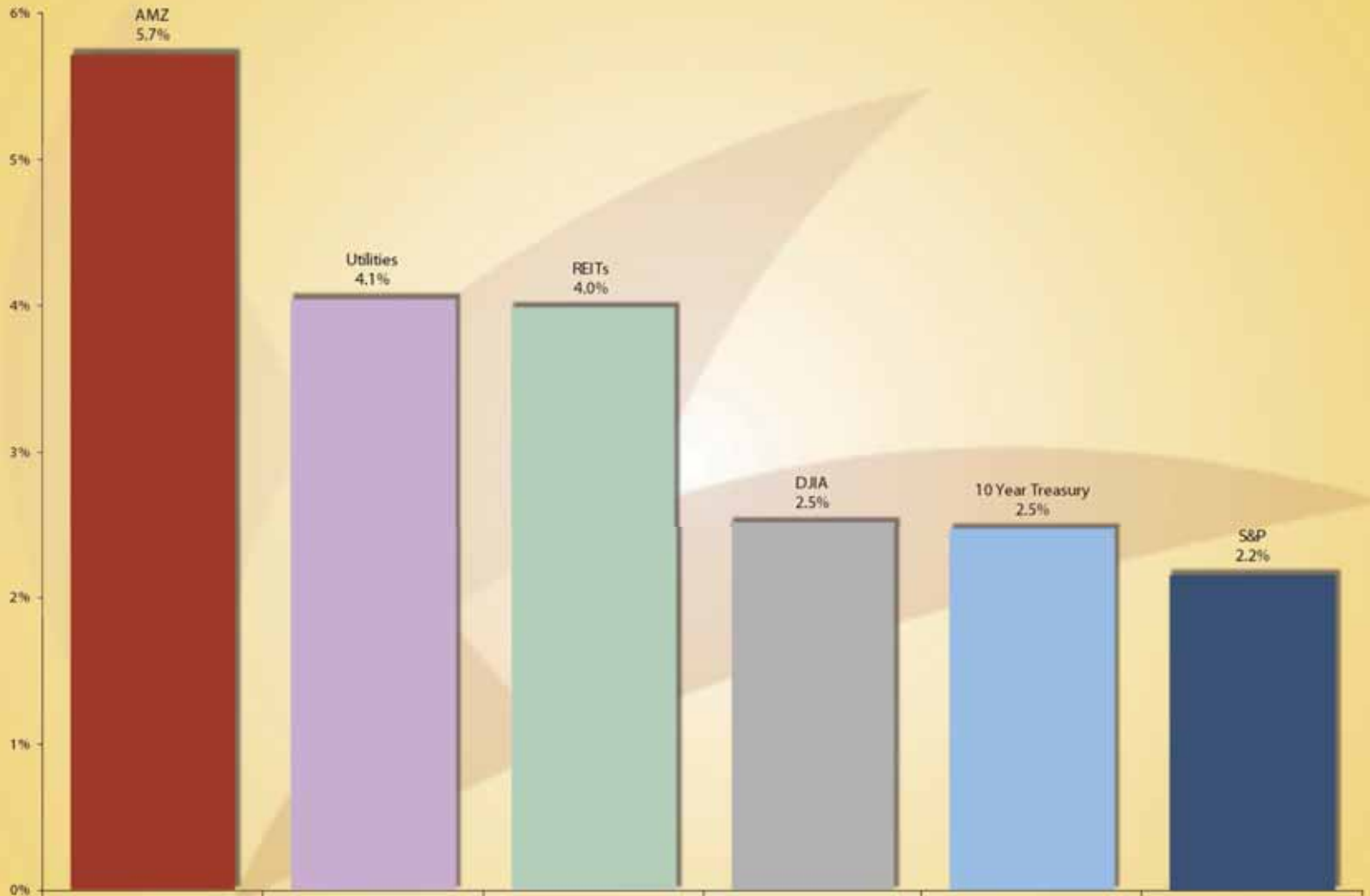


Source: EIA, 2013

¹Other includes: Non-associated offshore, Alaska, Coalbed Methane, Associated with oil and Non-associated onshore



MLPs Offer an Attractive Relative Yield



Source: Bloomberg as of
06/28/2013

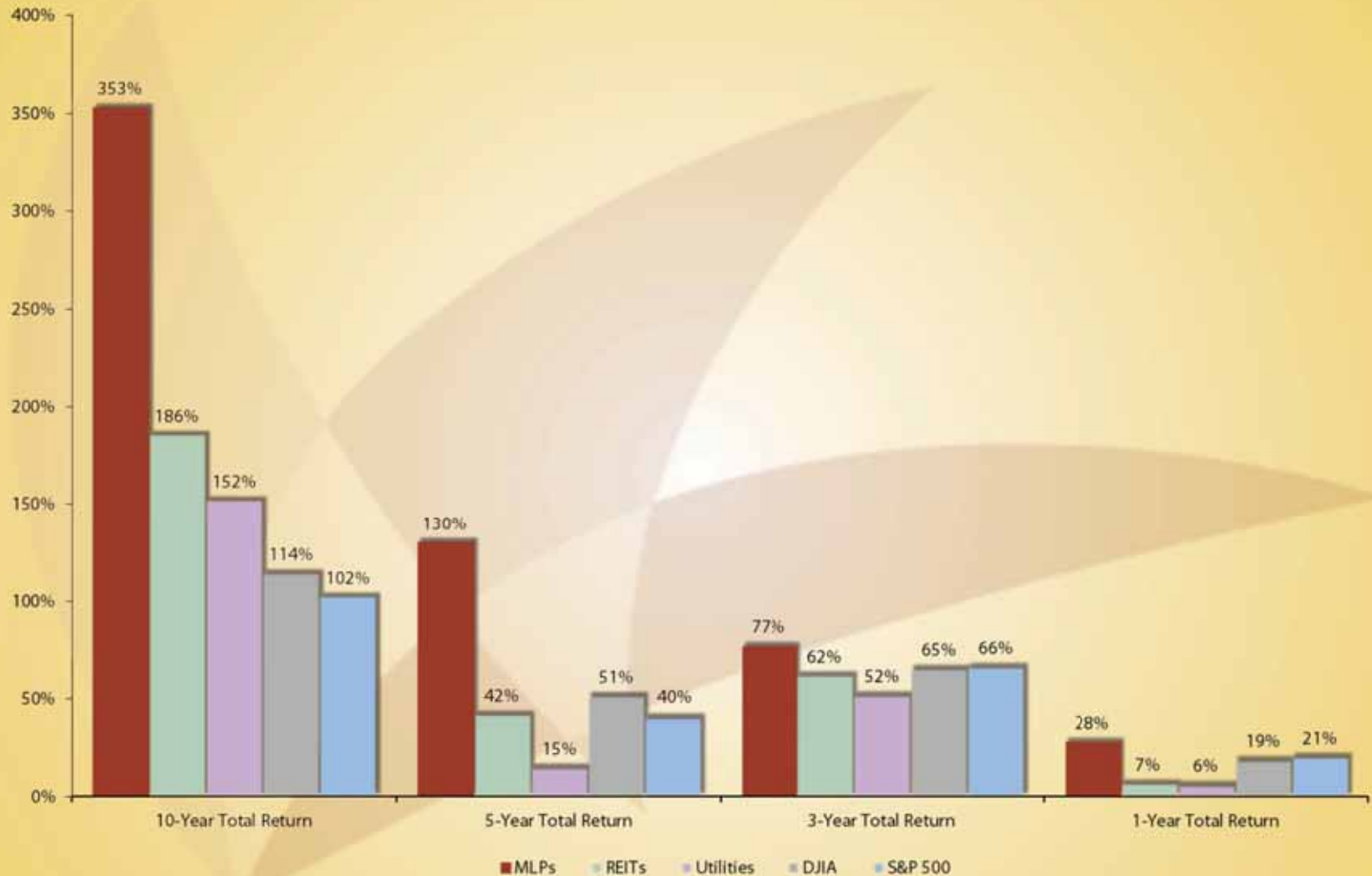
The Chemistry of MLPs: Annual Returns

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Annualized
Small Cap 47.3%	REITs 35.0%	Commodities 25.6%	REITs 35.6%	Commodities 32.7%	Utilities -28.9%	MLPs 76.4%	MLPs 35.9%	Utilities 19.9%	REITs 18.0%	MLPs 16.5%
MLPs 44.5%	Utilities 24.3%	Utilities 16.8%	Non-USEquity 26.3%	Utilities 19.4%	DJA -31.9%	Non-USEquity 31.8%	Small Cap 26.9%	MLPs 13.9%	Non-USEquity 17.3%	REITs 12.0%
Non-USEquity 38.6%	Non-USEquity 20.2%	REITs 13.7%	MLPs 26.1%	MLPs 12.7%	Small Cap -33.7%	REITs 27.6%	REITs 26.7%	REITs 9.4%	Small Cap 16.3%	Utilities 10.4%
REITs 36.3%	Small Cap 18.3%	Non-USEquity 13.5%	Utilities 21.0%	Non-USEquity 11.2%	MLPs -36.9%	Small Cap 27.2%	S&P 500 15.1%	DJA 8.4%	S&P 500 16.0%	Small Cap 9.7%
S&P 500 28.7%	Commodities 17.3%	MLPs 6.3%	DJA 19.0%	DJA 8.9%	S&P 500 -36.9%	S&P 500 26.5%	DJA 14.1%	S&P 500 2.1%	DJA 10.2%	Non-USEquity 8.2%
DJA 28.3%	MLPs 16.6%	S&P 500 4.9%	Small Cap 18.4%	S&P 500 5.5%	REITs -37.3%	DJA 22.9%	Commodities 9.0%	Commodities -1.1%	MLPs 4.8%	DJA 7.3%
Utilities 26.3%	S&P 500 10.9%	Small Cap 4.6%	S&P 500 15.8%	Small Cap -1.5%	Non-USEquity -43.3%	Commodities 13.5%	Non-USEquity 7.8%	Small Cap -4.1%	Utilities 1.3%	S&P 500 7.1%
Commodities 20.7%	DJA 5.3%	DJA 1.7%	Commodities -15.0%	REITs -16.3%	Commodities -46.4%	Utilities 11.9%	Utilities 5.5%	Non-USEquity -12.1%	Commodities 0.1%	Commodities 2.7%

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.

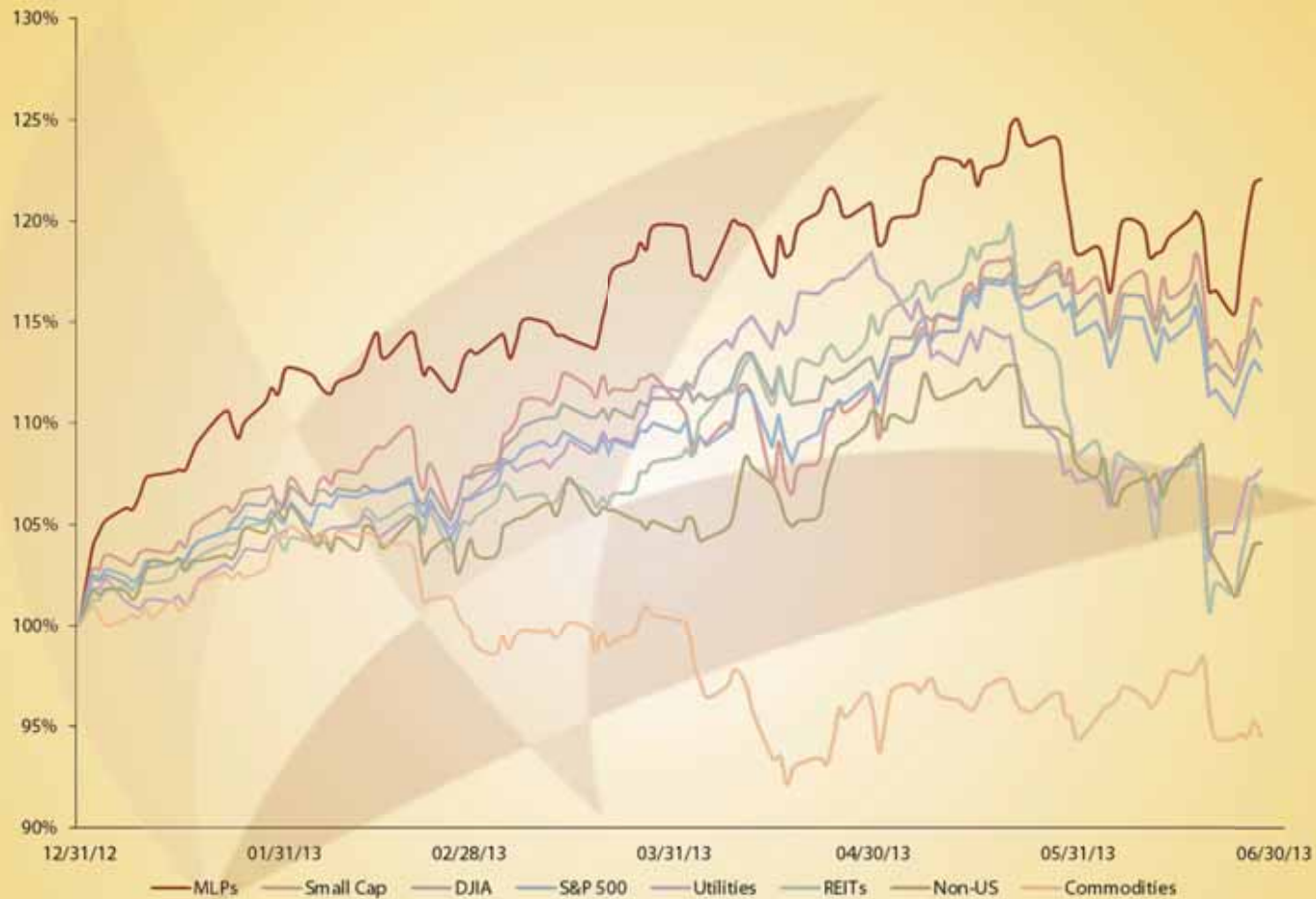


MLP Outperformance: Multi-Year Returns



Source: Bloomberg as of
06/28/2013

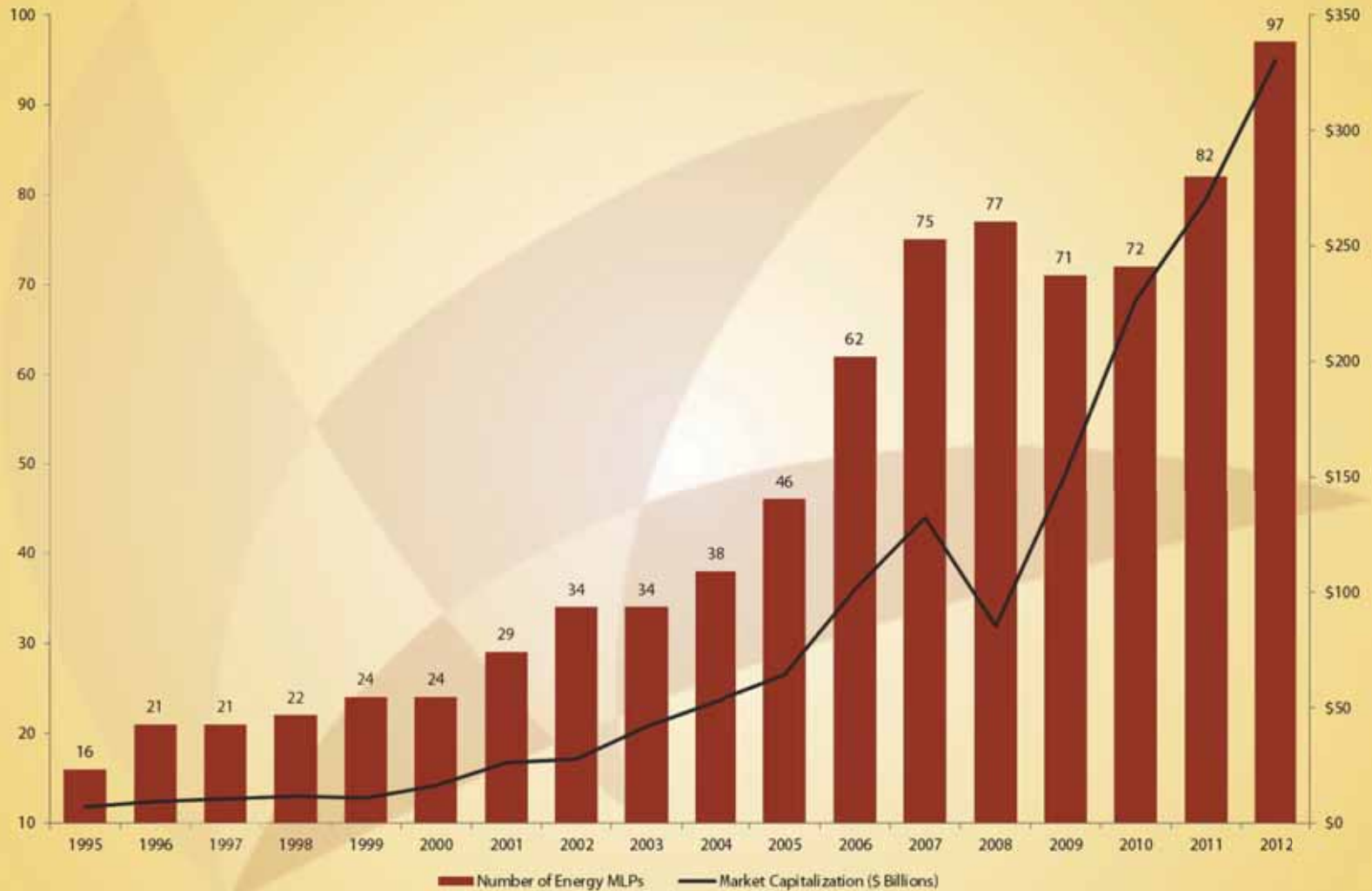
MLP Outperformance: 2013 YTD Returns



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 MSCI US REIT Index. 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.

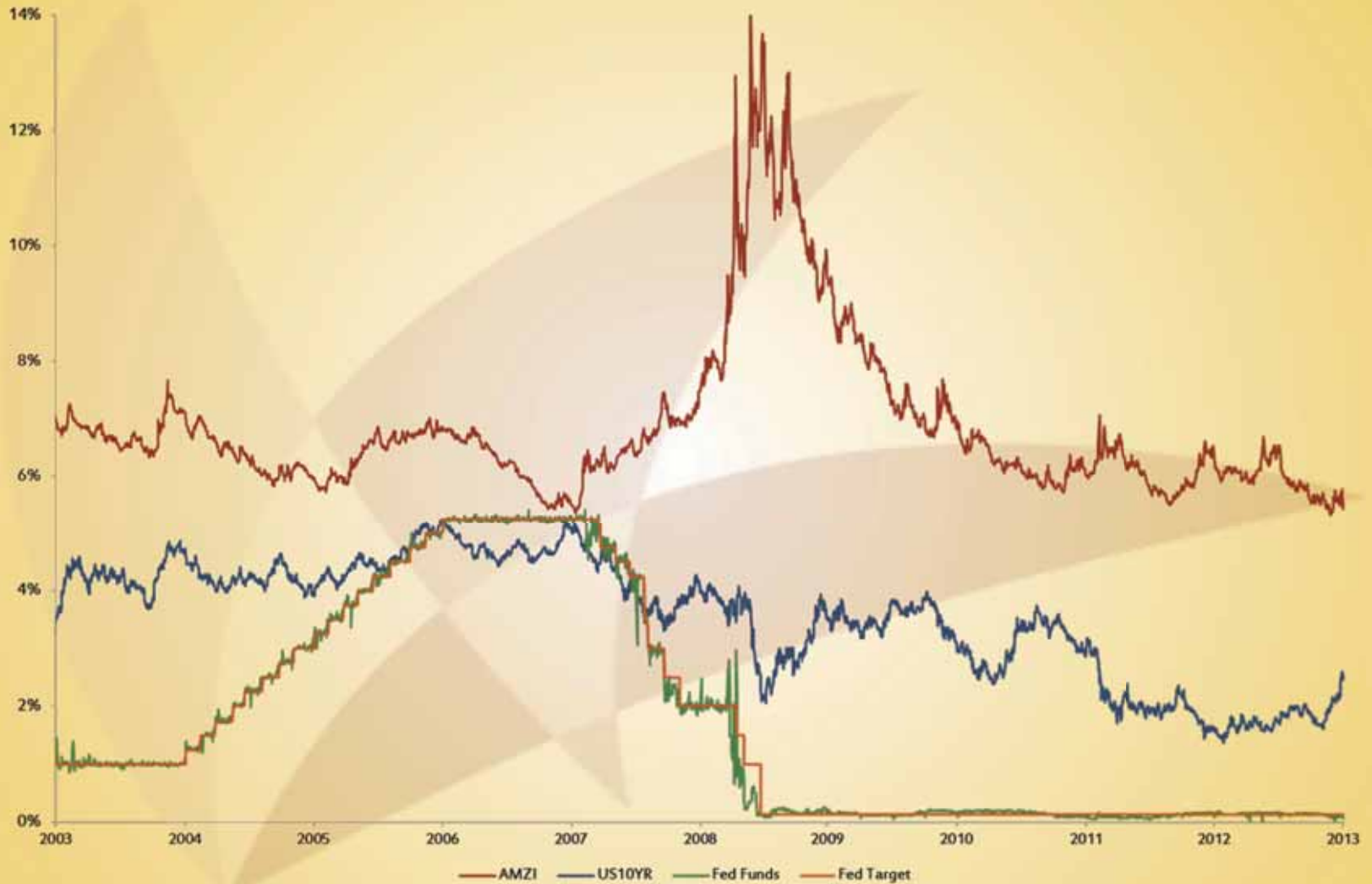


They're Bigger and There's More of Them



Source: SEC Filings, Bloomberg as of 06/28/2013

MLP Sensitivity to Interest Rates Possibly Overstated



Continued Demand for Access Products



Different Strokes for Different Folks

Investment Type	Direct Investment	Managed SMA	Closed-End Funds		Open-End Mutual Funds		Exchange-Traded Funds		Exchange-Traded Notes
			100% MLP	<25% MLP	100% MLP	<25% MLP	100% MLP	<25% MLP	
Tax Classification	Partnership	Partnership	Taxable "C" Corp	Non-Taxable "M" Corp	Taxable "C" Corp	Non-Taxable "M" Corp	Taxable "C" Corp	Non-Taxable "M" Corp	Forward Contract
Return of Capital Flow-Through	70%-100%	70%-100%	70%-100%	Varies*	70%-100%	Varies*	70%-100%	Varies*	No
Tax Treatment	0%-30% Ordinary Income	0%-30% Ordinary Income	0%-30% Qualified Dividend	Varies*	0%-30% Qualified Dividend	Varies*	0%-30% Qualified Dividend	Varies*	100% Ordinary Income
Tax Form	Form K-1	Form K-1	Form 1099	Form 1099	Form 1099	Form 1099	Form 1099	Form 1099	Form 1099
IRA/401k Eligible	Taxable Beyond \$1,000 in UBTI	Taxable Beyond \$1,000 in UBTI	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Leverage	No	No	Up to 33%	Up to 33%	Up to 33%	Up to 33%	No	No	No**
First Fund Launched	N/A	N/A	Feb 2004	Jun 2005	Mar 2010	Sep 2010	Aug 2010	Jul 2012	Jul 2007
Total Funds	N/A	N/A	17	10	10	7	5	1	11
AUM (\$ MM)	N/A	N/A	\$16.7B	\$4.1B	\$8.1B	\$1.8B	\$6.8B	\$0.4B	\$8.0B

Closed-End Funds: CBA, CEM, CTR, EMO, FEI, FEN, FMO, JMF, KED, KYN, NML, NTG, SRF, SRV, TYG, TYN, TYY

Open-End Mutual Funds: ALERX, AMLPX, CCCAX, CSHAX, CURAX, GLPAX, MLPAX, MLPDX, MLPFX, MLPLX

Exchange-Traded Funds: AMLP, MLPA, MLPJ, YMLI, YMLP

Exchange-Traded Notes: AMJ, AMU, ATMP, IMLP, MLPG, MLPI, MLPL, MLPN, MLPS, MLPW, MLPY

RIC Closed-End Funds: FIF, KMF, KYE, MIE, NDP, SMF, SMM, SZC, TPZ, TTP

RIC Open-End Mutual Funds: CRZAX, EGLAX, INFRX, MLPPX, MLPUX, SMAPX, TORTX

RIC Exchange-Traded Fund: EMLP

Managed SMA Examples: Steelpath, Energy Income Partners, Tortoise, etc.

*RIC-compliant funds hold a diverse group of investments and the tax treatment of income paid to investors may vary dramatically between funds

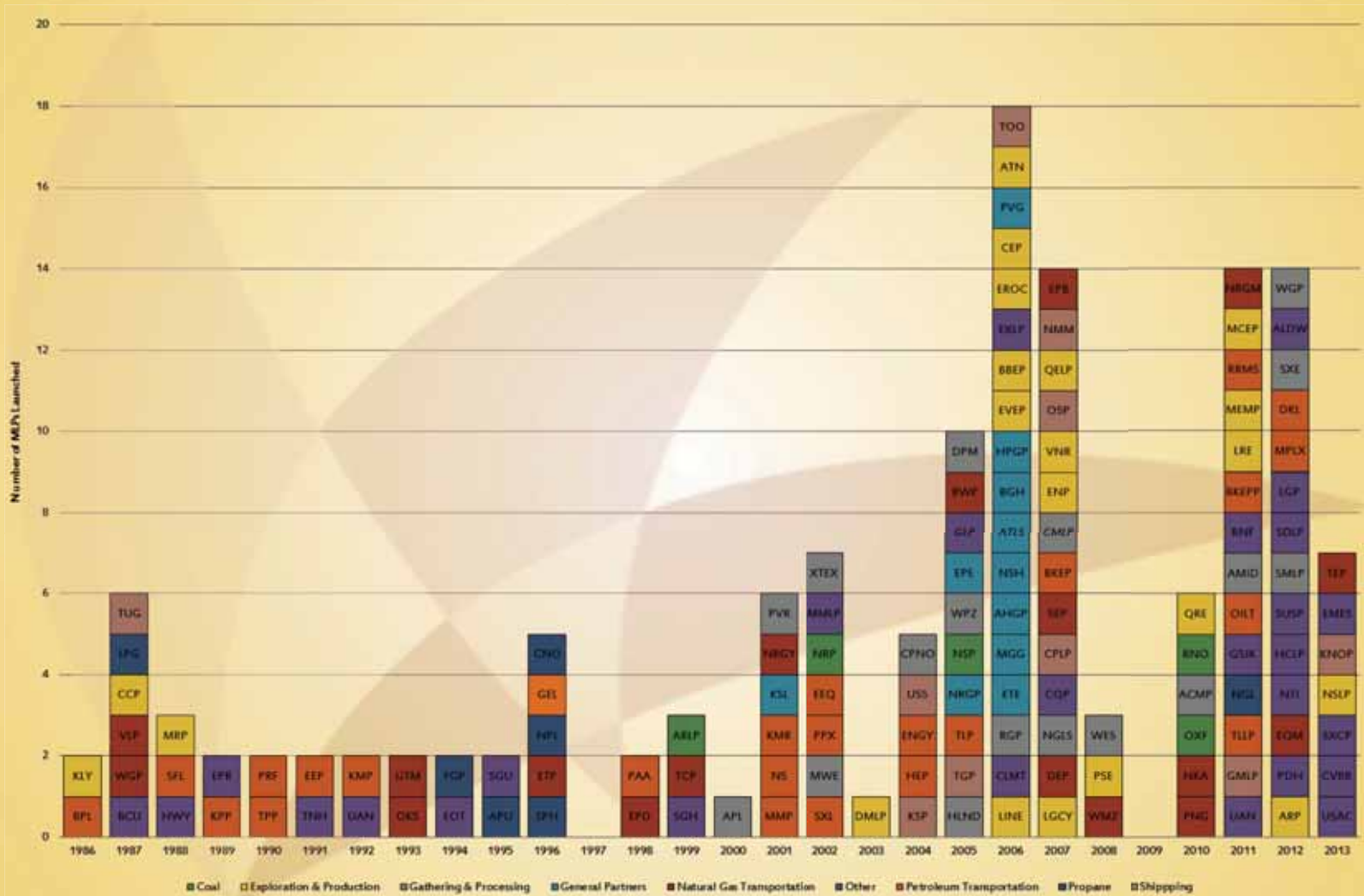
** Except MLPL, which is 2x leveraged with monthly reset



Source: Alerian, Bloomberg as of 06/28/2013



Triple Digits: MLP IPOs Since 1986



Source: Alerian, SEC Filings, Bloomberg as of 06/28/2013



Spotlight on Non-Traditional IPOs

IRS private letter rulings (PLRs) have broadened the scope of qualifying income

21 MLP IPOs during the last 18 months

- 6 Midstream – DKL, EQM, MPLX, SMLP, SXE, TEP
- 1 General Partner – WGP
- 2 E&P – ARP, NSLP
- 1 Shipping – KNOP
- 11 “Other” MLPs – ALDW, CVRR, EMES, HCLP, LGP, NTI, PDH, SDLP, SUSP, SXC, USAC

Similar to G&P MLPs seven years ago, “other” subsectors could become widely accepted

Consideration points:

- Business models – cyclicity of cash flows
- Risk profiles – asset diversification
- Distribution strategy – variable or growing

MLP IPOs (since January 2012)			
Date	MLP	Ticker	Assets
03/13/12	Atlas Resource Partners	ARP	Exploration & Production
05/03/12	PetroLogistics LP	PDH	Other Petrochemicals
06/26/12	EQT Midstream Partners LP	EQM	Natural Gas Pipelines
07/25/12	Northern Tier Energy LP	NTI	Other Refining
08/16/12	Hi-Crush Partners	HCLP	Other Frac Sand
09/10/12	Susser Petroleum Partners LP	SUSP	Other Wholesale Distribution
09/28/12	Summit Midstream Partners LP	SMLP	Natural Gas Pipelines
10/19/12	Seadrill Partners LP	SDLP	Other Drilling Rigs
10/25/12	Lehigh Gas Partners LP	LGP	Other Fuel Distribution
10/26/12	MPLX LP	MPLX	Petroleum Transportation
11/02/12	Delek Logistics Partners LP	DKL	Petroleum Transportation
11/02/12	Southcross Energy Partners LP	SXE	Gathering & Processing
11/20/12	Alon USA Partners LP	ALDW	Other Refining
12/07/13	Western Gas Equity Partners LP	WGP	General Partner
01/14/13	USA Compression Partners LP	USAC	Other Compression
01/16/13	CVR Refining LP	CVRR	Other Refining
01/18/13	SunCoke Energy Partners LP	SXC	Other Coke
02/07/13	New Source Energy Partners LP	NSLP	Exploration & Production
04/09/13	KNOT Offshore Partners LP	KNOP	Shipping
05/08/13	Emerge Energy Services LP	EMES	Other Sand and Transmix
05/13/13	Tallgrass Energy Partners LP	TEP	Natural Gas Transportation



Return Dispersion Is Here to Stay



Source: Alerian, Bloomberg as of 06/28/2013



Thank You!

MODERATOR

Clay H. Womack

Managing Director

Adageo Management & MLPMarket.Com

PANELISTS

Kenny Feng

President & CEO

Manager

OFI Steelpath

Brian Watson, CFA

Director of Research & Portfolio *Alerian*

Ed Russell

Director

Tortise Capital Advisors

