Chickasaw Capital Management

JULY 9, 2021

MIDSTREAM UPDATE

SECOND QUARTER 2021

The story is only beginning

It always feels easier to write from a position of strength, and with the Alerian MLP Total Return Index (AMZX) registering a +21.2% return during the quarter, boy was it a strong one. However, we believe this quarter marked a new paradigm—we're aware of the gravity of using this description—for Midstream securities. The quarterly results showed consistently improving fundamentals, as well as an aid to profits from Winter Storm Uri, which accelerated corporate plans for deleveraging goals, if they were not already achieved. Investors took notice of our often-used line, "what else are they going to do with the excess cash flow?"

Also, as we alluded to in last quarter's newsletter, we felt corporate guidance and estimates were too conservative going into the earnings reporting period, and we suspect the same is true for the remainder of the year, as well as for 2022. Highlights include:

- The Model Portfolio's holdings beat consensus estimated earnings before interest, taxes, depreciation and amortization (EBITDA) by 17.6% on a weighted average basis.
- The 2021 weighted average growth rate for distributable cash flow (DCF) per unit for the Model Portfolio increased to +5.2% from -3.0% at 3/31/21—yes, an 820-basis point (bps) swing[1].
- 2022 DCF/unit (DCF/u) is now forecasted to grow +2.6% on a weighted average basis for the Model Portfolio[1].
- Debt/EBITDA leverage across the portfolio companies decreased from 3.9x to 3.7x quarter over quarter.

The inevitable question that naturally occurs after a +21.2% quarter, and we know what many readers may be questioning, is: "did I miss the rally?" Simply put, "we do not believe so".

While the total return performance was strong, we believe it only partially reflects the fundamental improvement. First, if we rely on our long-standing Alerian MLP Index (AMZ) Price to DCF/u chart, the ratio only increased 11.8% to 6.0x vs. the 18.4% increase for the price-only AMZ. Hence, DCF/u estimate increases have grown so strongly that valuation improvement has been less than implied by the price return. And, with the rolling forward 12-month method for DCF/u increasing as it picks up more months of higher estimates this year and next, the index still has room to keep up and potentially catch up to the historical averages of 9.7x since 2008 and 7.3x since the beginning of 2016.

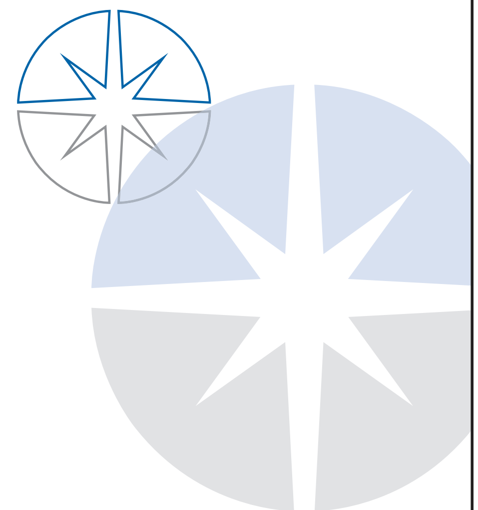
[1] Distributable Cash Flow (DCF) data is CCM-calculated consensus of Wall Street estimates for the year indicated. DCF growth rate for the portfolio's holdings does not guarantee a corresponding increase in the market value of the holding or the portfolio. This is not a forecast of the portfolio's future performance.

MLP COMPOSITE

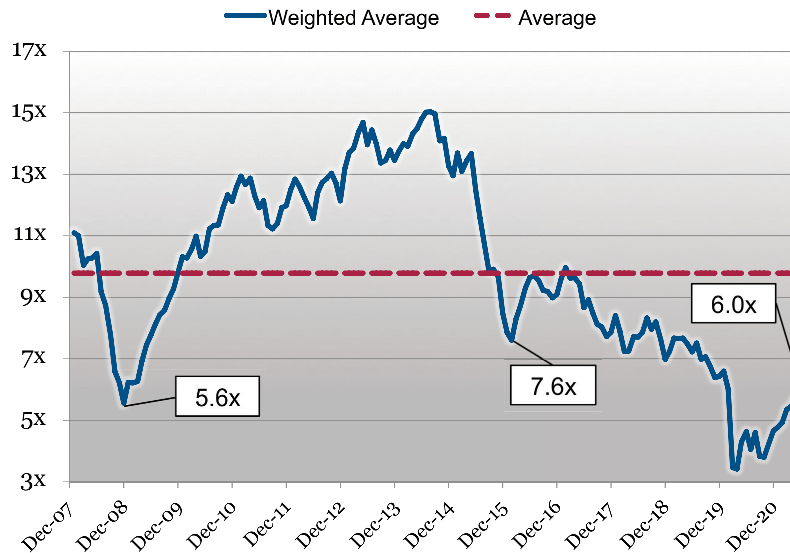
Annualized Return

Trailing as of 6/30/21	Net	Alerian MLP Total Return	S&P 500 Total Return
Month-to-Date	7.45%	5.18%	2.33%
Quarter-to-Date	24.35%	21.23%	8.55%
Year-to-Date	47.94%	47.84%	15.25%
1 Year	60.47%	63.98%	40.79%
3 Year	-3.23%	-0.33%	18.67%
5 Year	-2.02%	-1.05%	17.65%
10 Year	4.70%	1.07%	14.84%
Inception	6.07%	5.24%	10.33%

Please note *Additional Information* on final page.



Alerian Weighted Price/DCF

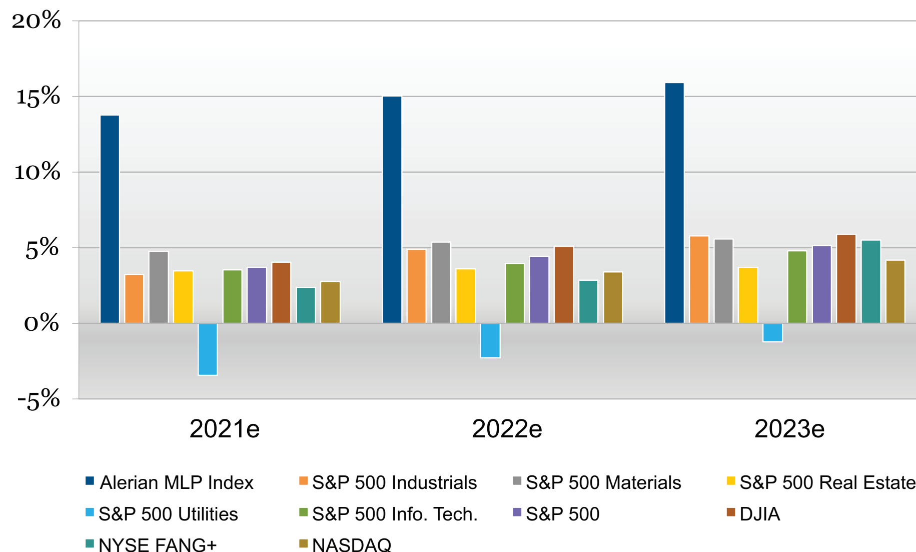


Average = 9.8x | Current = 6.0x | Minimum = 3.4x

Source: Blomberg LP, CCM

Second, generalist investors are increasingly focused on Free Cash Flow (FCF) yields for Midstream and many other sectors within energy. We estimate the FCF yield on the AMZ to be 13.8% for 2021; however, that estimate is higher in 2022 at 15.0% due to higher expected cash flow and lower growth capital expenditure expectations. Both of these FCF yields remain markedly higher than the S&P 500 Index at 3.7%. It is very important to point out this sector has not been FCF positive for most of its public existence, hence the paradigm shift. The newfound financial flexibility should lead to continued balance sheet health, and a dynamic approach to returning capital to investors. We expect to see accelerated unit/share buyback activity and modest distribution increases (~5% or less).

Estimated Free Cash Flow Yield



Source: Bloomberg LP at 6/30/21, using Bloomberg definition of Free Cash Flow to Equity of cash flow from operations (CFFO) less capex.
BP Midstream Partners LP (BPMP) has no consensus estimate; therefore, we use CCM's estimate.

Future Midstream Capital spending & the sector's role in the energy evolution

We expect Midstream companies to remain disciplined in their growth capital spending plans for the next several years. Where capacity is sparser, companies have indicated they believe they can accommodate customer needs through "light" capital spending plans, such as adding compression, extending laterals, or just being more commercially efficient.

Regarding companies' plans for the energy transition, it's apparent from management communications throughout the quarter that they do not intend to be left behind. Nearly all companies either already had defined Energy Transition expenditure plans in place, or designated a new group to focus on this category of investment by the end of the quarter.

Midstream companies are already handling green or clean fuels such as renewable natural gas, responsibly sourced natural gas, renewable diesel and biodiesel through existing assets. While these are currently a small percentage of overall industry volumes, they should be more meaningful by the end of the decade when we expect greater progress on other sustainable fuels such as aviation fuels. There's also the ever-present discussion of hydrogen, which is increasingly discussed as a clean fuel solution. We'll save most of that discussion for another time, but suffice it to say, barring a groundbreaking technological innovation or a massive government subsidy to make hydrogen power cost competitive, it appears hydrogen will be later this decade at the soonest before hydrogen's substitution effect is scalable. Even if we get the timing wrong, we expect it to move through existing or repurposed Midstream assets.

Increasingly, as we enter the middle part of the decade, we expect to see increased spending around Carbon Capture Utilization and Storage (CCUS) assets in particular. Capturing carbon (CO_2), transporting and storage has been a Midstream service offering for 30+ years. The technology is not terribly complicated, particularly the closer to the source the required infrastructure is (i.e. it's a lot easier to capture carbon at the wellhead or plant level versus direct air capture); but, some of the commercialization questions remaining range from "where do we store the carbon" to "who owns the liability" to, probably the most important, "who's going to pay for it?"

The current 45Q credit within the IRS tax code allows for companies to receive a tax credit for capturing carbon in the amount of $50/ton (for CO_2 that is sequestered) or $35/ton[2] (for CO_2 used in enhanced oil recovery (EOR) or other industry applications). However, many companies believe the 45Q credits need to be higher than the current aforementioned levels and/or be offered with a direct pay option in order for CCUS to meet their return hurdles. Midstream companies are currently keeping plans very close to the vest when it comes to their de-carbonization investment options, but the majority of the companies we've discussed this topic with indicate it is high on their radar.

Let's put a framework around what this opportunity could be. Press reports in April indicated Exxon Mobil Corp (XOM, $61.23) has proposed a $100 billion hub to capture emissions along the Texas Gulf Coast[3]. Citi Research believes there is nearly $60 billion per year of capture, storage and transportation investment needed by 2030[4]. Exxon also indicated they believe this could ultimately be a $2 trillion market by 2040 at the $50/ton credit[5]. For perspective, the market capitalization of the energy companies in the S&P 500 is less than $750 billion as of 6/30/21.

Given their expertise in transportation and storage, Midstream companies should have a significant role to play in this scenario. Putting a finer tooth comb on the analysis to address what we know is on our readers' minds, based on 2019 U.S. Environmental Protection Agency (EPA) emissions data, we conservatively estimate the total addressable market opportunity from CCUS for Midstream companies is approximately $21 billion of EBITDA per annum or roughly 25% of the current EBITDA of the space[6]. This could go a long way towards addressing terminal value concerns (see section below).

In fact, our Midstream friends north of the border made a significant announcement this quarter regarding such an initiative. On June 17th, Pembina Pipeline Corporation (PBA, $32.07) and TC Energy Corporation (TRP, $50.23) shared their plans for the Alberta Carbon Grid (ACG) where they plan to develop a world class transportation and sequestration system capable of transporting 20 million tons of CO_2 annually with assets being phased into service between 2025-2027. This will be an open access system, and they indicated their willingness to take on additional partners to grow the ACG as a meaningful step to help Canada meet its 2030 climate targets including reducing greenhouse gas (GHG) emissions by 40-45% below 2005 levels.

From a national climate policy standpoint, we believe the potential CCUS opportunity is some of the lowest hanging fruit available for decarbonization goals, given it would utilize more existing assets, would require a lower land footprint than other generation sources such as wind and solar, and would allow inexpensive power from fossil fuels to continue their societal and economic benefits. It's our sense that there is a logjam of questions and implementation strategies being worked behind the scenes between companies and customers. As greater clarity emerges, cash flow from existing or new investments will be easier to forecast.

[2] National Law Review, "Treasury Releases Final Regulations on 45Q Carbon Capture Credits", 1/28/21.
[3] Bloomberg, "Exxon Floats $100 Billion Federally Backed Carbon Capture Hub", 4/19/21.
[4] Citi Research, "Financing CCUS—Financial Markets Obstacles are Eroding…Slowly", 6/16/21.
[5] Wall Street Journal, "Exxon, Once a Skeptic, Sees Profit in Capturing Carbon Emissions", 3/3/21.
[6] CCM estimates total public company Midstream EBITDA to be ~$80 billion.

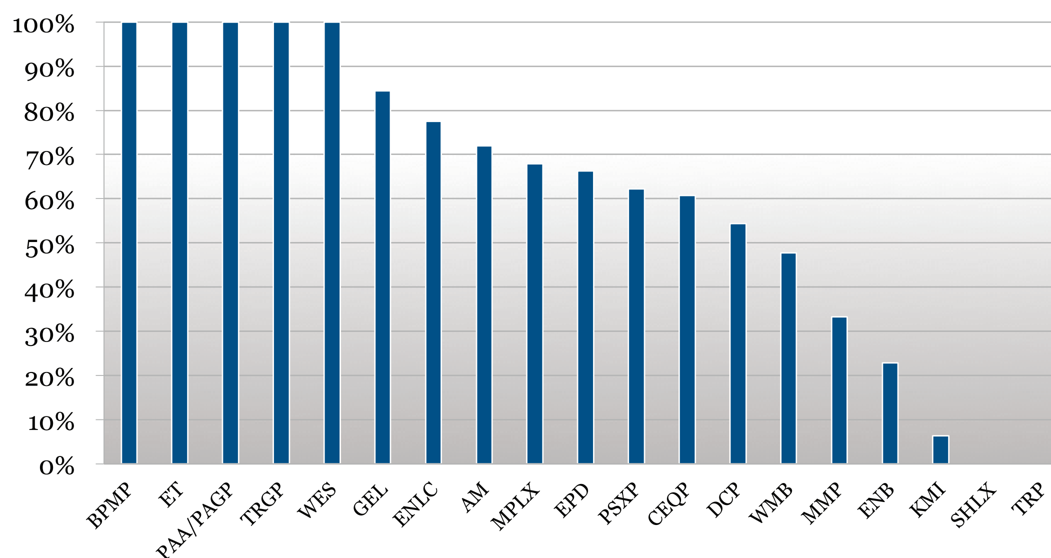
Quieting Midstream terminal value concerns

Our readers may remember we addressed terminal value for Midstream companies in last quarter's newsletter as a remaining block in the "wall of worry". It has been amazing to see the sentiment turnaround on this topic in just 3 months with several factors behind this shift.

Certainly, the increased communication and discussion from companies about participation in decarbonization and renewables investing hasn't hurt. As mentioned above, the majority of discussion is around utilization of existing assets and announcements of energy transition teams. It's logical to assume as more concrete details emerge it could bring even more attention to this opportunity, which is quite different from the narrative 12 months ago that these companies were going to just decline to oblivion.

Also, as discussion and action regarding increased equity repurchase activity has picked up, other investors are beginning to understand, as we also alluded to, if you can generate large amounts of excess free cash flow with either fewer or more efficient investment opportunities, repurchasing significant amounts of one's equity can act as a counterbalance to terminal value concerns. During the quarter there was $185 million of equity repurchased with MPLX LP (MPLX, $29.86) accounting for $155 million. While we would have liked to see a more active repurchase quarter, we believe the current, nascent repurchase activity is set to increase through the rest of the year and into 2022 now that company leverage targets have been achieved or there is good visibility of reaching their targets. Currently 69% of the Model Portfolio's weightings are to companies with active repurchase agreements. That figure increases to 83.5% if you include the indications from Energy Transfer LP (ET, $10.59) and Williams Cos Inc (WMB, $26.70) for potential authorizations in 2022. Even if we assumed a flip of a clean switch by 2030, which would hinder existing assets further than forecast, we estimate 13 or 68% of the companies in our portfolio could reduce their equity capital base >50% by the end of 2030[7].

Estimated Equity Capital Base Reduction by Model Portfolio Companies



Source: Bloomberg, LP, CCM

[7] Analysis assumes excess free cash flow over the next 10 years is applied to equity repurchase at current prices. The analysis also gives preference to debt holders by keeping each company's leverage capped at 3.5x debt/EBITDA. Actual share/unit repurchases and the prices at which repurchases occur may vary significantly.

Lastly, the pendulum of the national conversation on traditional energy has started to swing back to something closer to normal. First, legal support for pipelines continues to be affirmed at various court levels. On 5/21/21, a federal judge ruled in favor of ET's Dakota Access Pipeline (DAPL) in holding that DAPL could remain in operation while the Army Corps of Engineers completes an environmental impact statement (EIS). Then, on 6/29/21, the Supreme Court ruled in favor of the owners of the PennEast pipeline asserting, as a Federal Energy Regulatory Commission (FERC)-approved pipeline, the private owners have the power to condemn necessary rights of way for purposes of constructing their pipeline, whether owned by private parties or states. This overturned a lower court ruling which had previously sided with the state of New Jersey.

Second, when President Biden took office in January, he announced a series of climate-based initiatives such as a moratorium on new oil and gas leases on federal land, which, in hindsight, appear to be an appeasement to the more liberal wing of his base. These announcements opened up a series of questions and analyses, all of which appear for now to be moot, after a June 15th ruling by a federal judge in Louisiana blocked the administration's plans for suspension. The ruling applies to onshore and offshore leasing nationwide. Even before this ruling, the President has shown a higher degree of pragmatism on energy projects in an appeal to moderates within his party, as evidenced by the Administration's support or indifference for various production, mining and Midstream projects that have previously had a prolonged stay in the media[8]. In fact, a new narrative is gaining traction in the media where there is increased concern that even though customers say they want greener energy, they still say "not in my backyard" (NIMBY) regardless of the source of generation the asset is creating[9].

The transition to cleaner emissions will take time, which leaves a long intervening period for companies to assess opportunity and risk within their business models. Adding investments that capitalize on new long-term trends in generation sources, spending capital more efficiently on existing assets, and reducing outstanding equity capital to return capital to investors while right-sizing companies for the future are all part of the recipe.

Odds & ends

Cybersecurity

After the reported ransomware attack on the Colonial Pipeline Company on May 6th, interest in cybersecurity for other Midstream assets came to the forefront. This event happened after predominately all the earnings calls had occurred, but we were able to catch up with many companies in the weeks following. By and large, they remain assured in the cyber protection of their assets, operations and data centers—this threat is not a new thing—but the event has provided a test case for them to recheck security and policies. We expect to hear more granularity on this topic during the Q2:21 reporting season. Also, we should note our belief that this incident highlighted the mission-critical nature of Midstream assets, and the market seemed to agree, with the AMZ rising 2.4% in the week following the news of the ransomware attack[10].

Inflation

With the consumer price index (CPI) and producer price index (PPI) coming in stronger than forecast the past several monthly readings, market participants are bracing for elevated inflation whether it's considered transitory or more permanent. We won't dive into that debate, but we'll highlight a few of the ways Midstream is positioned for higher inflation however it may materialize.

Fundamentally, it's a good reminder to readers the majority of Midstream contracts have inflation escalators present in them generally tied to either PPI or CPI (or the FERC index as described below). We estimate over 90% of cash flows of our holdings are fee-based and contracted, and therefore would have some aspect of inflation protection in them. Additionally, the non-fee-based component may have commodity or volume sensitivity and would benefit from inflation in hydrocarbon prices and/or locational differences.

Using regulated pipelines as a specific example, this inflation feature is built into regulated FERC return on equity (ROEs) rates for gas pipelines. FERC regulated refined products (gasoline, diesel, jet fuel) pipelines have an annual reset tied to PPI plus a regulatory adder. For instance, when rates reset July 2022, it will be based on the 2021 PPI finished goods (FG) rate plus 0.78%. If we take the year-to-date CPI and carry May 2021's PPI FG index level of 218 forward for the remainder of the year, we arrive at a 6.5% estimate for 2021, and, thus, these pipelines would see a 7.2% year over year increase. Additionally, non-FERC regulated pipes, often referred to as market-based pipelines, typically see similar increases or higher.

As it relates to Midstream securities, they should benefit from dollars seeking inflation hedging characteristics. Certainly, the structural benefit of the cash flows should be appealing, as should be the hard asset characteristic.

[8] Wall Street Journal, "Biden Administration Supports Oil, Mining Projects Backed by Trump", 6/1/21.
[9] Wall Street Journal, "Solar Power's Land Grab Hits a Snag: Environmentalists", 6/4/21.
[10] Alerian LP, 5/10/21 through 5/14/21.

Commodity prices

The second quarter was strong across all commodities. WTI crude oil rose +24.1%, Henry Hub natural gas rose +39.8%, and the weighted average composite NGL price rose +29.5%[11]. We believe this reflects our often-written view that lack of regional, national and international development during 2020 is creating supply & demand mismatches, particularly as the re-opening takes greater hold, creating higher, potentially more stable, prices. If this price view continues to hold, the stability of prices could reduce volatility while creating higher floors for related commodities. Our hope is this would allow new capital to separate the AMZ's recent, higher volatility from the stability of the cash flows, and therefore focus on the high free cash flow yields and historically low valuation.

Closing comments

Thank you to our investors. To say that our increased engagement by phone, video and in person has been refreshing is an understatement. It's also been terrific to review many of the preliminary highlights we've discussed in this quarter's newsletter, as we believe tailwinds are increasingly at the sector's back. We look forward to continued increases in physical engagement as travel restrictions continue to open up. If you are open for in-person meetings and haven't heard from us yet to schedule, please reach out to your Chickasaw investor contact.

Geoffrey Mavar   Matt Mead   Robert Walker   Bryan Bulawa

[11] Bloomberg, LP; Chickasaw.

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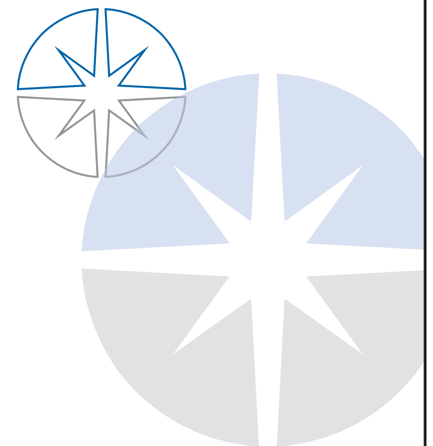

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DJIA Total Return Index: Tracks the total return of The Dow Jones Industrial Average, a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. Dividends are reinvested. The DJIA was invented by Charles Dow back in 1896.

NYSE FANG+ Index: The NYSE FANG+ Index is an equal-dollar weighted index designed to represent a segment of the technology and consumer discretionary sectors consisting of highly-traded growth stocks of technology and tech-enabled companies such as Facebook, Apple, Amazon, Netflix, and Alphabet's Google.

NASDAQ: A market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures.

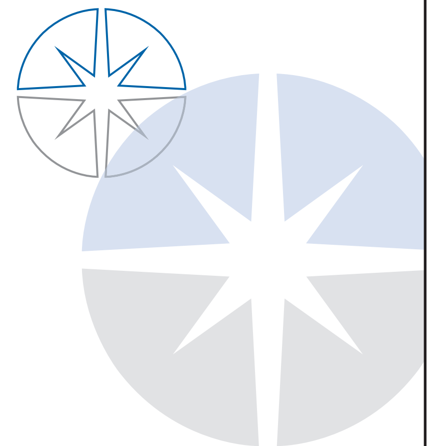
S&P 500 Total Return Index: A market capitalization-weighted index of 500 leading companies in the U.S. The index captures approximately 80% coverage of available market capitalization.

S&P 500 Industrials Index: The S&P 500® Industrials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® industrials sector.

S&P 500 Materials Index: The S&P 500® Materials Index comprises those companies included in the S&P 500 that are classified as members of the GICS® materials sector.

S&P 500 Real Estate Index: The S&P 500® Real Estate Index comprises those companies included in the S&P 500 that are classified as members of the GICS® real estate sector.

S&P 500 Utilities Index: The S&P 500® Utilities Index comprises those companies included in the S&P 500 that are classified as members of the GICS® utilities sector.



S&P 500 Information Technology Index: The S&P 500® Information Technology Index comprises those companies included in the S&P 500 that are classified as members of the GICS® information technology sector.

Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them. Changes in the CPI are used to assess price changes associated with the cost of living.

Distributable Cash Flow (DCF) is calculated as net income plus depreciation and other noncash items, less maintenance capital expenditure requirements. Distributable cash flow (DCF) data is CCM calculated consensus of Wall Street estimates. The estimated consensus weighted average distributable cash flow (DCF) per unit growth rate for the AMZ and our Model Portfolio incorporates market expectations by using the average annual growth rate using rolling-forward 24-month data. DCF growth rate is not a forecast of the portfolio's future performance. DCF growth rate for the portfolio's holdings does not guarantee a corresponding increase in the market value of the holding or the portfolio.

Distribution Coverage Ratio is calculated as cash available to limited partners divided by cash distributed to limited partners. It gives an indication of an MLP's ability to make dividend payments to limited partner investors from operating cash flows. MLPs with a coverage ratio of in excess of 1.0 times are able to meet their dividend payments without external financing.

Distributions are quarterly payments, similar to dividends, made to Limited Partner (LP) and General Partner (GP) investors. These amounts are set by the GP and are supported by an MLP's operating cash flows.

EBITDA is earnings before interest rates taxes depreciation and amortization.

Free Cash Flow to Equity (FCFE) represents the amount of cash a company can pay to equity shareholders after all expenses, reinvestments, and debt payments.

Growth CapEx or Growth Capital Expenditures refers to the aggregate of all capital expenditures undertaken to further growth prospects and/or expand operations and excludes any maintenance and regulatory capital expenditures.

Leverage is net debt divided by EBITDA.

Producer Price Index (PPI), published by the Bureau of Labor Statistics (BLS), is a group of indexes that calculates and represents the average movement in selling prices from domestic production over time.

Terminal Value is the value of an asset, business or project in perpetuity beyond a set forecast period for which future cash flows are estimated.

West Texas Intermediate (WTI), also known as Texas light sweet, is a grade of crude oil used as a benchmark in oil pricing. This grade is described as light because of its relatively low density, and sweet because of its low sulfur content. It is the underlying commodity of Chicago Mercantile Exchange's oil futures contracts.

Yield refers to the cash dividend or distribution divided by the share or unit price at a particular point in time.

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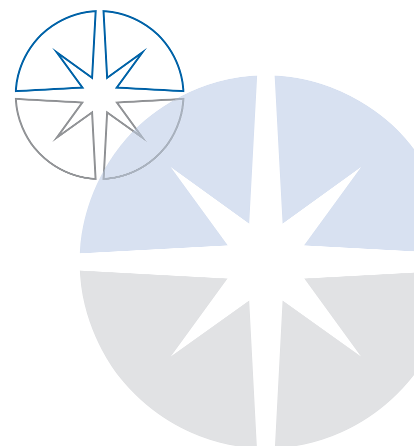

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Chickasaw MLP SMA Composite | October 31, 2006 – June 30, 2021

6/30/21	ANNUALIZED RETURN (%)			CUMULATIVE RETURN (%)		
	Net-of-Fees Return	Alerian MLP Total Return*	S&P 500 Total Return*	Net-of-Fees Return	Alerian MLP Total Return*	S&P 500 Total Return*
Month-to-Date	7.45	5.18	2.33	7.45	5.18	2.33
Quarter-to-Date	24.35	21.23	8.55	24.35	21.23	8.55
Year-to-Date	47.94	47.84	15.25	47.94	47.84	15.25
1 Year	60.47	63.98	40.79	60.47	63.98	40.79
3 Year	-3.23	-0.33	18.67	-9.38	-0.99	67.13
5 Year	-2.02	-1.05	17.65	-9.68	-5.14	125.36
10 Year	4.70	1.07	14.84	58.31	11.25	298.93
Inception	6.07	5.24	10.33	137.22	111.49	322.70

Year	Net-of-Fees Return (%)	Alerian MLP Total Return* (%)	S&P 500 Total Return* (%)	Number of Portfolios	Annual Composite Dispersion (%)	Composite 3-Year Ex-Post Standard Deviation (%)	Alerian MLP 3-Year Ex-Post Standard Deviation (%)	S&P 500 3-Year Ex-Post Standard Deviation (%)	Total Composite Assets (USD mil)	Total Firm Assets (USD mil)	Bundled Fee Assets as a % of Total Composite Assets
2021 YTD	47.94	47.84	15.25	282	NA	NA	NA	NA	875	2337	28.00
2020	-31.14	-28.69	18.40	257	3.30	44.61	47.18	18.53	713	1881	22.54
2019	9.00	6.56	31.49	546	0.89	18.87	17.70	11.93	1812	3472	17.94
2018	-21.08	-12.42	-4.38	707	1.02	20.70	18.10	10.80	1968	3513	18.60
2017	-8.40	-6.52	21.83	817	0.72	21.93	19.06	9.92	2272	4915	20.55
2016	25.61	18.31	11.96	891	2.02	23.37	19.95	10.59	2490	5015	19.53
2015	-31.46	-32.59	1.38	421	1.57	20.39	18.50	10.47	1187	3108	9.14
2014	21.71	4.80	13.69	251	1.38	14.91	13.54	8.97	1292	3054	4.74
2013	46.64	27.58	32.39	166	3.23	13.04	13.43	11.94	988	1933	2.86
2012	15.87	4.80	16.00	118	2.17	13.17	13.37	15.09	563	949	NA
2011	22.30	13.88	2.11	98	2.05	18.82	17.19	18.71	406	690	NA
2010	43.59	35.85	15.06	76	4.45	NA	NA	NA	170	393	NA
2009	111.65	76.41	26.46	18	NA	NA	NA	NA	37	289	NA
2008	-59.75	-36.92	-37.00	3	NA	NA	NA	NA	0.7	224	NA
2007	4.83	12.72	5.49	1	NA	NA	NA	NA	0.5	346	NA
2006	5.84	6.03	3.33	1	NA	NA	NA	NA	0.4	334	NA

Firm and Composite Information: Chickasaw Capital Management, LLC ("CCM") is an independent investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. CCM manages a variety of equity, fixed income, and balanced assets for wealthy families and institutions with a focus on master limited partnerships ("MLPs"). The Chickasaw MLP SMA Composite (the "Composite") consists of fee-based, discretionary accounts that invest in MLPs and MLP affiliates that trade on U.S. stock exchanges. The Composite was created in August 2009 and prior results contain historical data. All historical performance was constructed in accordance with the composite construction policies set forth within the firm's policies and procedures. All underlying accounts were treated on a consistent basis with respect to composite inclusion. As of 5/31/2015, the minimum account size for inclusion into the Composite is $75,000. Accounts will not be removed from the Composite if they fall below the minimum due to market fluctuations or client withdrawals.

***Benchmark:** The benchmark is the return of the Alerian MLP Total Return Index ("Alerian") and the S&P 500 Total Return Index ("S&P 500"). The Alerian is a market-capitalization weighted index composed of the most prominent energy Master Limited Partnerships. The S&P 500 is a market-capitalization weighted, broad-based securities market index containing the 500 most widely held companies chosen with respect to market size, liquidity, and industry. As of 6/30/15, the Alerian was added as a primary benchmark to provide additional information and was applied retroactively. As of 12/31/2011, the benchmark changed to the S&P 500 Total Return Index from the S&P 500 Principal Only Index and was applied retroactively. The index information is included merely to show the general trend in the markets for the periods indicated and is not intended to imply that a client's investment portfolio will be similar to the index either in composition or risk. The volatility of the S&P 500 and the Alerian may be materially different from that of the strategy depicted, and the holdings in the strategy may differ significantly from the securities that comprise the S&P 500 and the Alerian. The S&P 500 and the Alerian are unmanaged and are not assessed a management fee and other expenses typically associated with a managed account or an investment fund. Investments cannot be made directly in a broad-based securities index.

Performance Calculations: Valuations and returns are computed and stated in U.S. Dollars. The performance shown is for the stated time period only; due to market volatility, each account's current performance may be different. Returns are calculated using a time-weighted rate of return ("TWR") calculation methodology. TWR is computed by calculating a simple rate of return between each period, and linking them. Results reflect the reinvestment of dividends and other earnings. As of 6/30/13, the Composite contains portfolios with "bundled" and "non-bundled" fees. "Bundled" fees include investment management fees as well as other sponsor platform fees that include but are not limited to transaction costs, custodial fees, advisory, and other administrative fees. Pure gross returns are presented as supplemental information to the net-of-fee returns due to certain portfolios not paying a transaction cost in a "bundled" fee structure. Pure gross performance is also presented gross of all investment management fees; gross of custodial fees in "non-bundled" portfolios; gross of all "bundled" fees charged by the platform sponsor; net of transaction costs on "non-bundled" portfolios; and net of withholding taxes. Net-of-fee returns are presented net of actual investment management fees; net of trading expenses; net of actual "bundled" fees; net of withholding taxes; and gross of custodial fees for "non-bundled" portfolios. The standard management fee for the MLP strategy is 1.50% per annum. Additional information regarding CCM's fees is included in its Part 2 of Form ADV. The Gross-of-fees return and Net-of-fees return for 2006 are the same since the return is measured from 10/31/2006 to 12/31/2006 and no fees were charged during that two month period. Dispersion is calculated using the asset-weighted standard deviation of all accounts included in the Composite for the entire year. Dispersion is not presented for periods less than one year or when there were five or fewer portfolios in the Composite for the entire year. Three-year ex-post standard deviation is not presented prior to 2011 as this was not required. The calculations for dispersion and three-year ex-post standard deviation use net returns. Differences in account size, timing of funding or transactions in securities and other market conditions may cause the performance of any account to differ from that of other accounts managed by CCM and/or that of the Composite. Differences in the methodology used to calculate performance might also lead to different performance results than those shown. Additional information regarding CCM's policies and procedures for valuing investments, calculating performance, and reporting performance results is available upon request.

GIPS Compliance Statement: Chickasaw Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. CCM has been independently verified for the periods 1/1/2006 – 12/31/2019. The verification report is available upon request.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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