

5 T H A N N U A L

Innovative ALTERNATIVE INVESTMENT STRATEGIES

Using Non-Correlated Assets To Diversify and Improve Alpha

MLPs, A Compelling Asset Class

MODERATOR

Clay H. Womack
Managing Director
Adageo Energy Partners

PANELISTS

Daniel Herz
President, Director
Atlas Growth Partners

Ed Russell
Managing Director
Tortoise Advisors

Kenny Fang
CEO
Alerian



What is a MLP?

Master Limited Partnerships (“MLPs”) are investment vehicles structured as pass through entities that do not pay entity level taxes if the income they generate is designated as “Qualified Income” and at least 90% of that vehicle’s net income is distributed to the Limited Partnership interest holders.

The largest of these are also known as Publicly Traded Partnerships (“PTP’s), they encompass a broad number of asset categories which provide Qualifying Income and are traded on national exchanges and platforms.



What asset types are in a MLP?

Master Limited Partnerships contain a broad diversification of asset types:

- Pipelines and Terminal Storage Facilities - "Midstream"
- Refining & Distribution - "Downstream"
- Oil & Gas Production - "Upstream"
- Salt Water Disposal Facilities
- Fertilizer Plants
- Frac Sand Mines
- Marine Transportation
- Natural Resource Assets
- Real Estate Assets
- Financial Funds



How is a MLP Created?

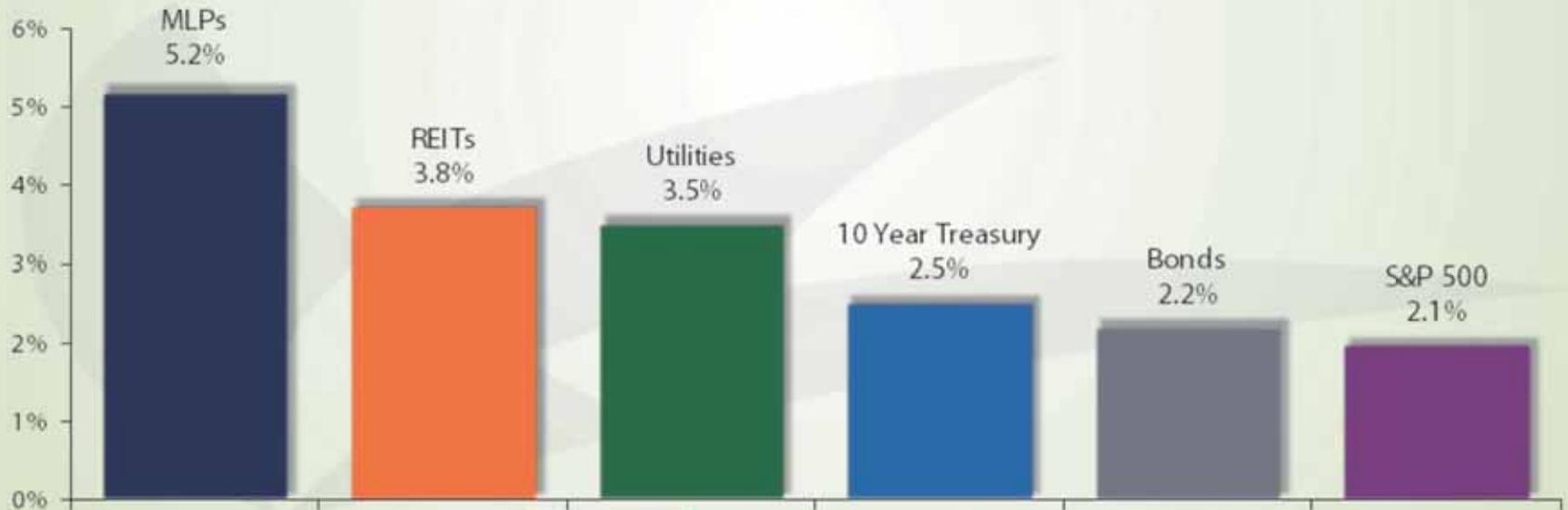
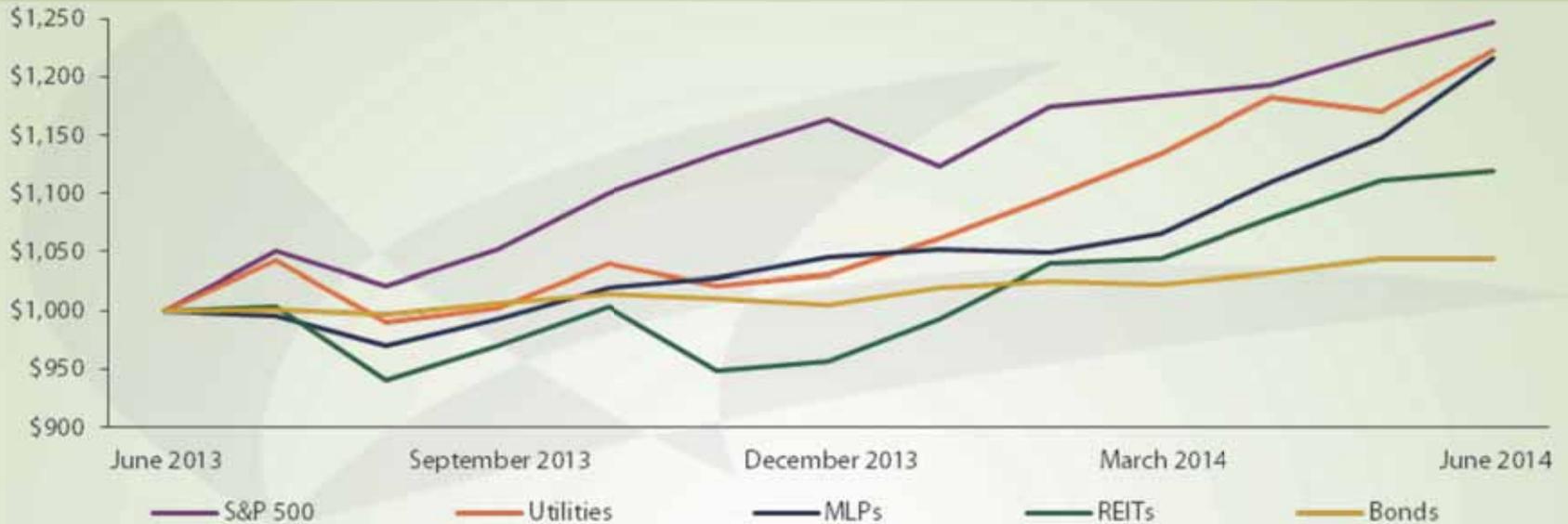
MLPs are generally/historically created in one of Three ways:

1. C Corp spins out assets that generate Qualifying Income to a new Partnership which goes public in traditional IPO.
2. Private Equity Fund drops assets that generate Qualifying Income into a new Partnership which goes public in traditional IPO.
3. Private Equity Investors aggregate assets within Partnership for purposes of taking Partnership public in traditional IPO.

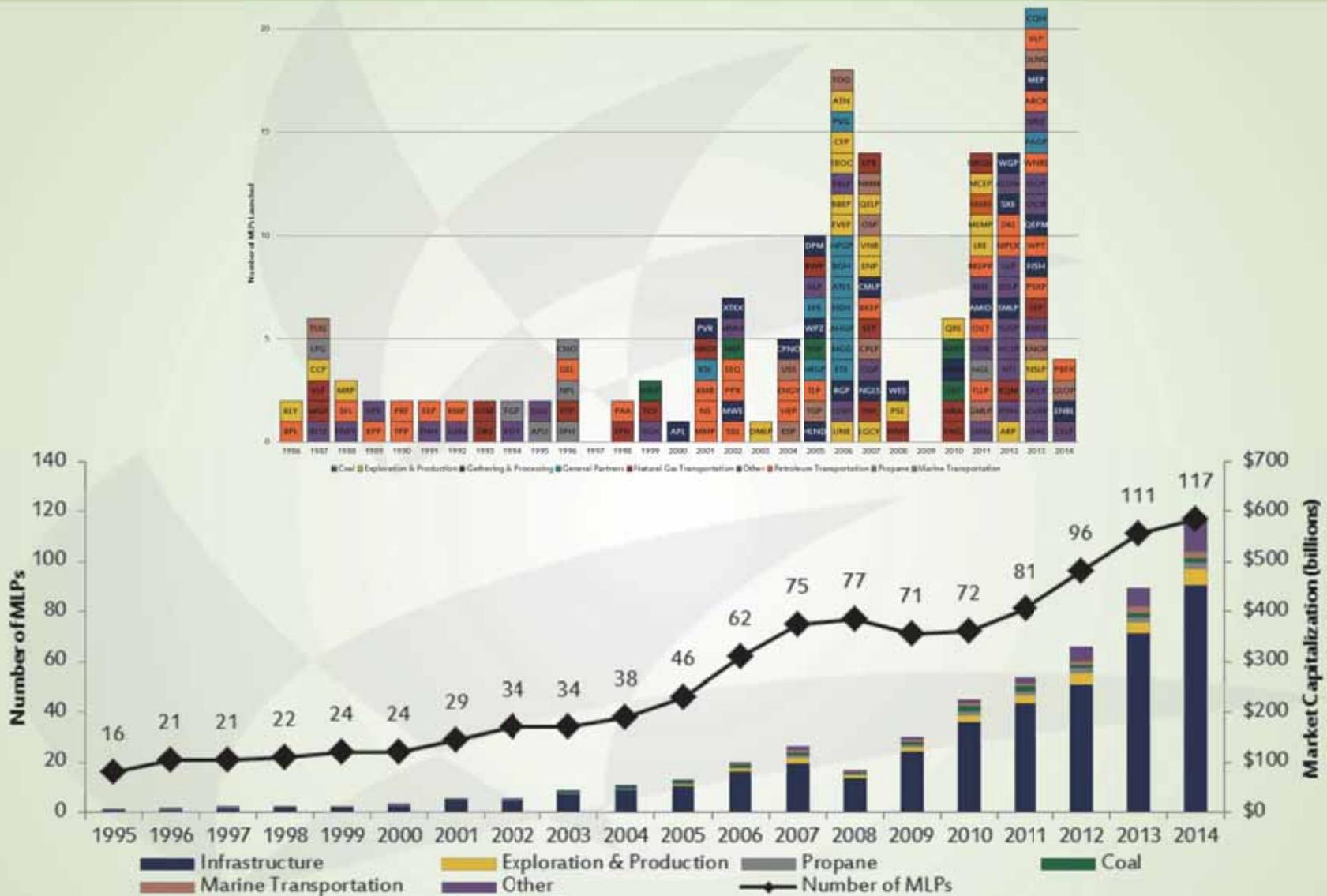
A newer method currently being brought to market involves Asset Managers aggregating assets with capital provided by HNW investors/RIA's and then list the Partnership for trading. This method provides HNW investors/RIA's the opportunity to capture the valuation arbitrage typically reserved for Private Equity managers.



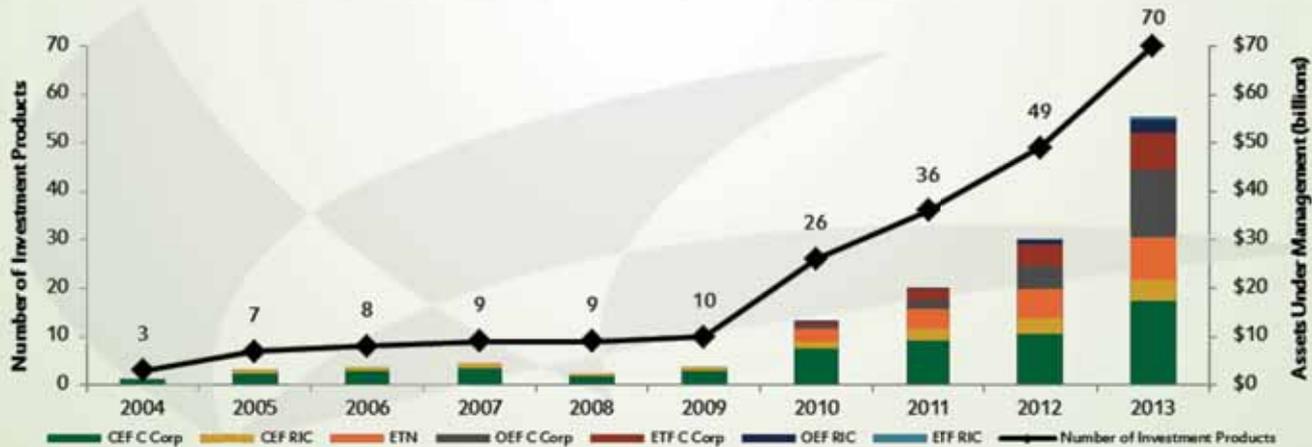
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Source: Alerian as of 06/30/2014



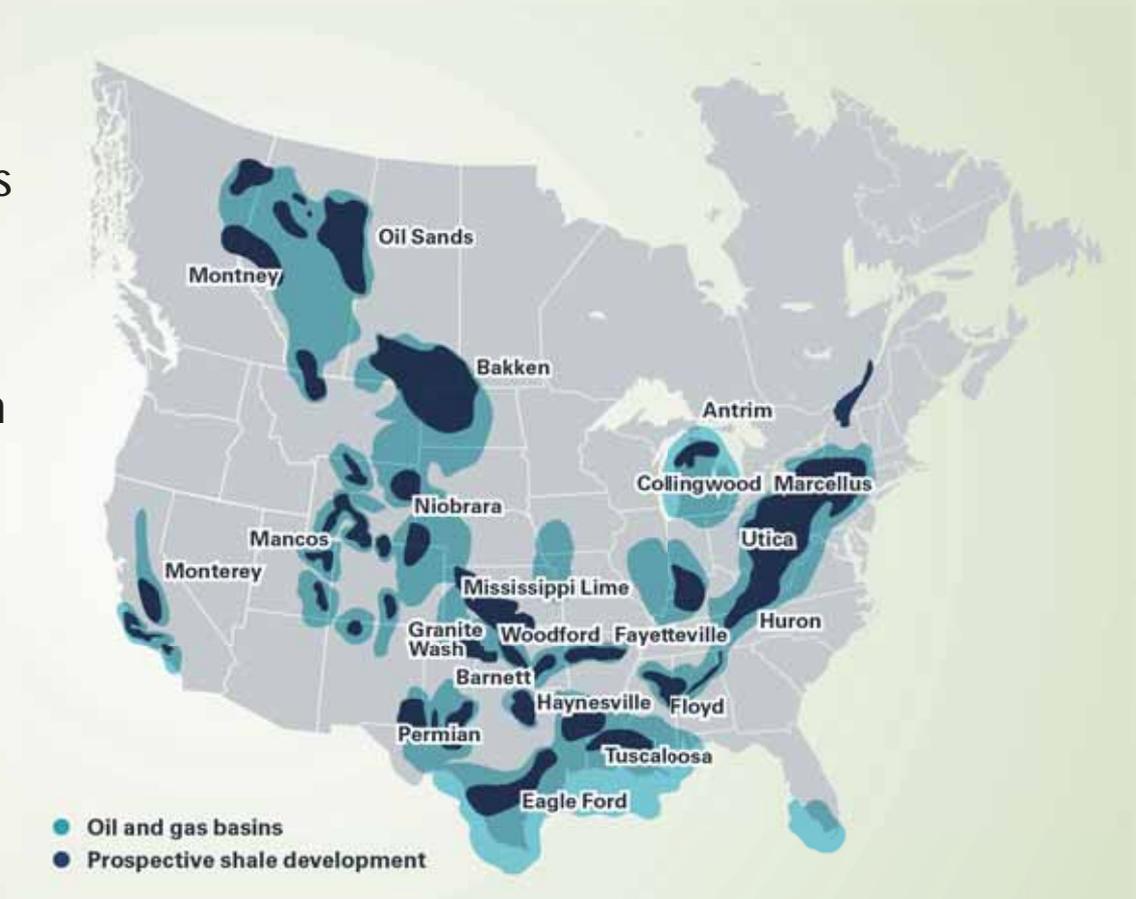
				C Corp (100% MLPs)			RIC (25% MLPs)		
	Direct	SMA	ETN	CEF	OEF	ETF	CEF	OEF	ETF
Public	✓		✓	✓	✓	✓	✓	✓	✓
Form 1099			✓	✓	✓	✓	✓	✓	✓
IRA/401k Friendly			✓	✓	✓	✓	✓	✓	✓
Return of Capital Flow Through	✓	✓		✓	✓	✓	Limited	Limited	Limited
Underlying Intraday Liquidity	✓		✓			✓			✓
Non-Taxable at Product Level	✓	✓	✓				✓	✓	✓
No Credit Risk	✓	✓		✓	✓	✓	✓	✓	✓
Leverage			Varies	✓	Varies		✓		



The North American energy revolution

- Upstream acreage, drilling and production investments like never before
- \$209 billion is expected in 2014 alone and \$4.5 trillion is expected through 2035¹

¹Source: 2014: Barclays and Tortoise Capital Advisors; Projections from 2014 - 2035: International Energy Agency The projections on this page are based on industry estimates and are no guarantee of future outcomes.



Upstream

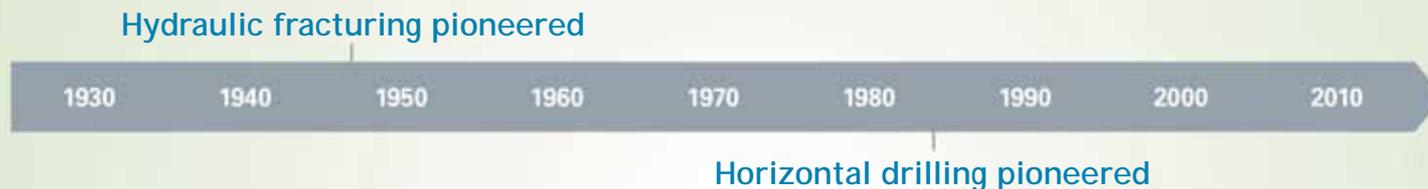
Midstream

Downstream



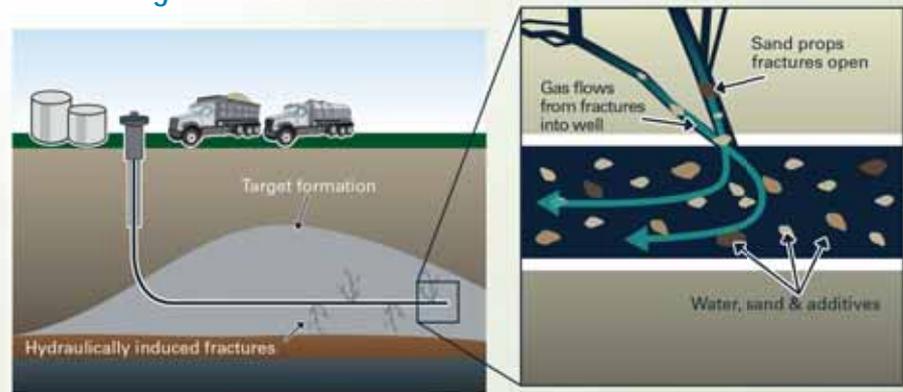
New approaches to old technologies driving production

Growing North American production is driven by two processes used safely for many years



- Combining the two processes alongside technological improvements have increased their economic efficiency and changed the production landscape in North America
- Drilling in these shale regions has reversed a decade long decline in domestic crude oil and natural gas production

Fracturing a horizontal well



Upstream

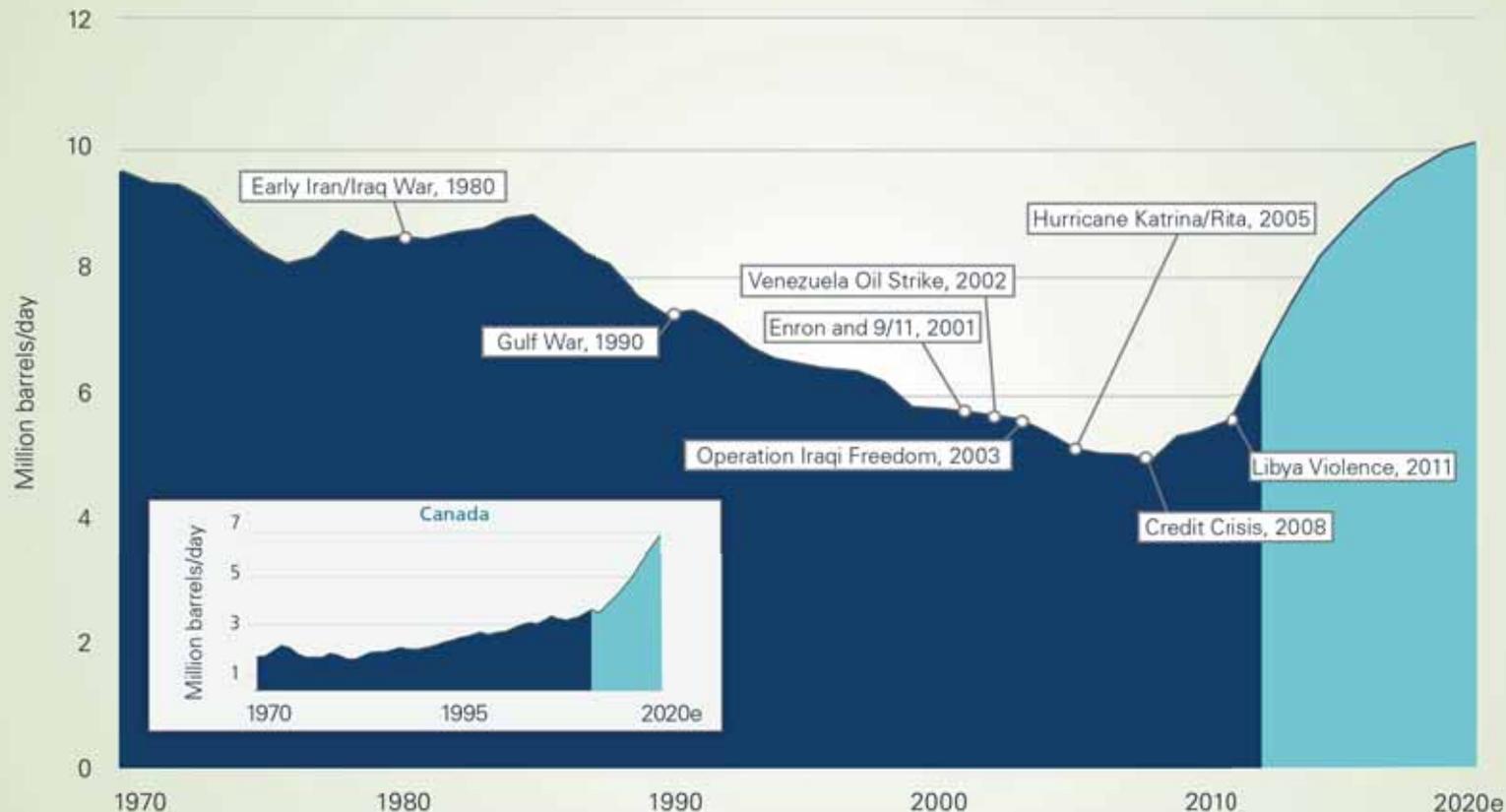
Midstream

Downstream



Game-changing crude oil production growth

United States



Upstream

Midstream

Downstream

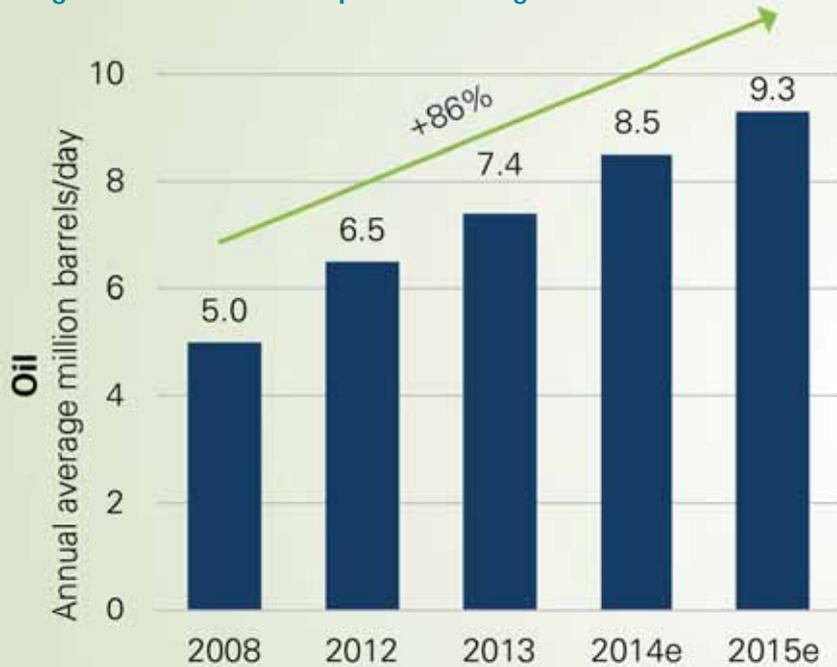


Private
Wealth

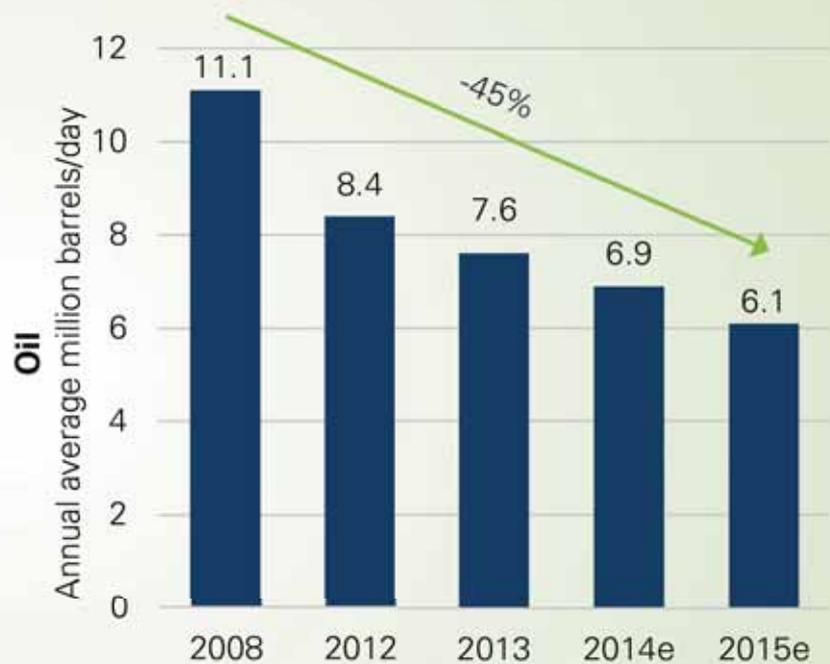
Source: U.S.: EIA (total U.S. 1970-2012; AK 2012-2020), ITG, (L48 2012-2020); Canada: Canadian Association of Petroleum Producers (1970-2012), BMO Capital Markets (2013-2020). The projections on this page are based on industry estimates and are no guarantee of future outcomes.

Oil/liquids production in context

Significant domestic production growth



Decreasing domestic imports



Source: Energy Information Administration, (2014). The projections on this page are based on industry estimates and are no guarantee of future outcomes.

- Upstream
- Midstream
- Downstream

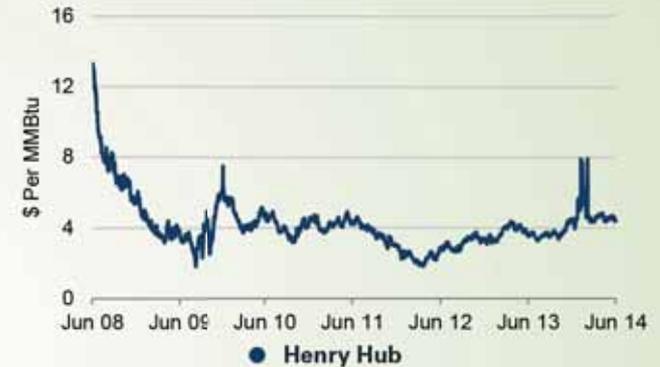


Natural gas supply and demand

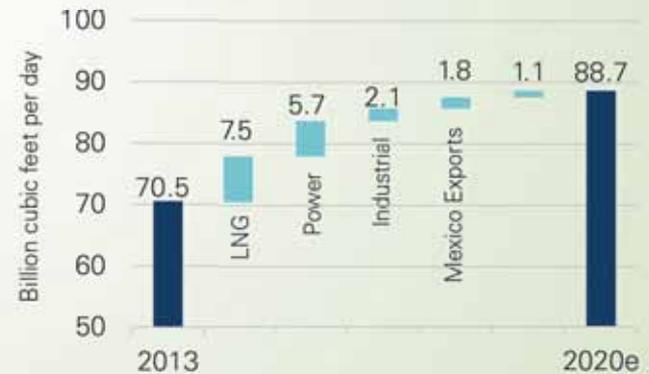
Prices around the globe¹



Global demand keeping pace with supply growth¹



Consumption growing with supply²



Upstream

Midstream

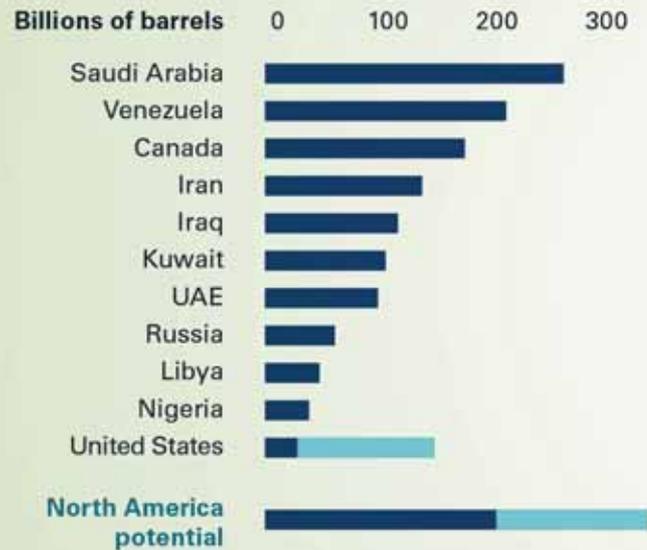
Downstream



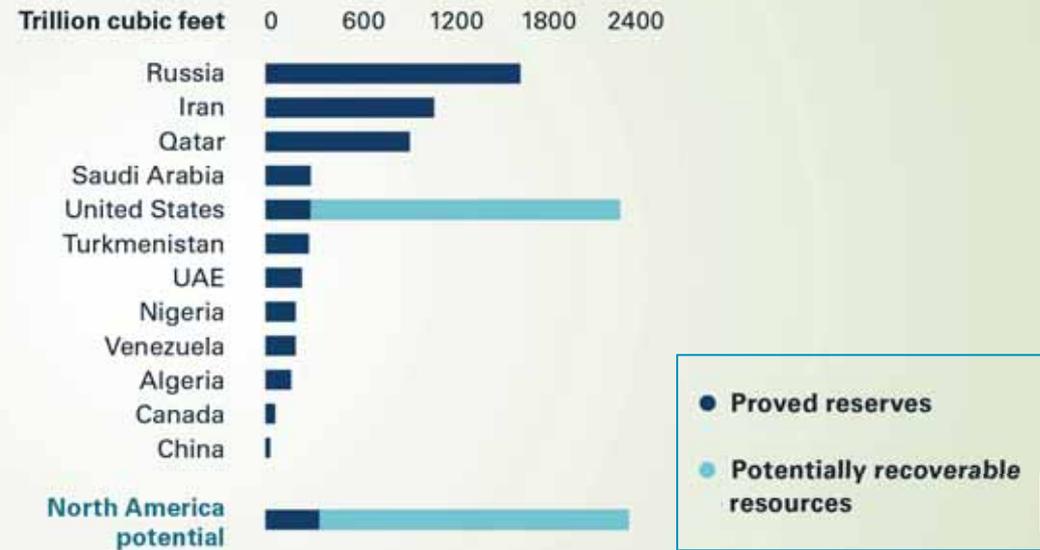
¹Source: Bloomberg as of 6/30/2014.
²Source: Wood Mackenzie as of June 2013.
 Note: LNG = Liquefied natural gas.

New production making the U.S. a worldwide energy leader

Crude oil resources



Natural gas resources

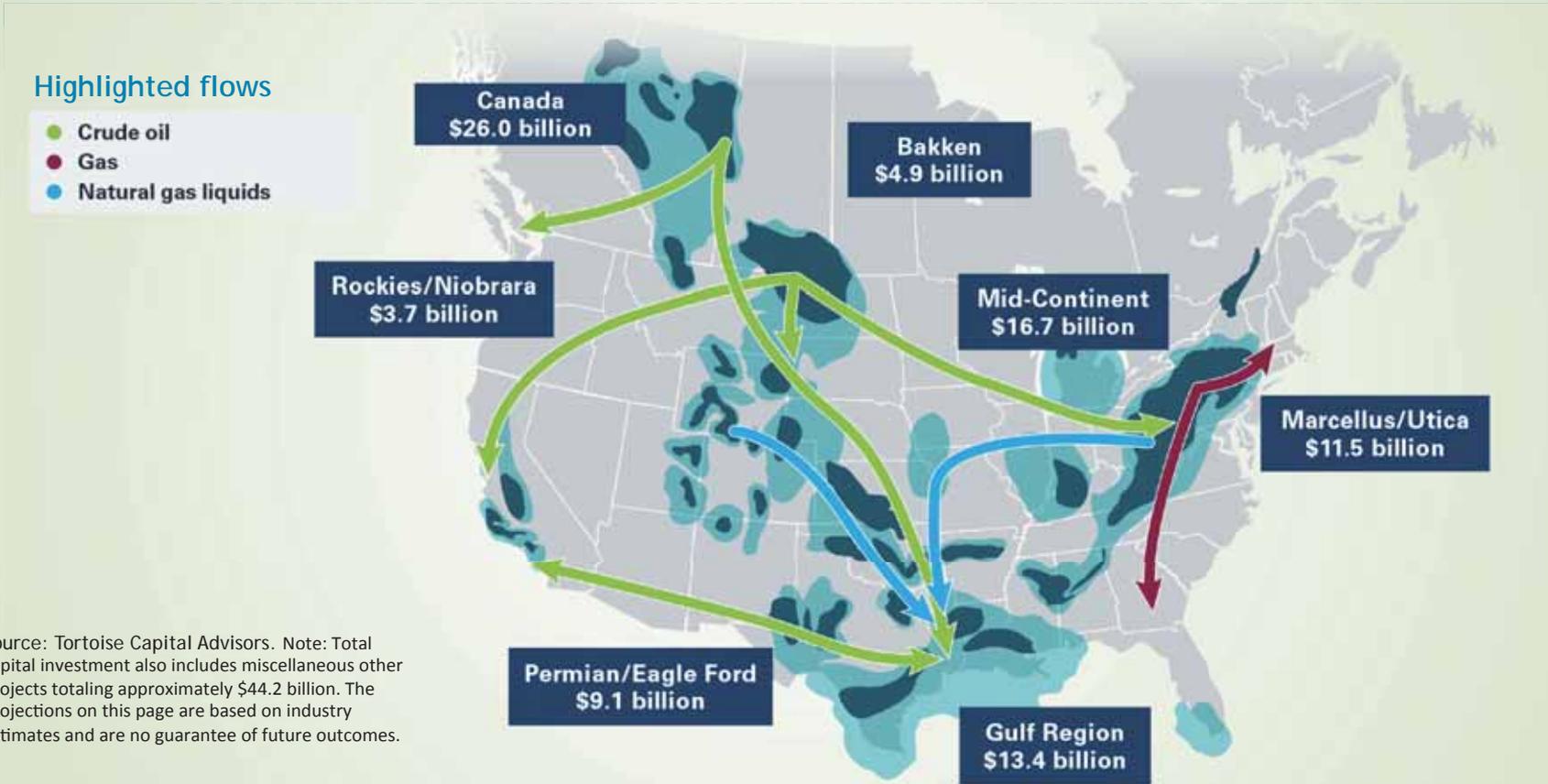


● Proved reserves
● Potentially recoverable resources

Source: Proved reserves: CIA (2013). Total proved and potentially recoverable resources: Energy Information Administration, 2013 (natural gas) and Senate Report, 2011 (crude oil). 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. 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. The data reflected on this page is based on industry estimates and are not a guarantee of future outcomes.

Midstream projections

Approximately \$127 billion in MLP, pipeline and related projects 2014e-2016e



Source: Tortoise Capital Advisors. Note: Total capital investment also includes miscellaneous other projects totaling approximately \$44.2 billion. The projections on this page are based on industry estimates and are no guarantee of future outcomes.

Upstream

Midstream

Downstream



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