

MLP Market Overview

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Director of Operations

Tulsa MLP
Conference



About Alerian



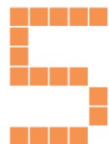
- ▶ Real-time MLP Index
- ▶ MLP ETN
- ▶ MLP ETF

\$14 billion in index-linked products

85% market share for passive exchange traded products

11

product
partners



REAL-TIME MLP & ENERGY INFRASTRUCTURE INDICES

AMZ / AMZI / AMEI / ANGI / AMZE

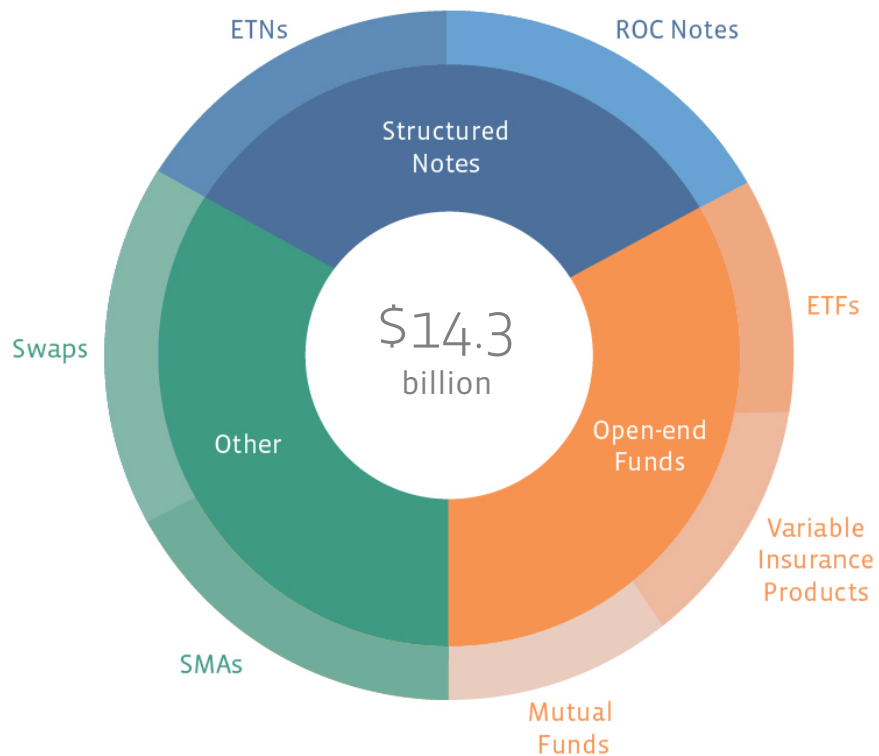


About Alerian // Indices widely referenced by industry





About Alerian // Leveling the playing field for MLP investing





Overview of MLPs



Overview of MLPs // Why MLPs?



Stable Cash Flows

Fee-based toll-road (Price x Volume) business models that benefit from inelastic energy demand



Growing Distributions

Interstate liquid tariffs have built-in PPI “plus” revenue indexing



Energy Infrastructure

Increasing need for pipeline, storage, and processing assets to serve growing domestic production

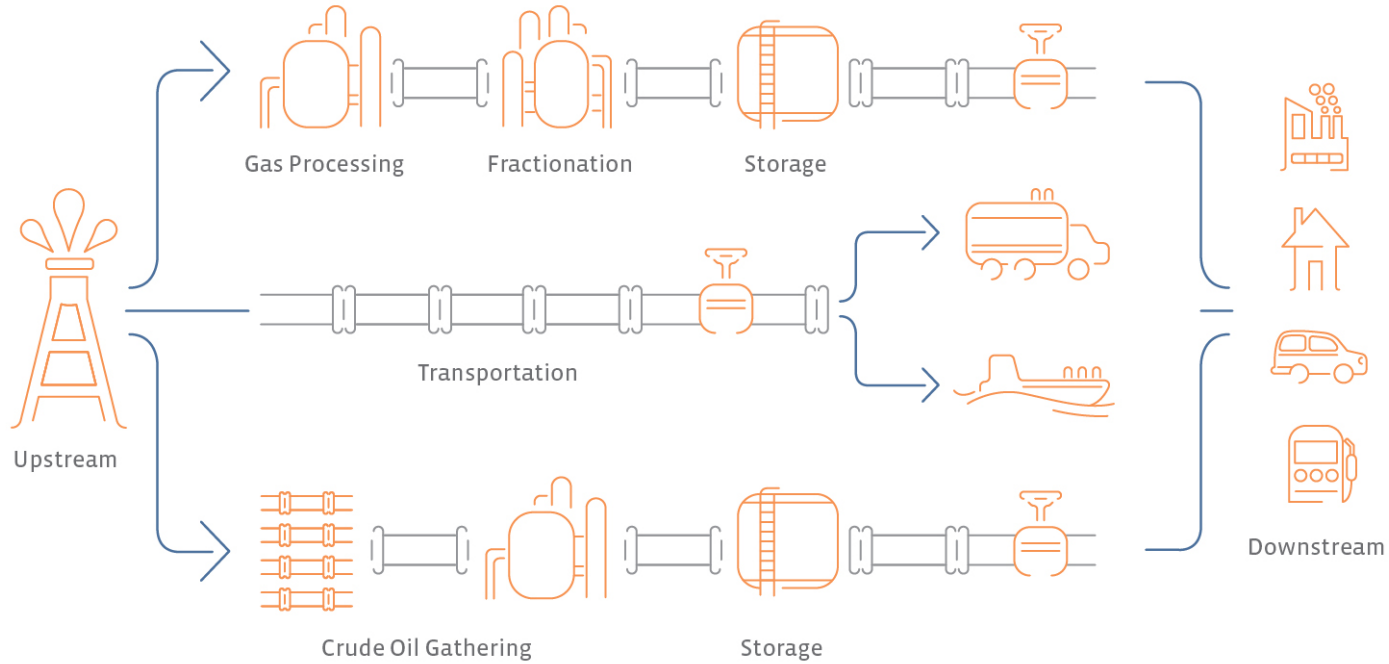


Diversification

Low correlation to broader markets, commodity prices, and interest rates over the long-term

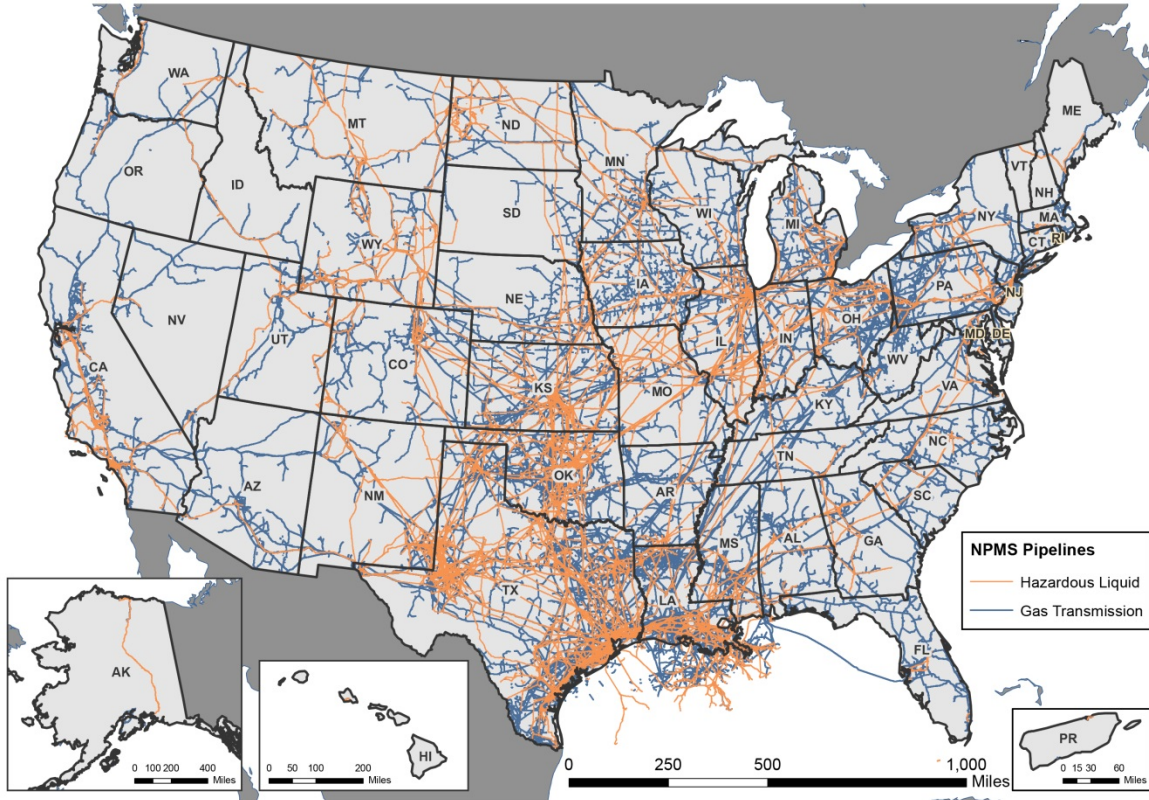


Overview of MLPs // Energy value chain





Energy Renaissance // Spaghetti bowl of pipelines

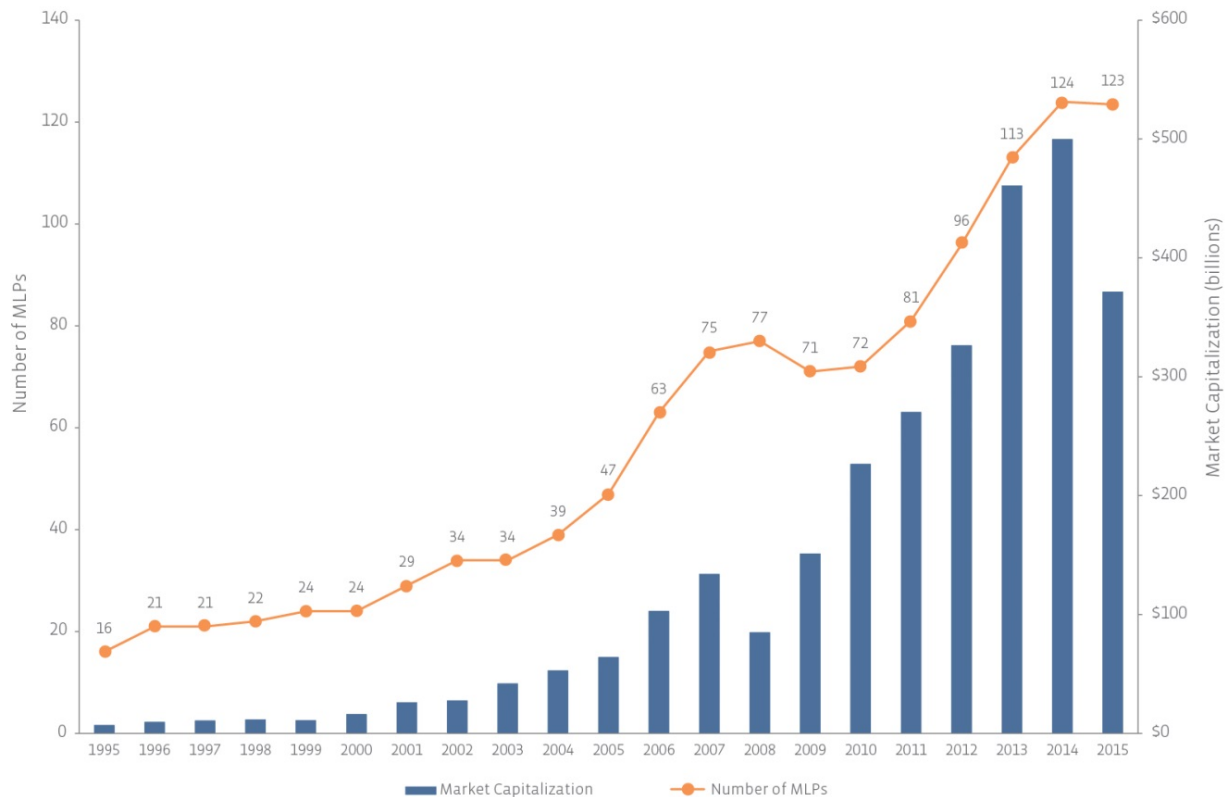




Asset Class Growth

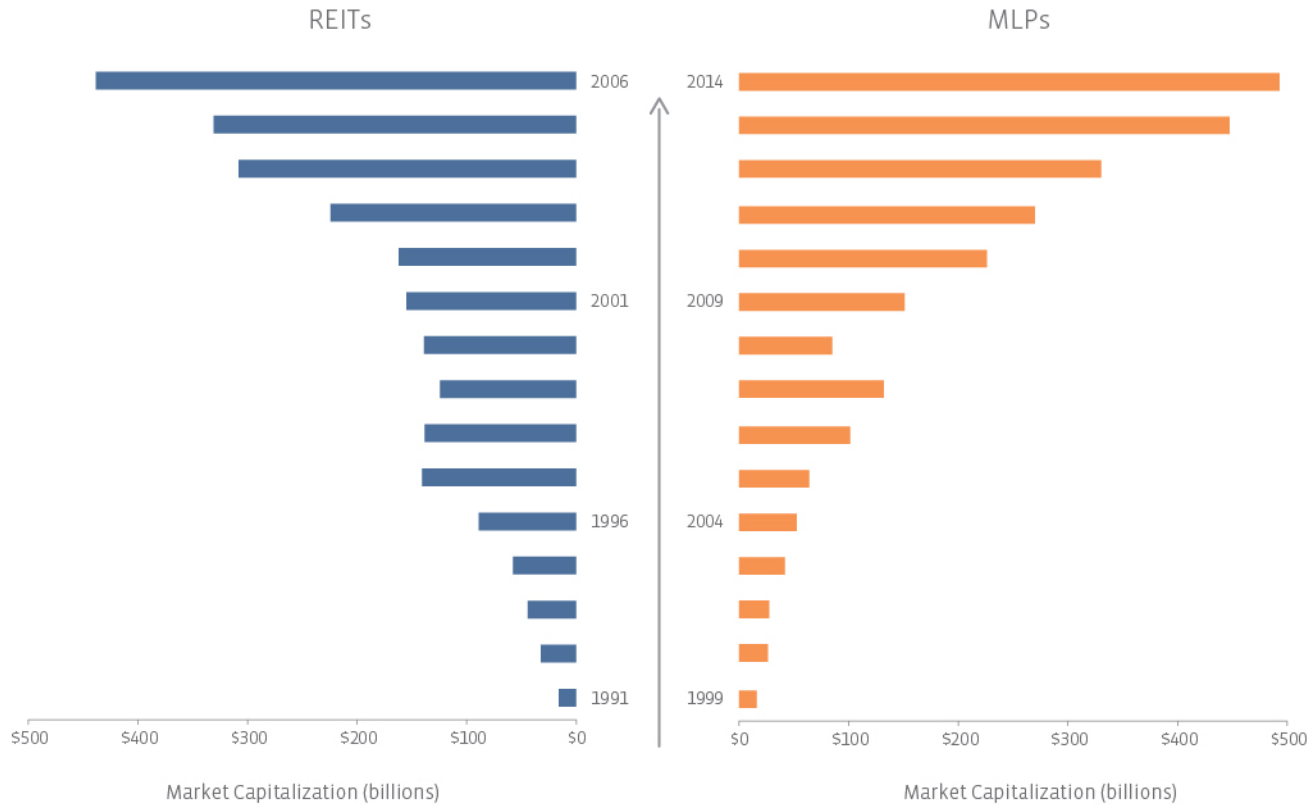


Asset Class Growth // No longer an emerging asset class





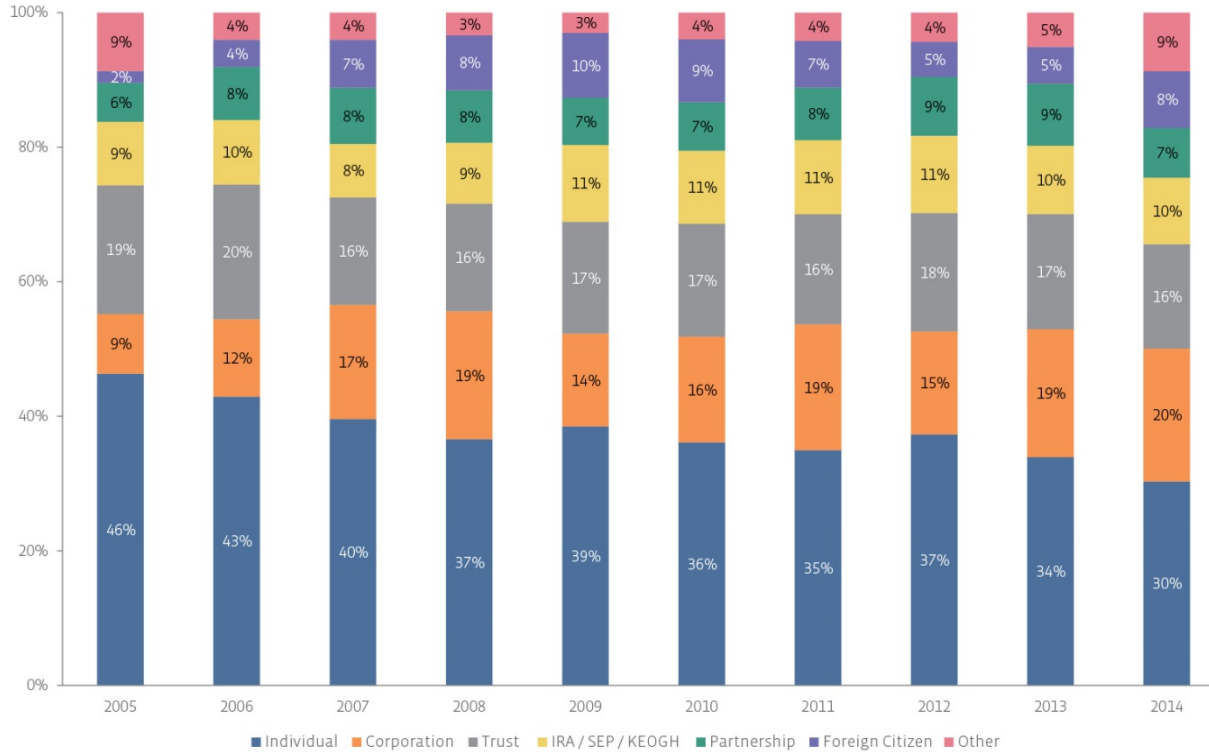
Asset Class Growth // A growth trajectory familiar to REIT investors





Asset Class Growth // Foreign and institutional investment has grown

MLP Unit Ownership Breakdown





**MLP
Investment
Options**



MLP Investing // Who should invest directly in MLPs?

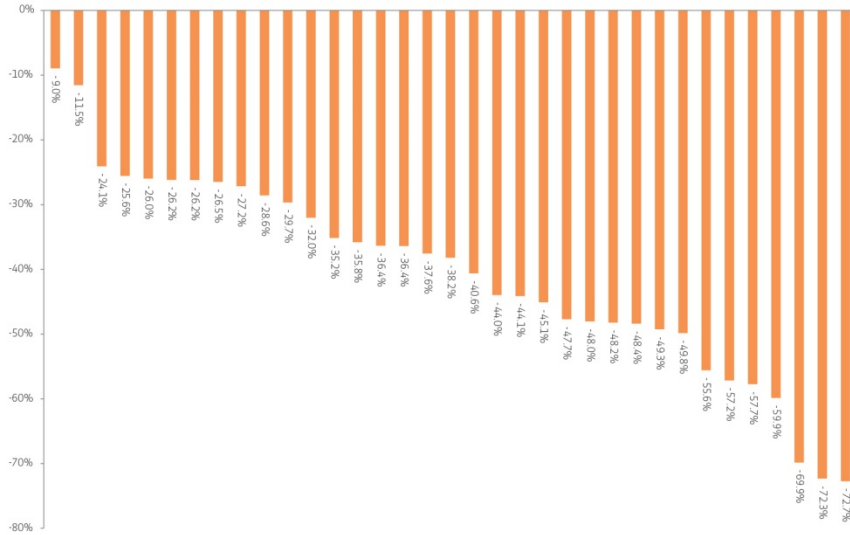


- P** Portfolio Selection
- U** United States
- T** Taxable
- S** State Filings & K-1s

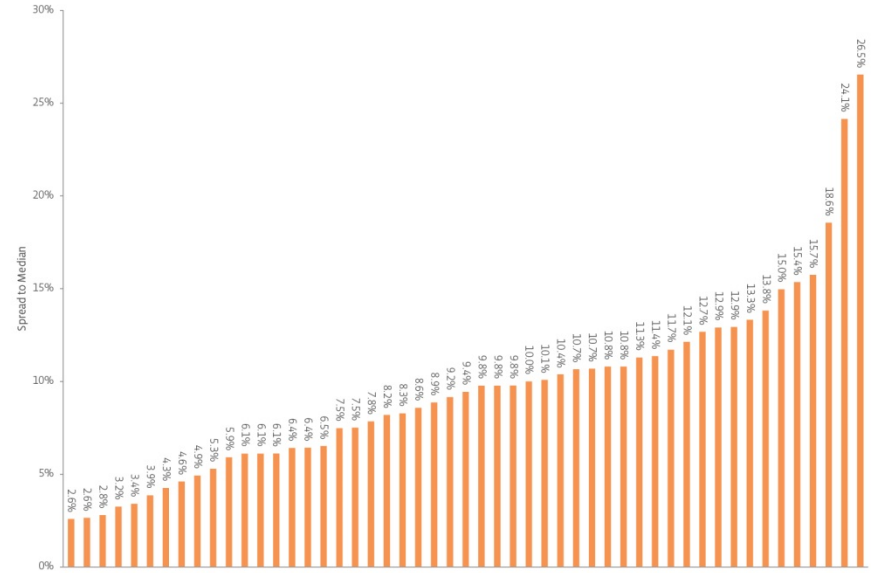


MLP Investing // Why diversify?

Trailing 12-month Performance of AMZ Constituents



Yield Dispersion of AMZ Constituents

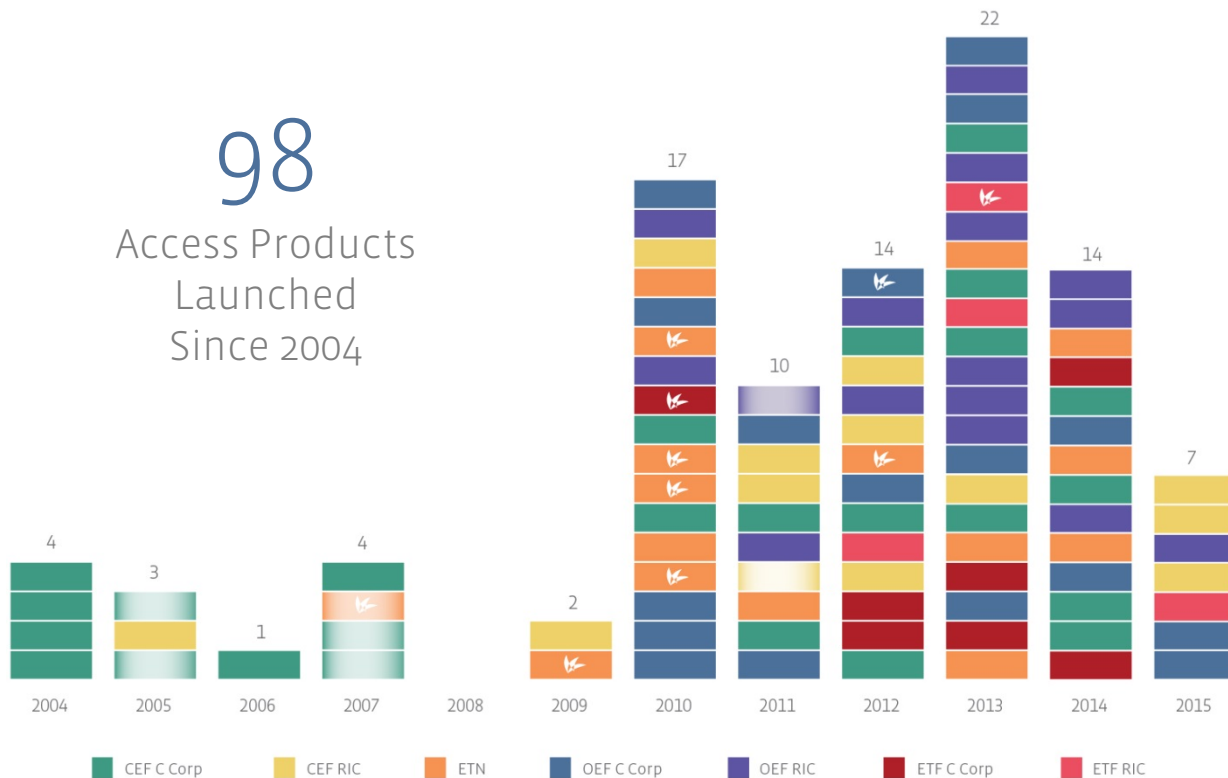




MLP Investing // Continued demand for access products

98

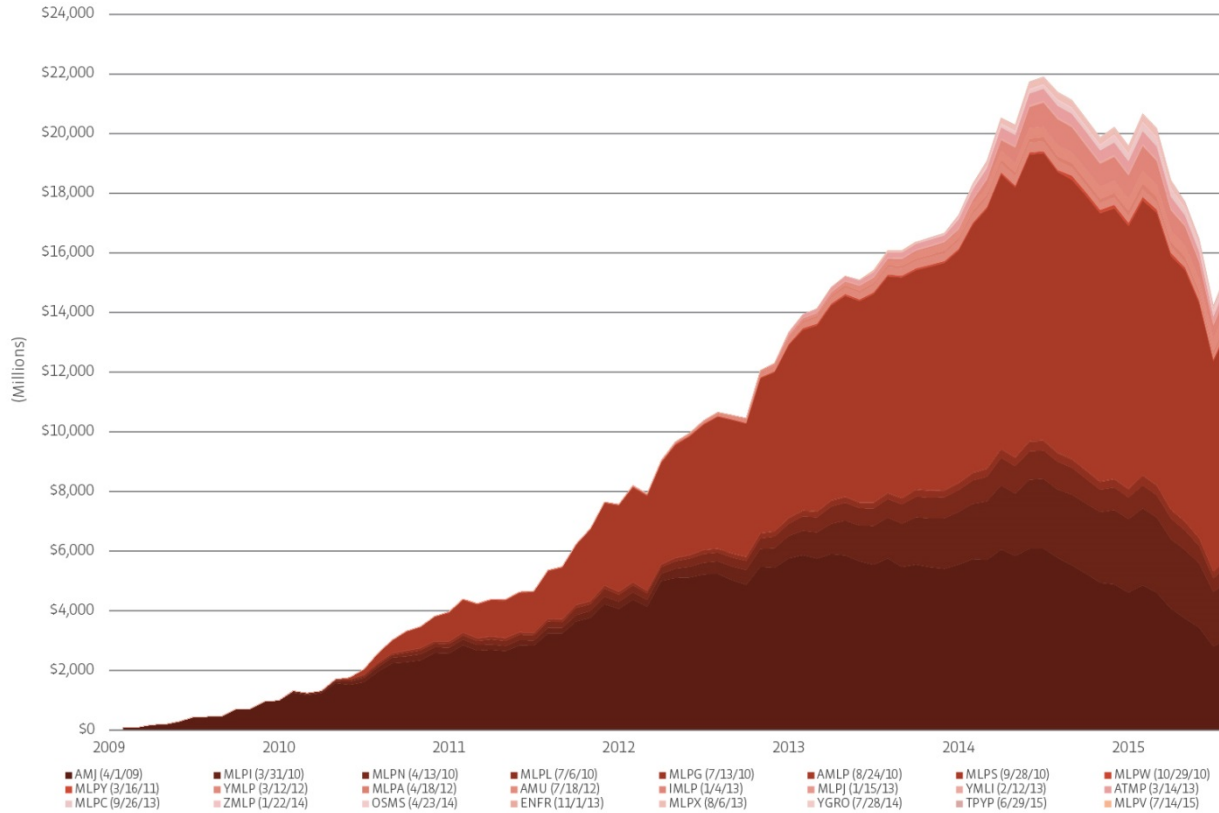
Access Products Launched Since 2004



Note: Faded colors represent funds that are now delisted
Source: Alerian as of October 30, 2015



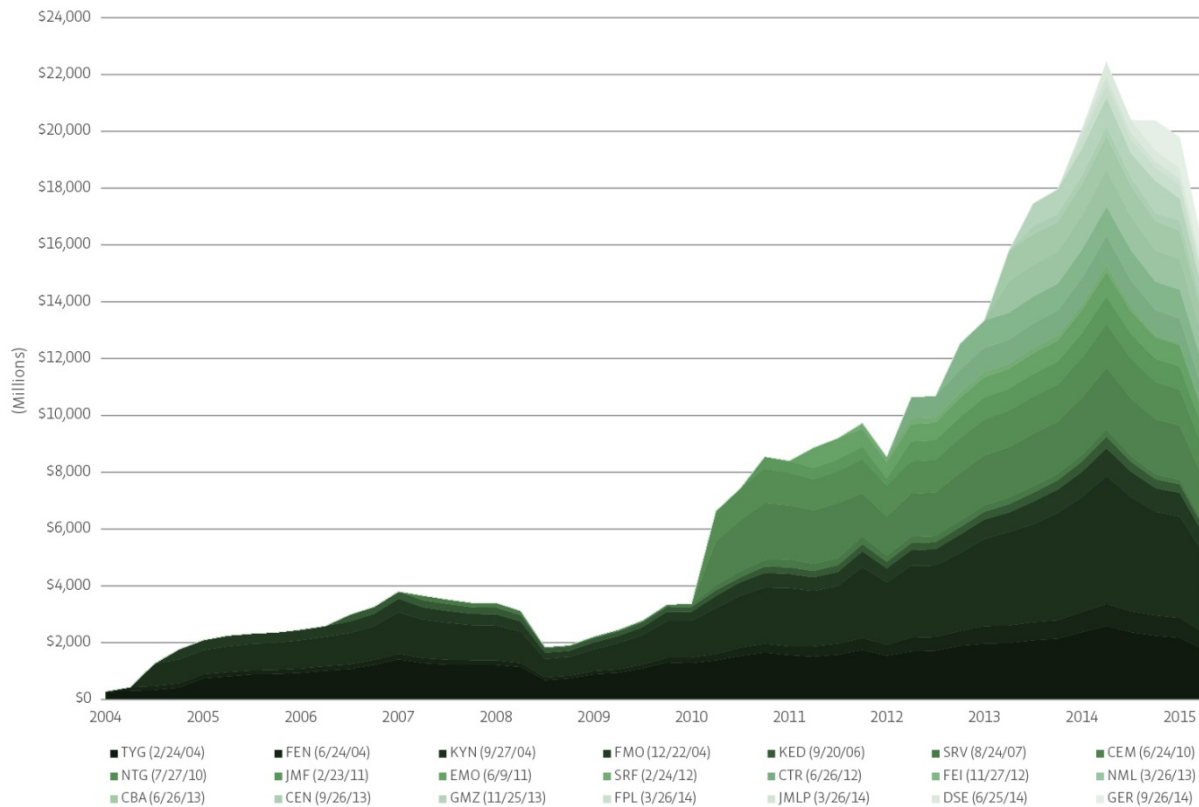
MLP Exchange-Traded Product Growth (AUM)



Source: Bloomberg as of October 30, 2015

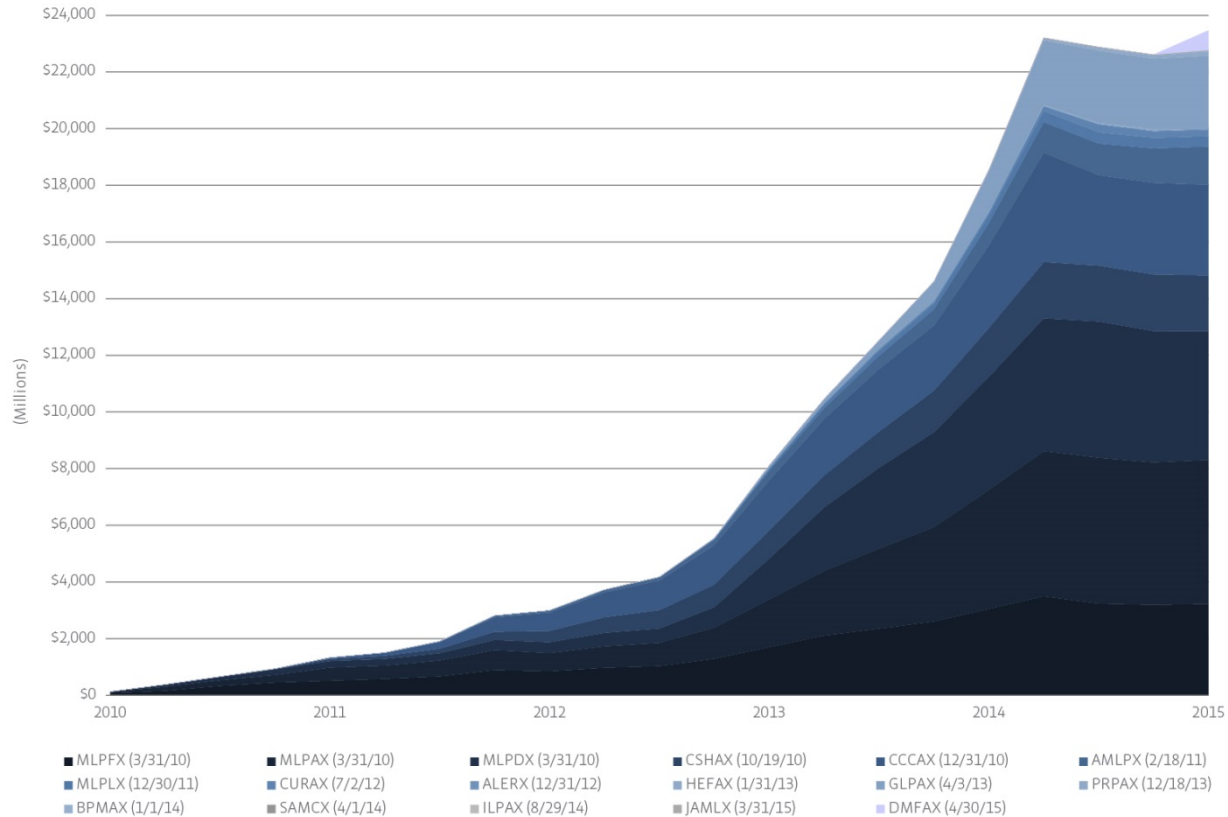


MLP Closed-End C-corp Fund Growth (AUM)



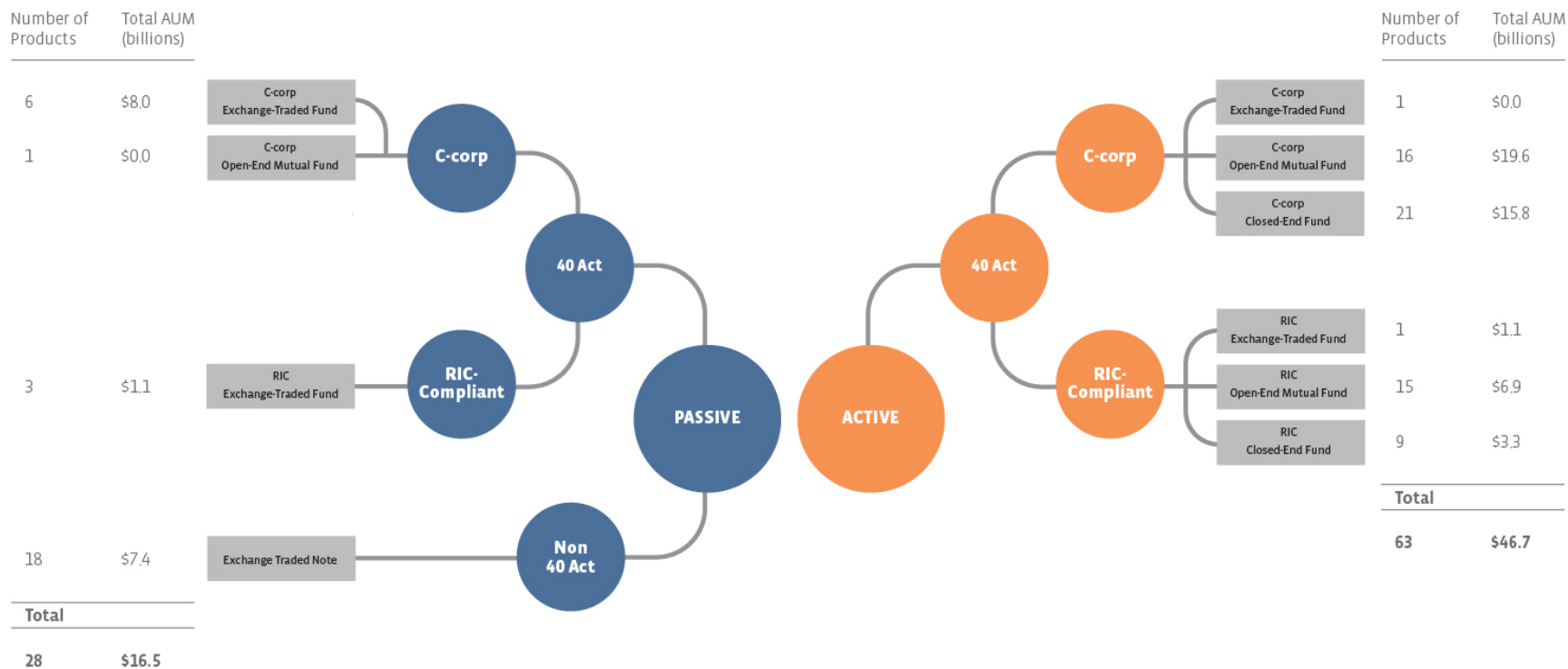


MLP Open-End C-corp Mutual Fund Growth (AUM)





MLP Investing // MLP investment product decision tree



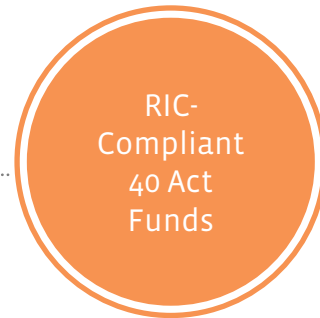
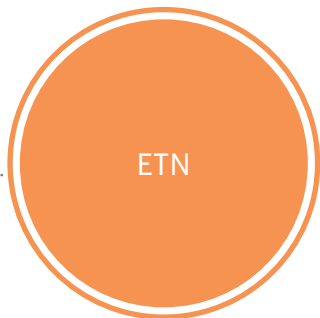


Days to Exit \$10 million Position in Single MLP





MLP Investing // Different strokes for different folks



Advantages

Little/No Tracking Error
100% MLP Exposure

Generally Higher After-Tax Income*
Ownership of Underlying Securities
100% MLP Exposure

Little/No Tracking Error
Ownership of Underlying Securities



Disadvantages

Generally Lower After-Tax Income**
Credit Risk of Issuer

Deferred Tax Liability
Mutes Gains

25% MLP Exposure
Generally Lower Income***



Suitability

Tax-Advantaged Investors
Total Return Investors
Comfortable with Issuer Credit Risk

After-Tax Yield Investors
Low Volatility Investors

Tax-Advantaged Investors
Total Return Investors
Comfortable with Non-MLP Investments

*Due to expense ratio being taken from NAV, and income being treated as return of capital / qualified dividend

**Due to expense ratio being taken from coupon, and coupon being taxed as ordinary income

***Due to lower MLP exposure



Market Update



Current Issues // The periodic table of performance

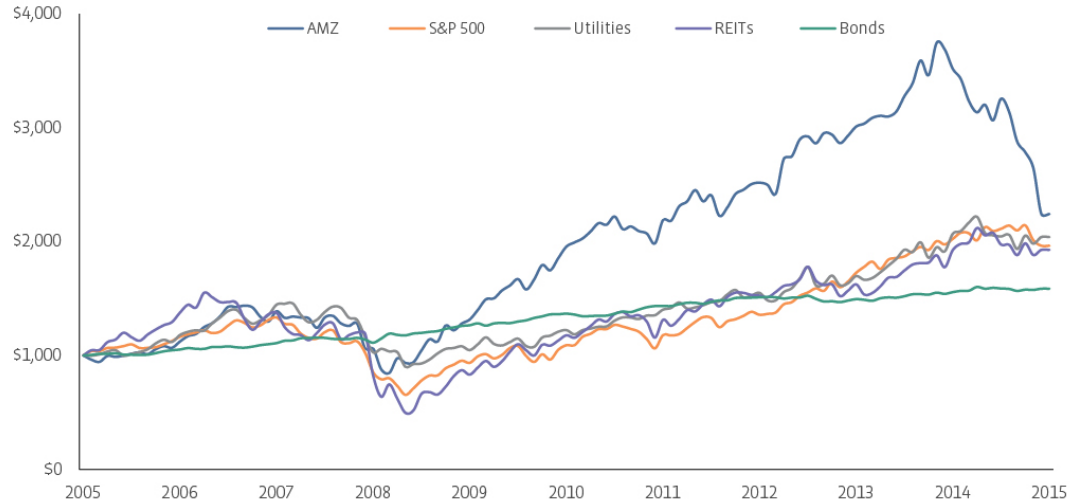
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 YTD	Annualized
Commodities 25.6%	REITs 35.6%	Commodities 32.7%	Bonds 5.2%	MLPs 76.4%	MLPs 35.9%	Utilities 19.9%	REITs 18.0%	Small Cap 38.8%	Utilities 29.0%	S&P 500 2.7%	MLPs 9.4%
Utilities 16.8%	Non-US 26.3%	Utilities 19.4%	Utilities -29.0%	Non-US 31.8%	Small Cap 26.9%	MLPs 13.9%	Non-US 17.3%	S&P 500 32.4%	REITs 28.7%	REITs 2.6%	S&P 500 7.8%
REITs 13.7%	MLPs 26.1%	MLPs 12.7%	Small Cap -33.8%	REITs 27.6%	REITs 26.7%	REITs 9.4%	Small Cap 16.3%	MLPs 27.6%	S&P 500 13.7%	Non-US 2.1%	Utilities 7.5%
Non-US 13.5%	Utilities 21%	Non-US 11.2%	MLPs -36.9%	Small Cap 27.2%	S&P 500 15.1%	Bonds 7.8%	S&P 500 16.0%	Non-US 22.8%	Bonds 6.0%	Bonds 1.1%	Small Cap 7.5%
MLPs 6.3%	Small Cap 18.4%	Bonds 7.0%	S&P 500 -37.0%	S&P 500 26.5%	Commodities 9.0%	S&P 500 2.1%	MLPs 4.8%	Utilities 13.2%	Small Cap 4.9%	Small Cap -2.5%	REITs 7.4%
S&P 500 4.9%	S&P 500 15.8%	S&P 500 5.5%	REITs -37.3%	Commodities 13.5%	Non-US 7.8%	Commodities -1.2%	Bonds 4.2%	REITs -0.5%	MLPs 4.8%	Utilities -4.8%	Bonds 4.7%
Small Cap 4.6%	Bonds 4.3%	Small Cap -1.6%	Non-US -43.4%	Utilities 11.9%	Bonds 6.5%	Small Cap -4.2%	Utilities 1.3%	Commodities -1.2%	Non-US -4.9%	Commodities -19.2%	Non-US 4.1%
Bonds 2.4%	Commodities -15.1%	REITs -16.3%	Commodities -46.5%	Bonds 5.9%	Utilities 5.5%	Non-US -12.1%	Commodities 0.1%	Bonds -2.0%	Commodities -33.0%	MLPs -23.9%	Commodities -8.9%



Current Issues // MLPs historically outperform other asset classes

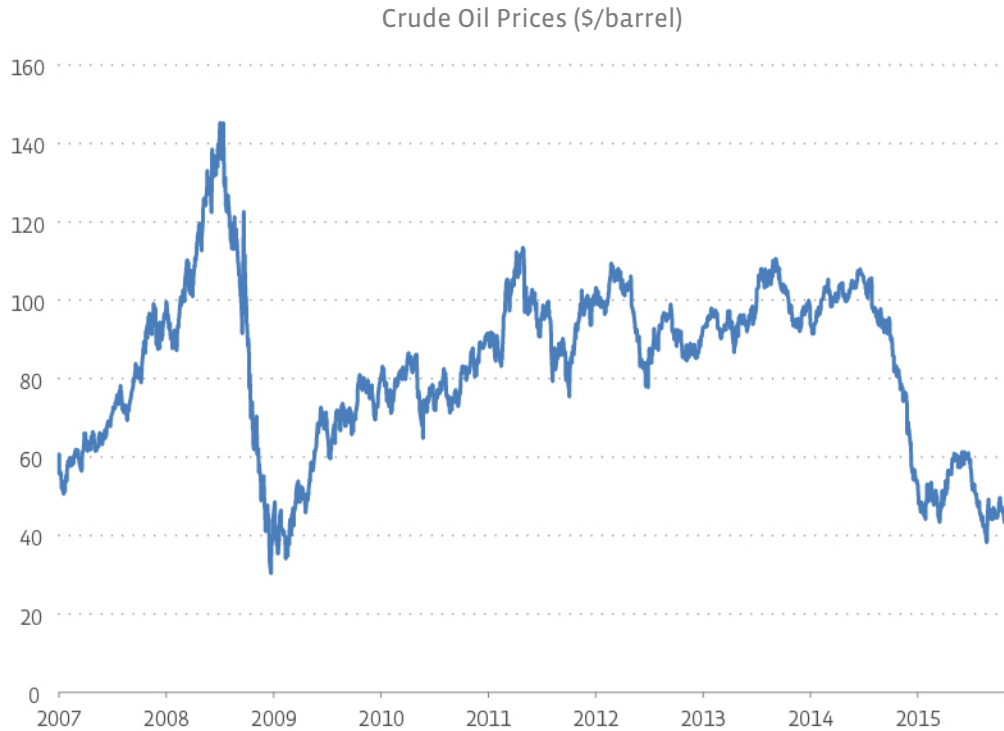
	YTD	1-yr	3-yr	5-yr	10-yr
AMZ	-24.0%	-30.1%	-0.8%	4.7%	9.4%
S&P 500	2.6%	6.3%	10.3%	11.7%	7.4%
Utilities	-4.8%	-0.3%	10.0%	11.0%	7.5%
REITs	2.7%	5.2%	16.2%	14.3%	7.8%
Bonds	1.1%	2.0%	1.6%	3.0%	4.7%

Annualized





Current Issues // Energy is Cyclical





Stable Cash Flows

Fee-based toll-road (Price x Volume) business models that benefit from inelastic energy demand



Growing Distributions

Interstate liquid tariffs have built-in PPI “plus” revenue indexing



Energy Infrastructure

Increasing need for pipeline, storage, and processing assets to serve growing domestic production

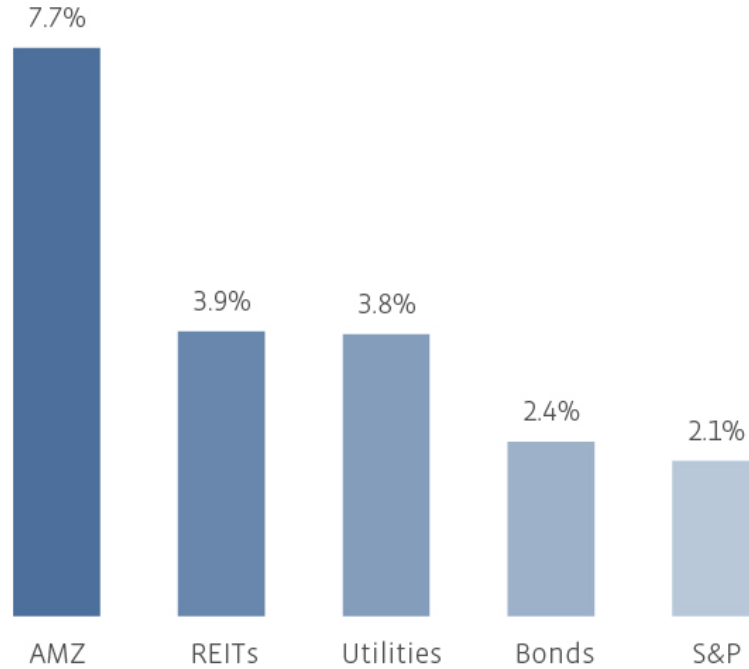


Diversification

Low correlation to broader markets, commodity prices, and interest rates over the long-term

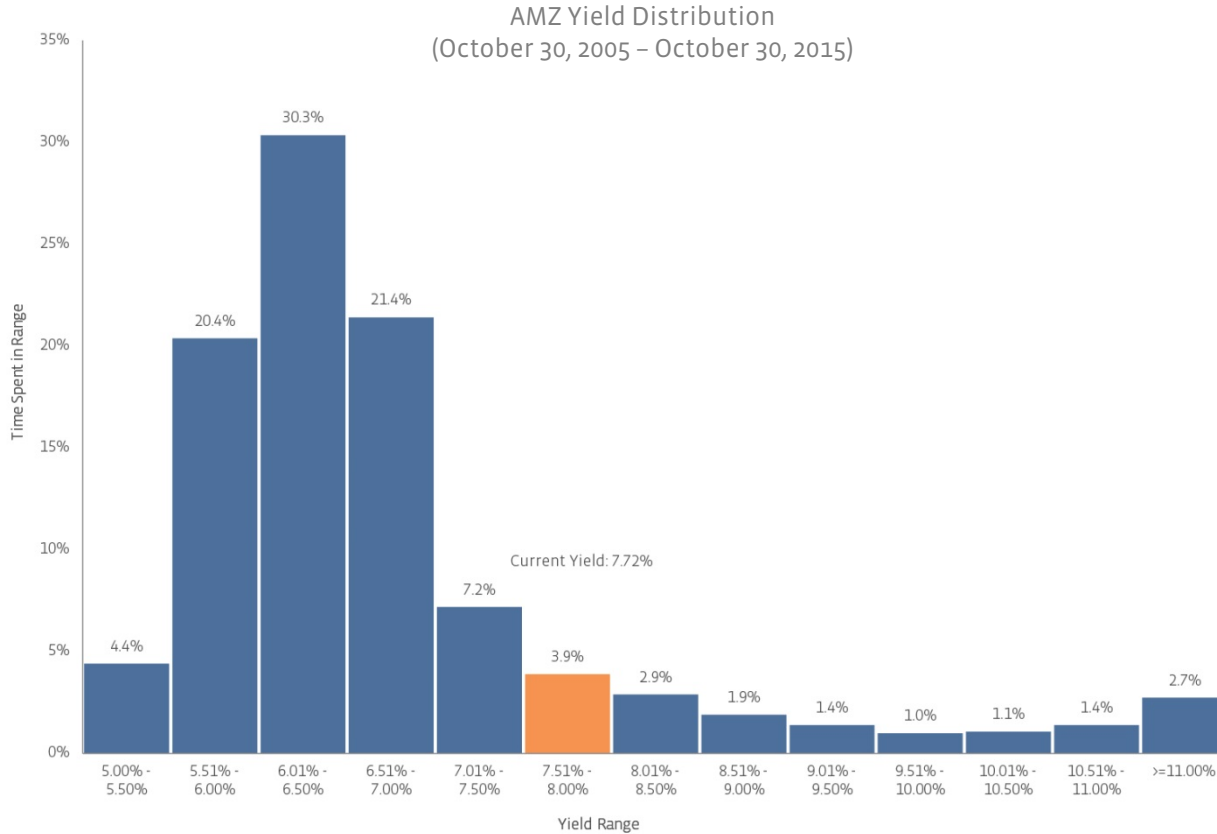


Current Issues // MLPs offer an attractive relative yield



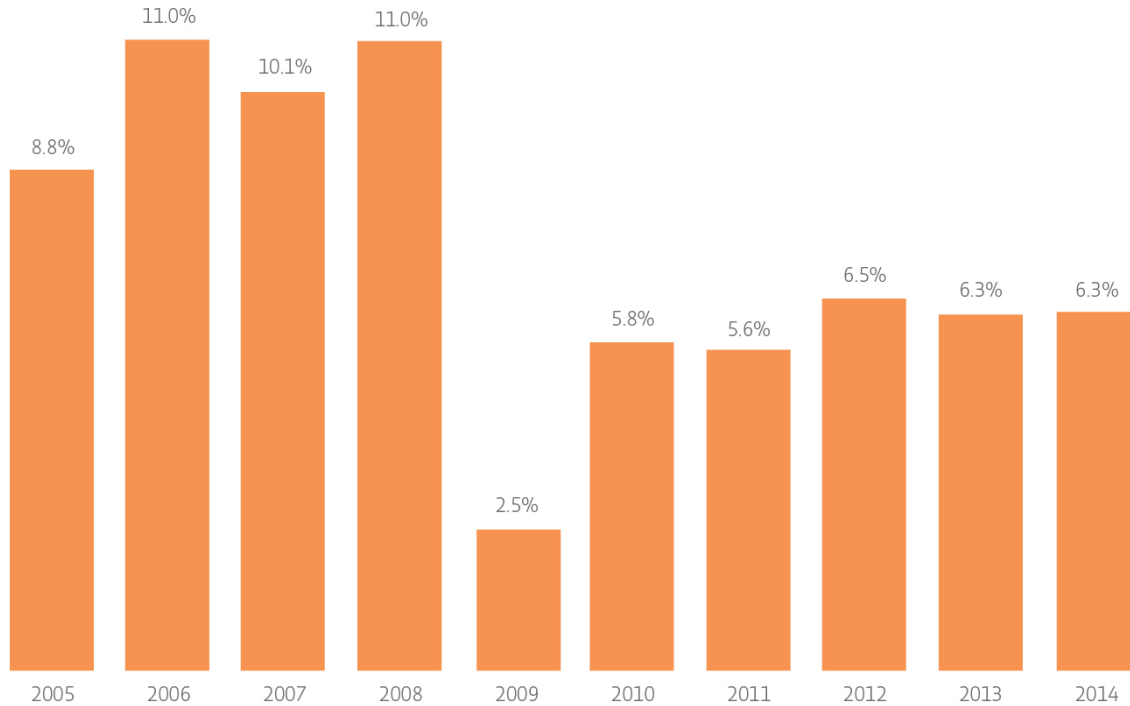


Current Issues // Historical distribution of MLP yields





Current Issues // Distribution growth drives returns

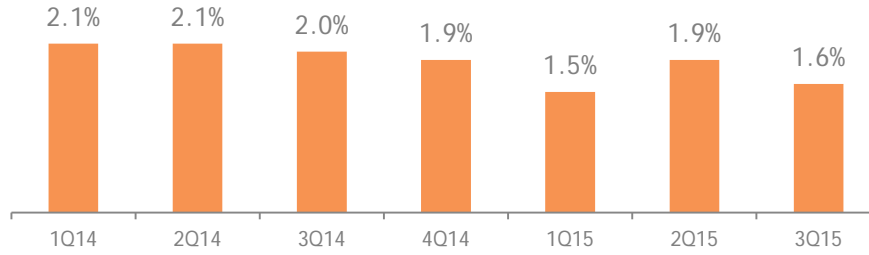


+7.4%

10-year
Average
Annual
Distribution
Growth



AMZI Quarterly Distribution Growth

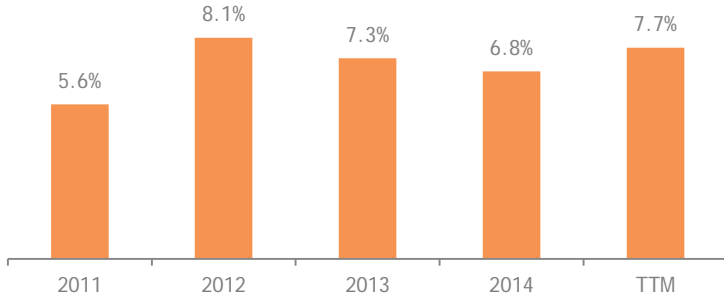


	Increase	Maintain	Cut
1Q14	18	7	0
2Q14	22	3	0
3Q14	21	4	0
4Q14	18	7	0
1Q15	15	8	0
2Q15	17	6	0
3Q15	15	7	0

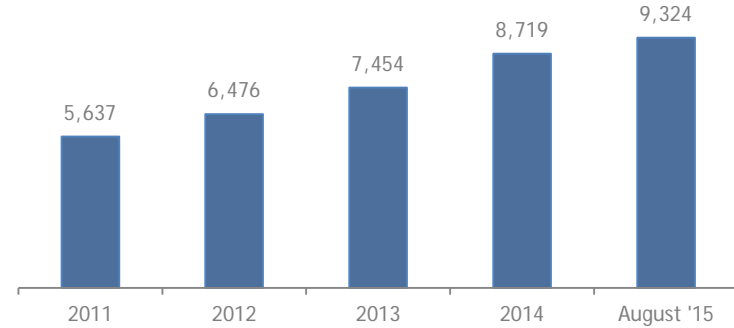


Current Issues // Distribution growth despite changing environment

AMZI Annual Distribution Growth



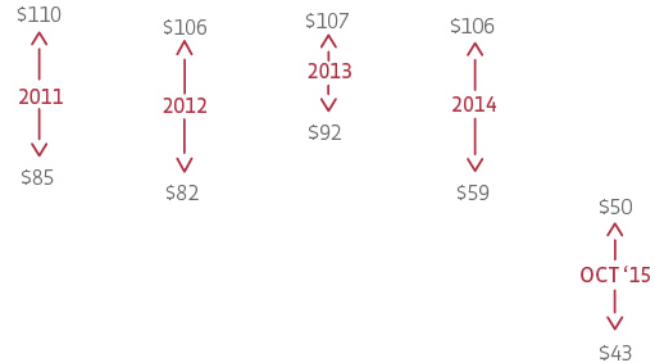
Crude Production (MMbbls/d)



US Onshore Rig Count

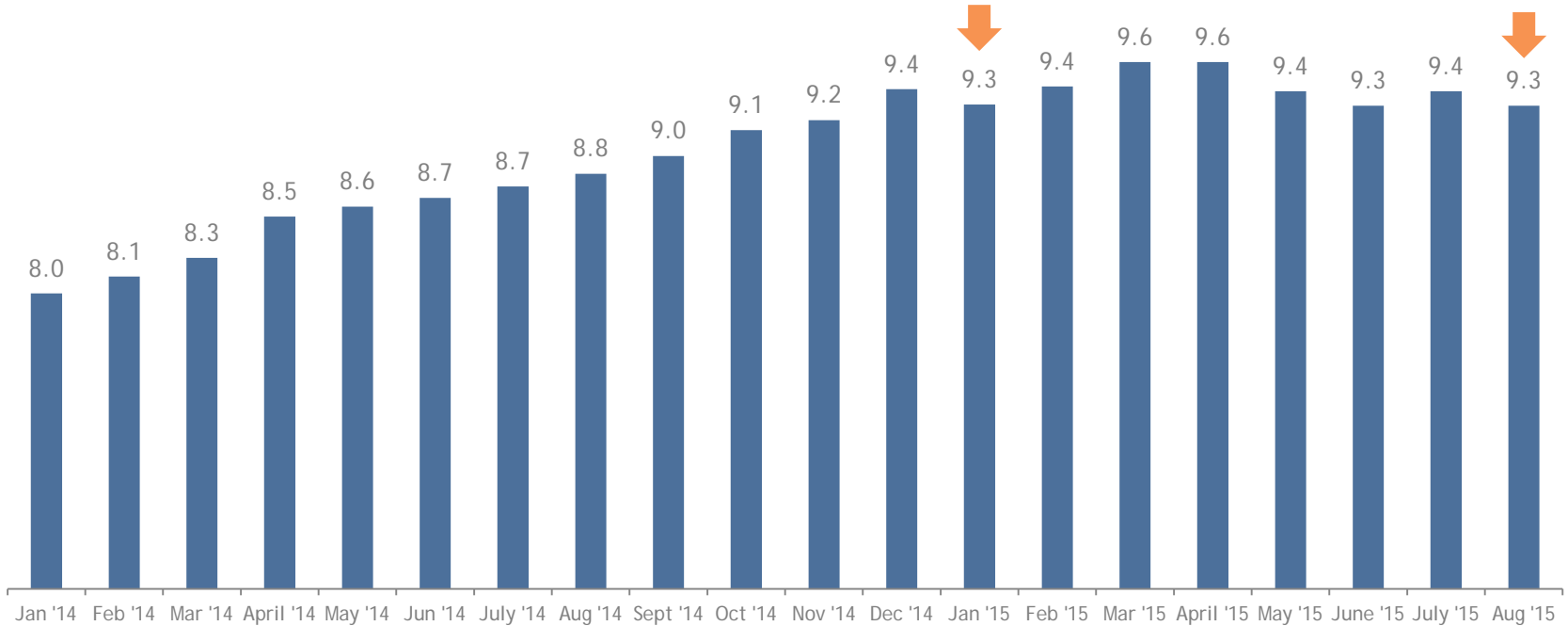


Crude Oil Prices (\$/bbl)





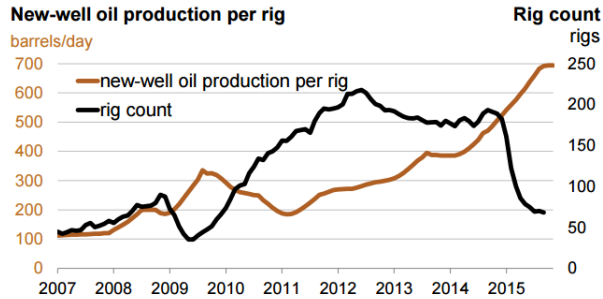
Crude Oil Production (MMbbls/d)



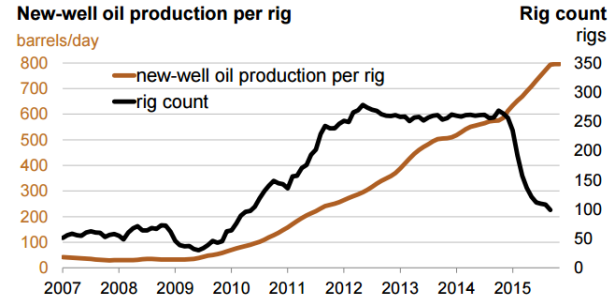


Current Issues // Drilling efficiencies continue to improve

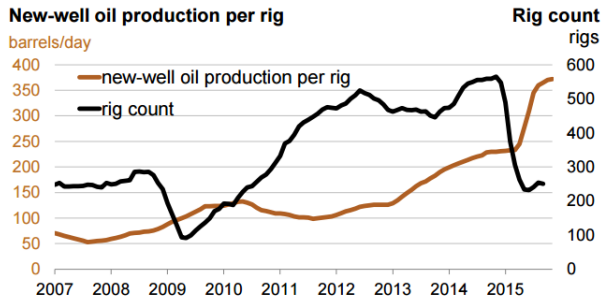
Bakken



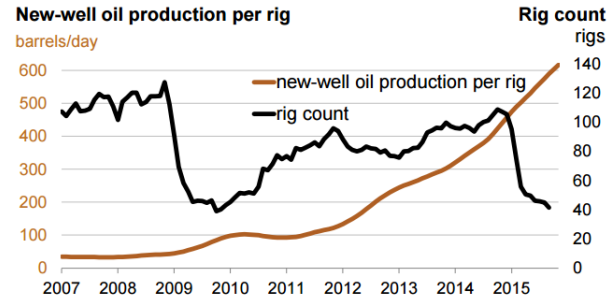
Eagle Ford



Permian

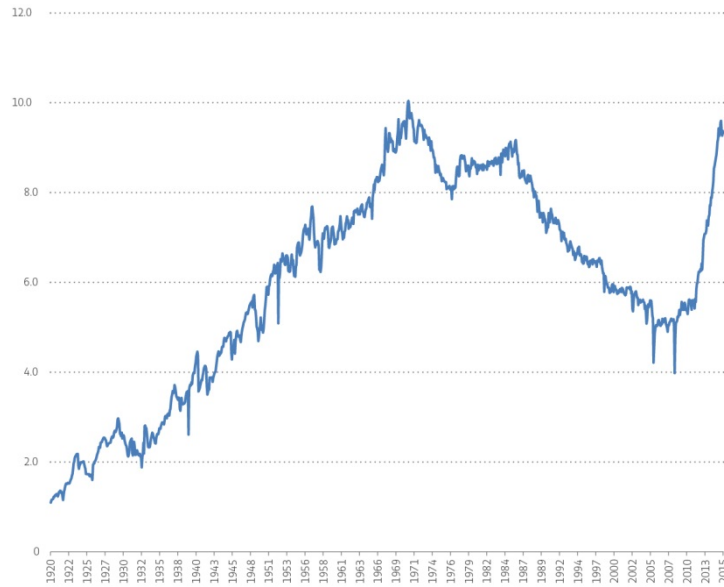


Niobrara

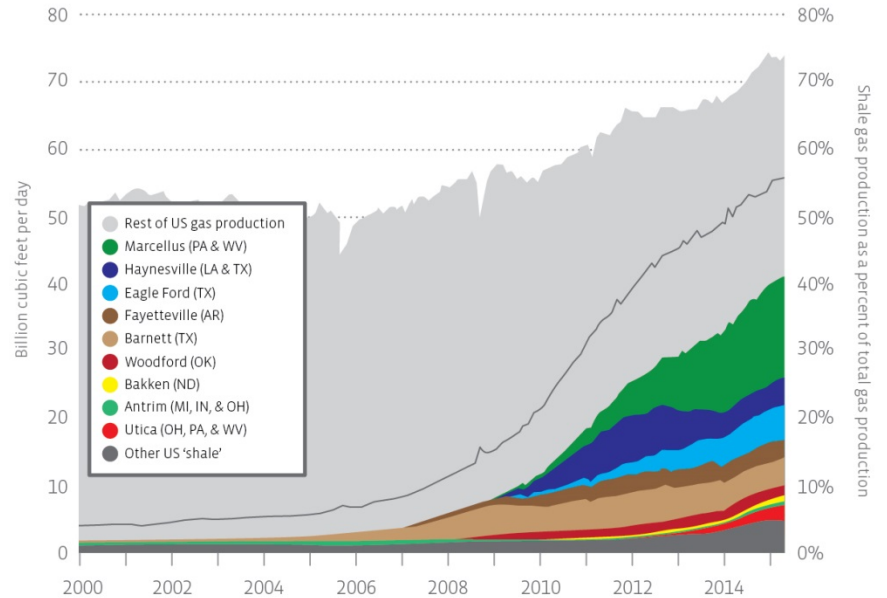




U.S. Field Production of Crude Oil



U.S. Production of Natural Gas

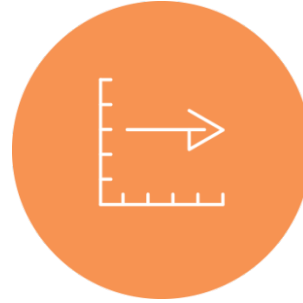




Inflation-indexed
contracts



No significant
correlation over the
long-term



Majority debt is
long-term and fixed



MLP distribution
growth historically
outpaces inflation

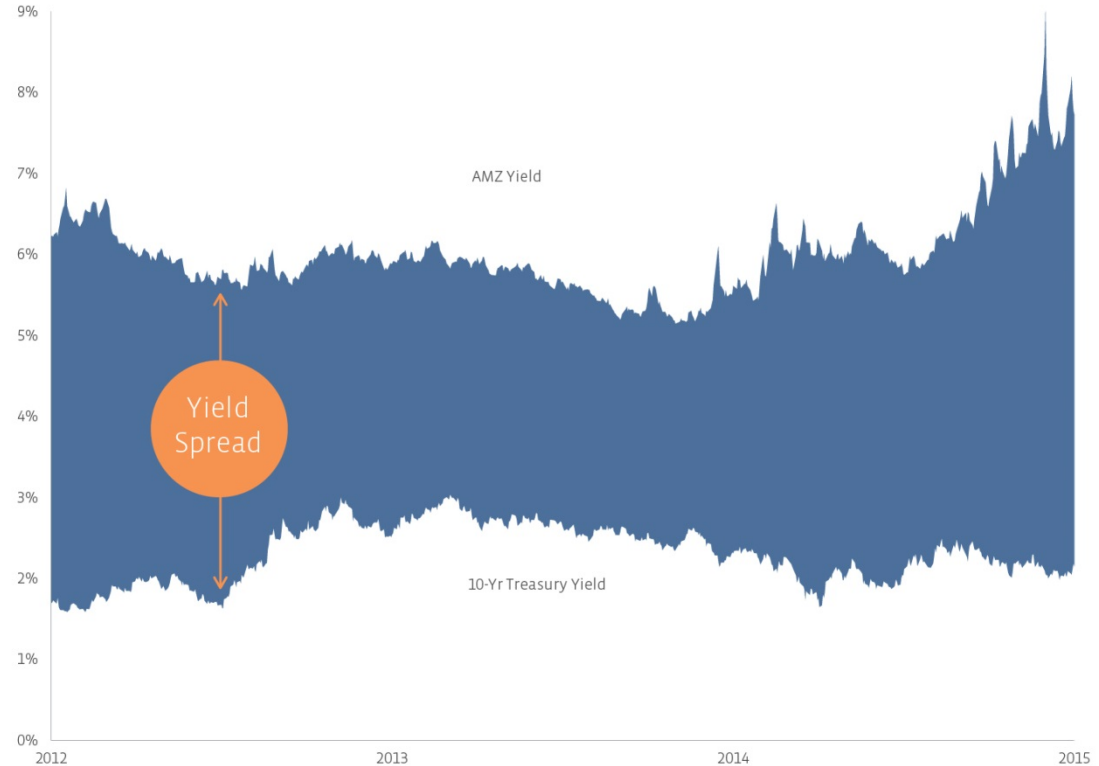


558 bps

Current AMZ
Spread to
Treasuries

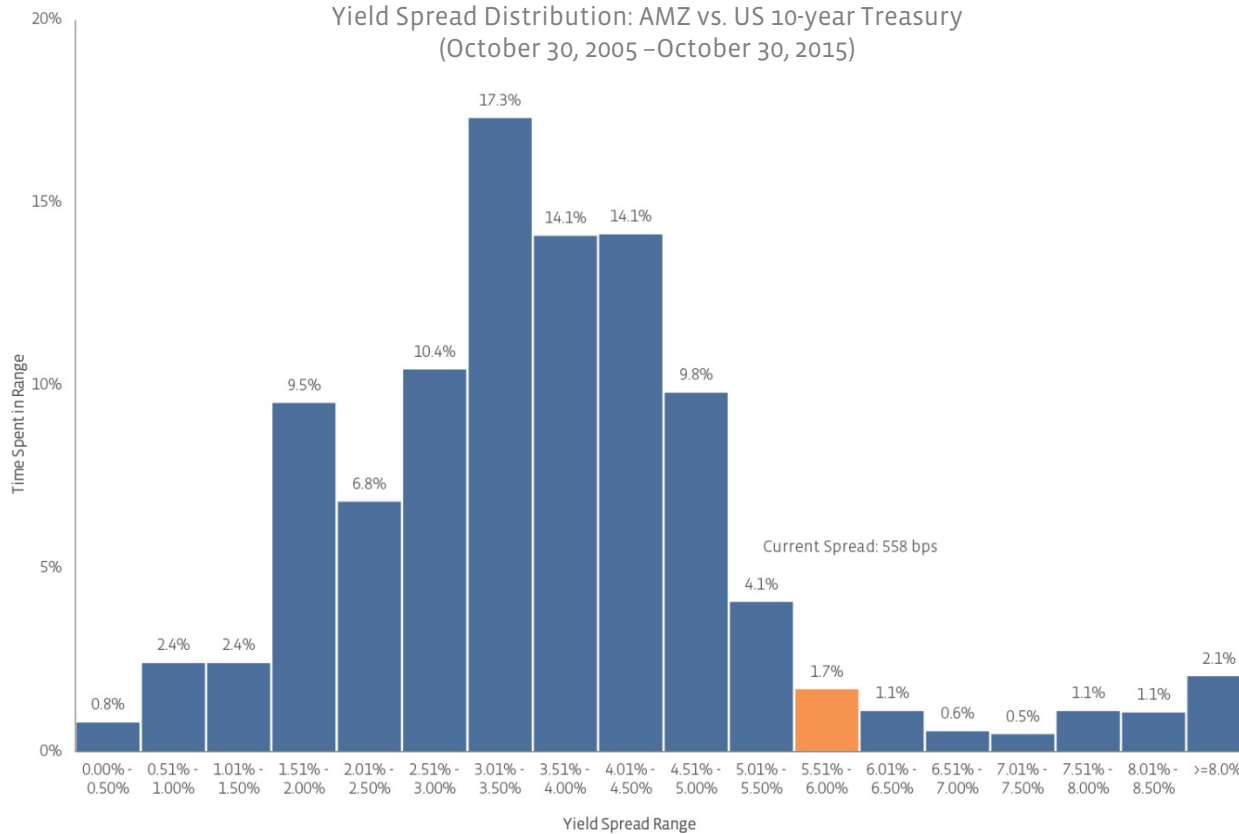
350 bps

10-Yr Median
AMZ Spread to
Treasuries





Current Issues // Historical distribution of MLP yield spreads





Long-Term MLP Thesis Intact

- ▶▶ Inelastic energy demand
- ▶▶ Stable and growing base of cash flows
- ▶▶ Infrastructure build-out to support energy independence
- ▶▶ Real asset exposure

Contact

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