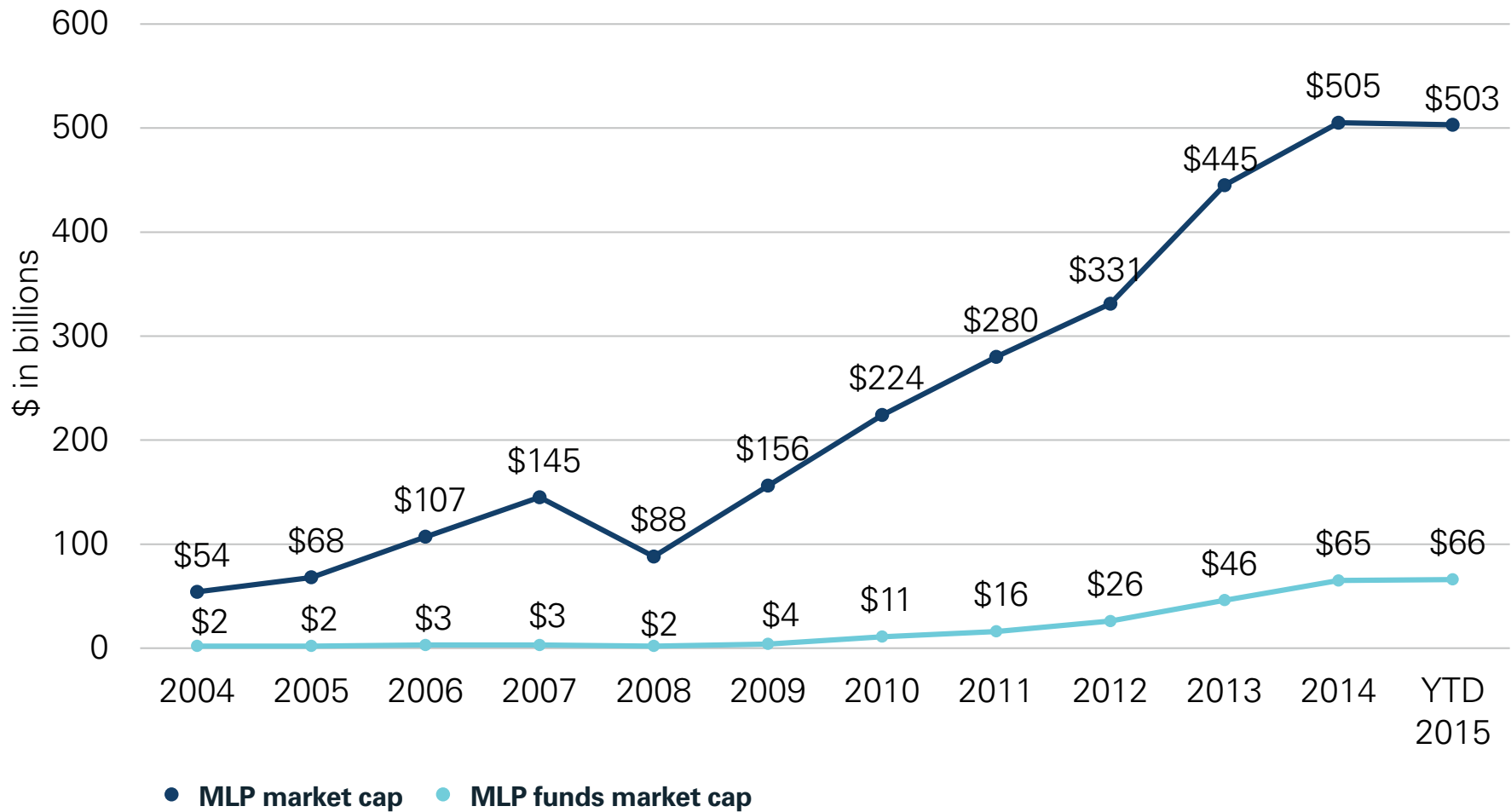


# **The view from the buy-side**

**May 22, 2015**

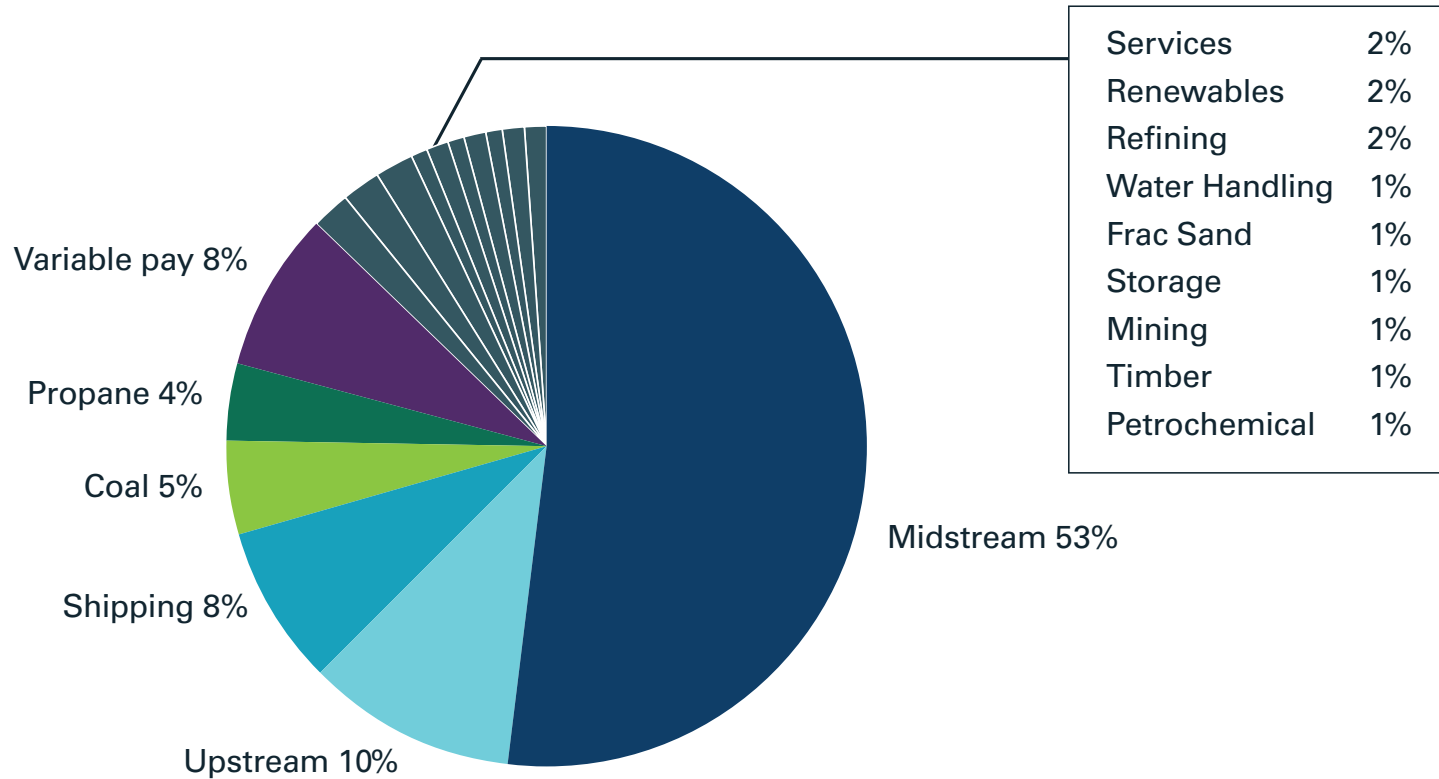
# Growth of MLP asset class vs. MLP funds



Source: Wells Fargo; Tortoise Capital Advisors as of 4/30/2015.

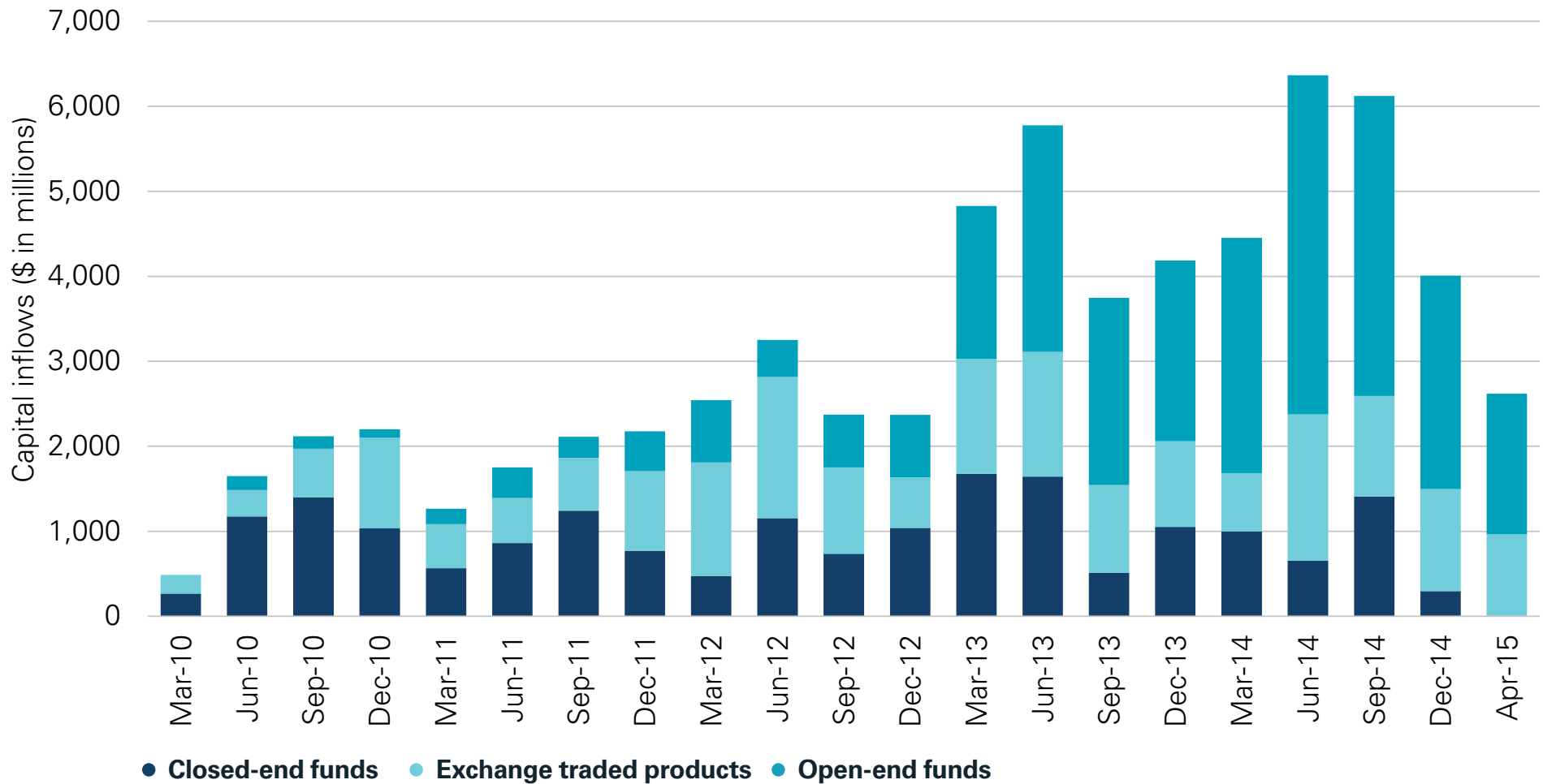
# Energy MLP market breakdown

Total # of energy MLPs: 120  
Total energy MLP market cap (\$B): \$503



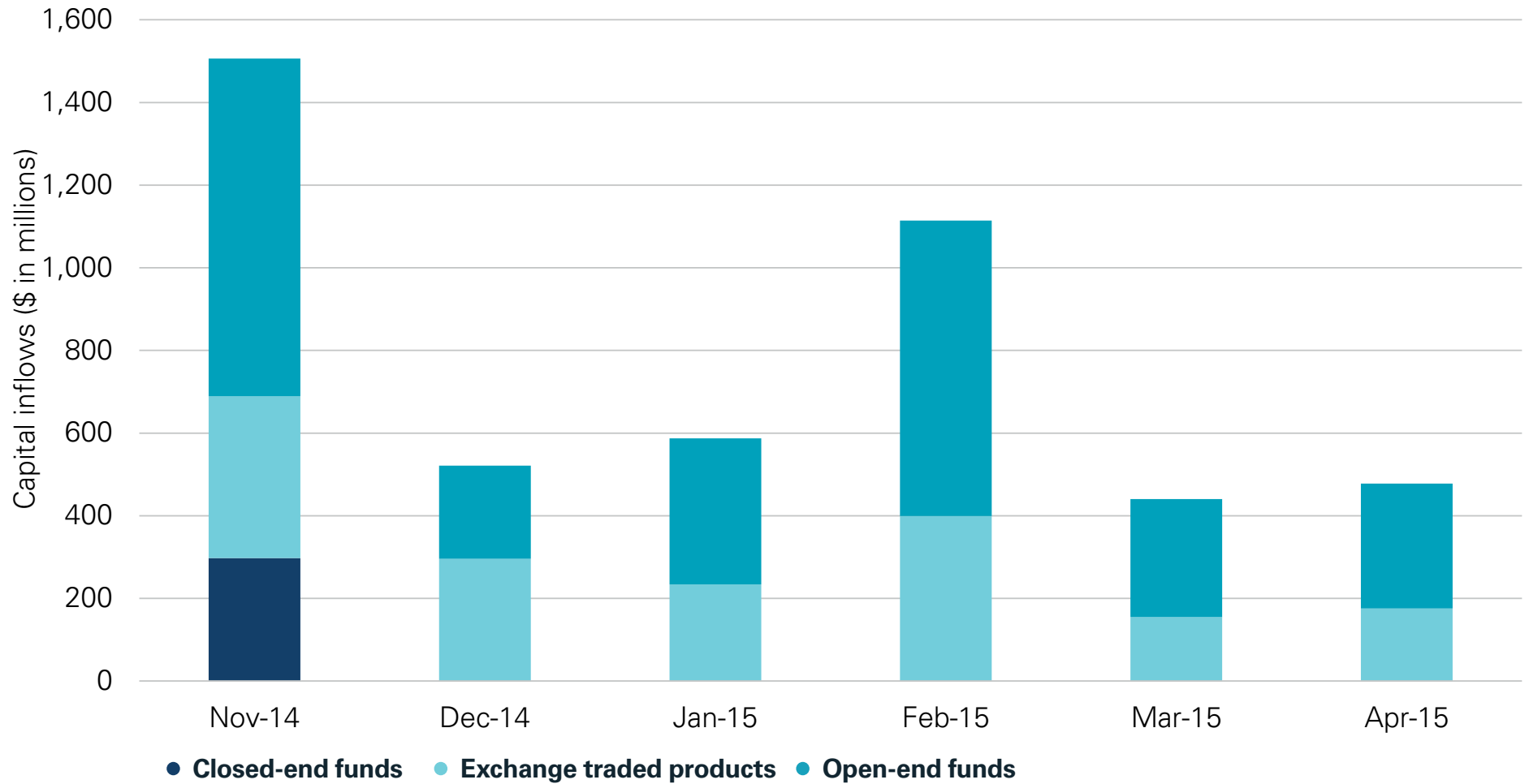
Source: Tortoise Capital Advisors, Bloomberg as of 4/30/2015.

# MLP fund net flows by quarter (2010-present)



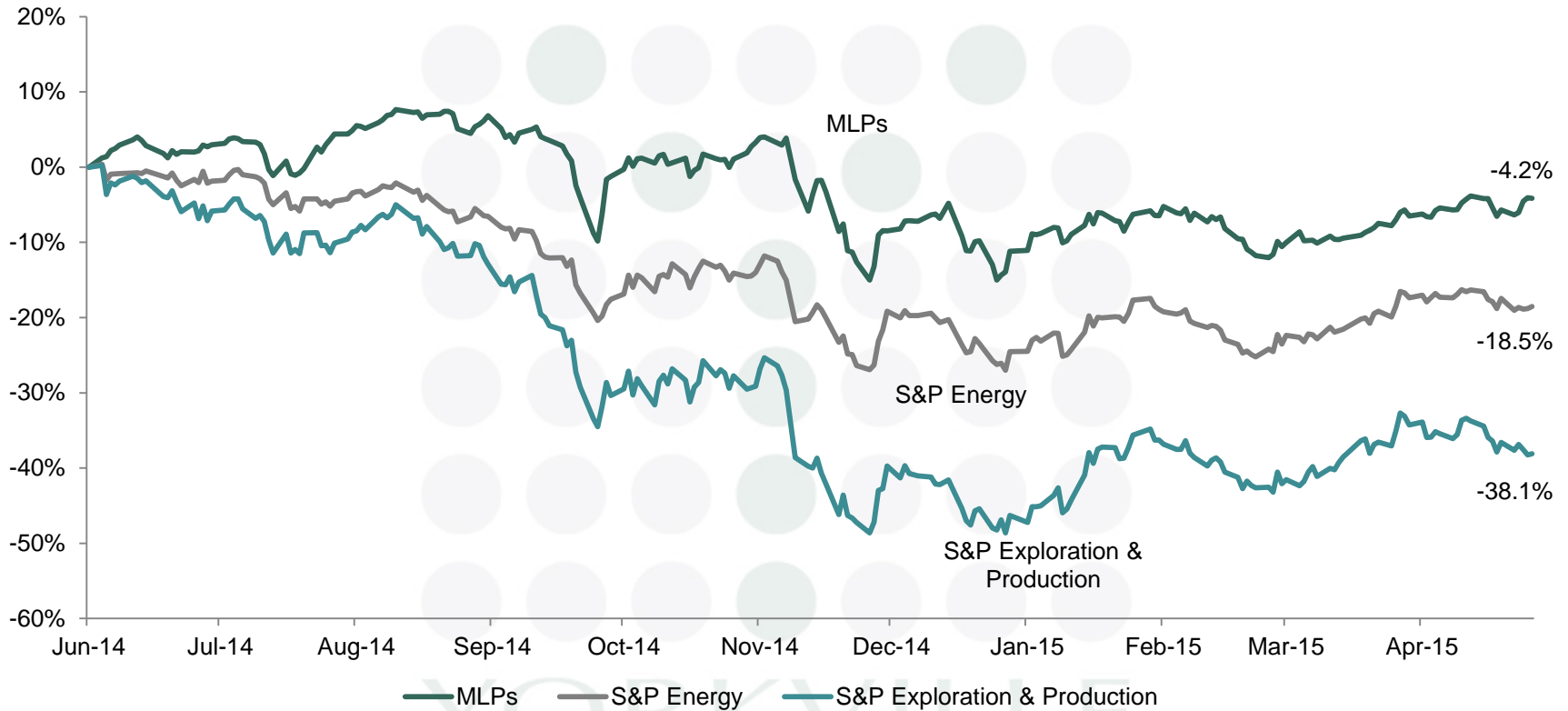
Source: US Capital as of 4/30/2015.

# MLP fund net flows by month



Source: US Capital. Data from 11/30/2014 - 4/30/2015.

# Energy Equities Performance Since Crude Oil Peak



— MLPs    — S&P Energy    — S&P Exploration & Production

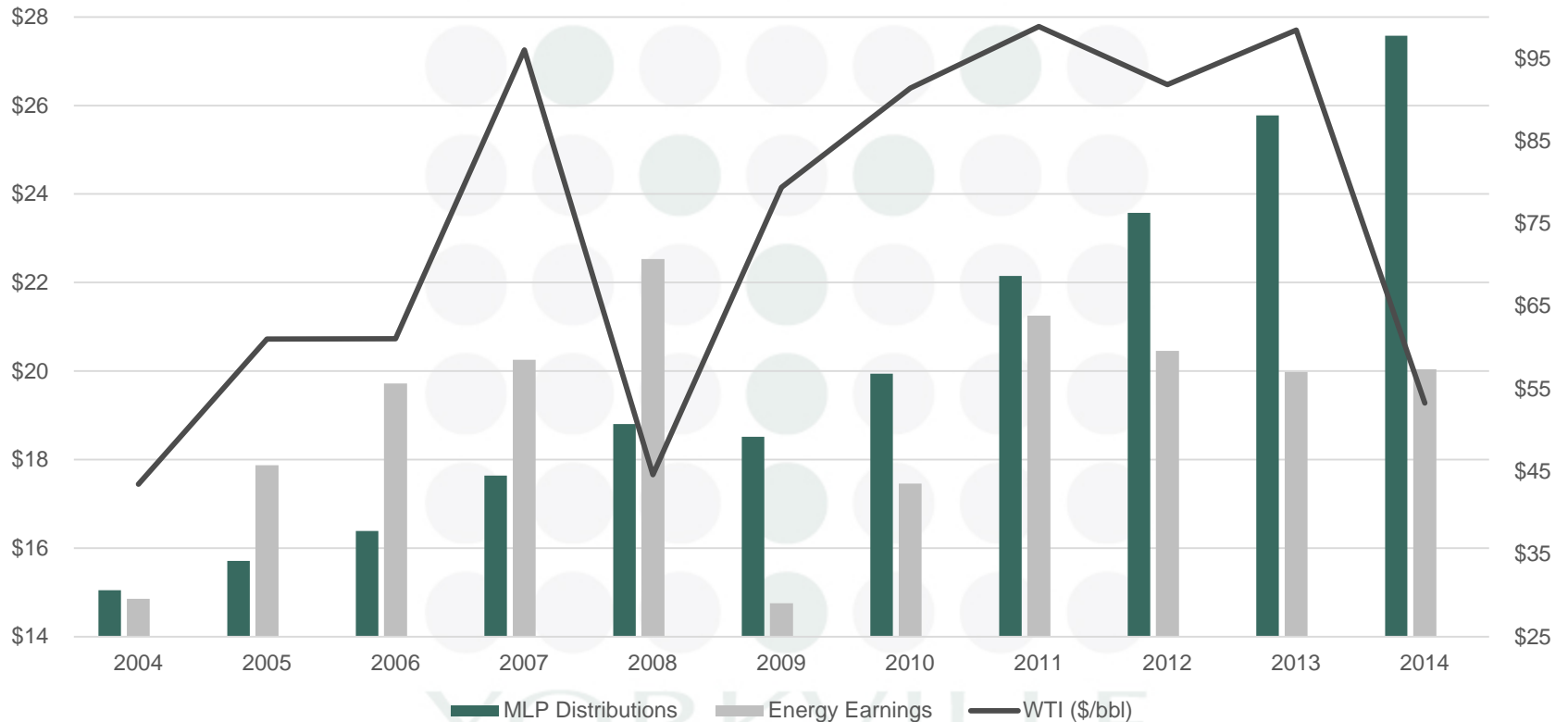


The performance data quoted represents past performance and does not guarantee future results. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. MLPs – Yorkville MLP Universe Index. Energy – Energy Select Sector Index. Exploration & Production – Oil & Gas Exploration & Production Select Industry Index. Data from 6/20/14-5/15/15.

Source: Yorkville, Bloomberg.

# MLP Distributions vs. Energy Co. Earnings

## MLPs Deliver Stable Growth



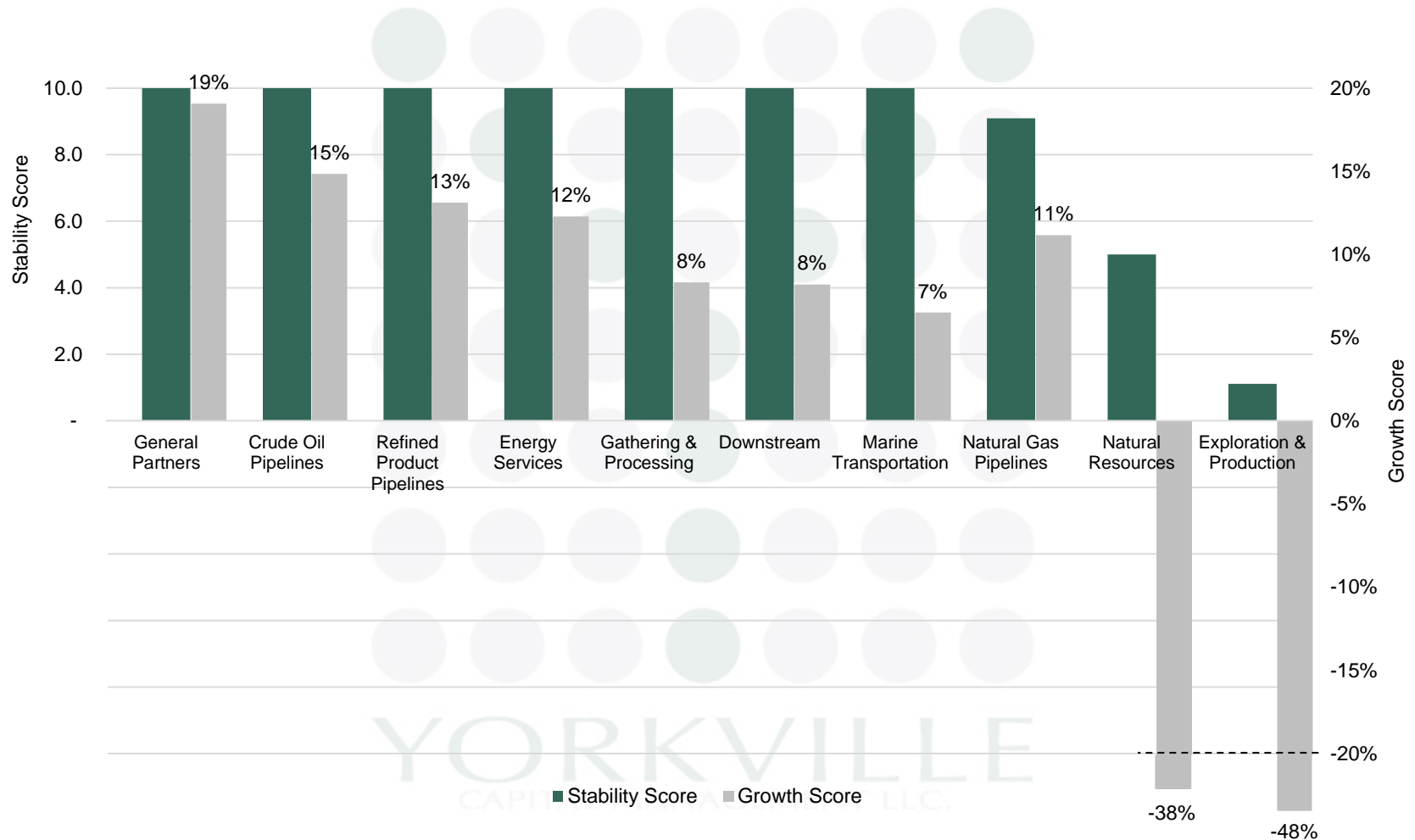
YORKVILLE  
CAPITAL MANAGEMENT LLC.

MLP Distributions Energy Earnings WTI (\$/bbl)

The performance data quoted represents past performance and does not guarantee future results. Index returns are for illustrative purposes only and do not reflect any management fees, transaction costs or expenses. Indexes are unmanaged and one cannot invest directly in an index. Data from 1/1/2000-12/31/2014.

Based on the distributions of the Alerian MLP Index and earnings of the Select Sector Energy Index. Source: Yorkville, Bloomberg.

# Growth and Stability Scores by MLP Sector



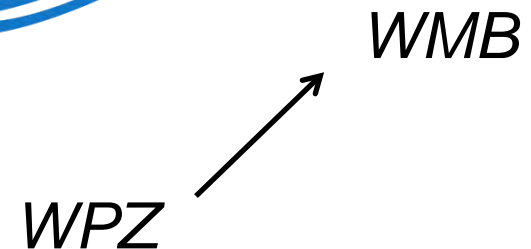
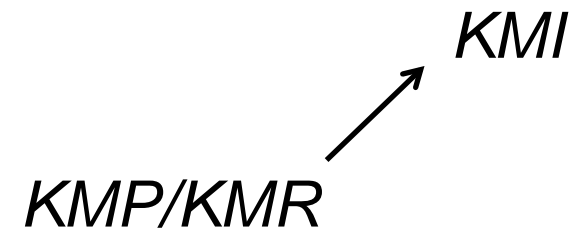
The performance data quoted represents past performance and does not guarantee future results. Source: Yorkville. Based on Yorkville MLP Universe Indexes. 1Q15 versus 1Q14.

. Source: Yorkville, Bloomberg.



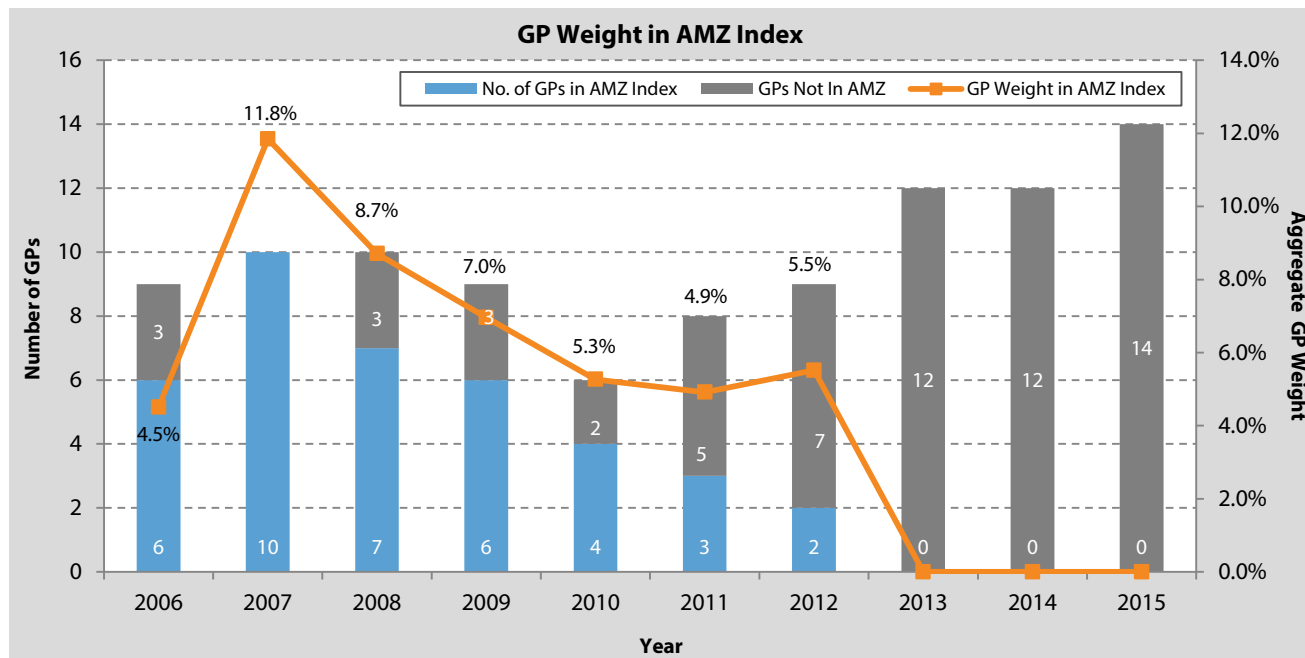
# C-Corp Roll-Ups of Affiliated MLPs

- ◆ Emerging Trend?
- ◆ Why is it happening?
- ◆ Tax Implications
- ◆ Implications for Investors
- ◆ Other likely candidates?
- ◆ Circle of Life?



## Evolution of General Partners in AMZ Index

- ▶ At their peak in December 2007, GPs represented 20% of the constituents and 11.8% of the weight of the AMZ Index.
- ▶ Many GPs were absorbed by underlying MLPs between 2010 and 2012.
- ▶ Alerian removed GPs from the index as of the June 2013 rebalancing.



*For illustrative purposes only.*

## MLP General Partner Investment Universe

- ▶ GPs are not included in the Alerian MLP Index (weighting 0%).<sup>1</sup>
- ▶ GPs comprise 14.4% of the S&P MLP Index.<sup>2</sup>

### Most GPs are structured as C-Corps, not LPs

| <b>MLP GPs – 7</b>                   | <b>Market Cap (\$MM)<sup>1</sup></b> | <b>C-Corp GPs (Pure Play) – 7</b>     | <b>Market Cap (\$MM)<sup>1</sup></b> | <b>Midstream Corporations – 7</b>   | <b>Market Cap (\$MM)<sup>1</sup></b> |
|--------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
| ETE – Energy Transfer Equity, L.P.   | \$37,054                             | WMB – The Williams Companies, Inc.    | \$40,215                             | KMI – Kinder Morgan Inc. Class P    | \$92,282                             |
| WGP – Western Gas Equity Partners LP | \$13,931                             | PAGP – Plains GP Holdings LP Class A  | \$17,987                             | ENB – Enbridge, Inc.                | \$43,668                             |
| EQGP – EQT GP Holdings LP            | \$8,842                              | OKE – ONEOK, Inc.                     | \$9,572                              | TRP – TransCanada Corporation       | \$31,898                             |
| AHGP – Alliance Holdings GP, L.P.    | \$2,985                              | ENLC – EnLink Midstream, LLC          | \$9,538                              | SE – Spectra Energy Corp            | \$24,389                             |
| NSH – NuStar GP Holdings, LLC        | \$1,669                              | TRGP – Targa Resources Corp.          | \$5,645                              | PPL – PPL Corporation               | \$22,903                             |
| CEQP – Crestwood Equity Partners LP  | \$966                                | TEGP – Tallgrass Energy GP LP Class A | \$5,058                              | LNG – Cheniere Energy, Inc.         | \$18,245                             |
| ATLS – Atlas Energy Group LLC        | \$183                                | TK – Teekay Corporation               | \$3,468                              | SEMG – SemGroup Corporation Class A | \$3,621                              |
| <b>Total Market Cap</b>              | <b>\$65,629</b>                      | <b>Total Market Cap</b>               | <b>\$91,483</b>                      | <b>Total Market Cap</b>             | <b>\$237,006</b>                     |

*The figures presented are unaudited, as of the date shown and are subject to change. Salient is under no obligation to update recipients.*

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