Chickasaw
Capital Management

JANUARY 12, 2022

MIDSTREAM UPDATE

FOURTH QUARTER 2021

2022 Outlook: How it started/How it's going

Happy New Year! Midstream's +40.2% performance, as measured by the Alerian MLP TR Index (AMZX), represented one of the strongest returns across asset categories in 2021. However, the return was only partially a mean reversion story as much more of the return was driven by fundamentals. As we'll discuss in the Valuation section, our research indicates a favorable set-up for attractive returns in 2022 as well.

Similar to last year, for a recap of the most recently reported results we would direct you to the update we posted in November 2021, which can be found at www.chickasawcap.com > Library > Newsletters.

Many of you have seen the "how it started/how's it going" memes that began circulating as we settled into a pandemic lifestyle. Most of these memes focused on the negative: worsening conditions, dishevelment, apathy, or worse. However, in Energy, and specifically in Midstream, the improvement seen throughout 2021 and going into 2022 is distinctly positive and, in our opinion, mostly overlooked by general market participants. Why the optimism? See below:

- *Growth*: There was a 720 basis point (bps) positive change to analyst expectations for the AMZX distributable cash flow (DCF) per unit growth rate for 2021 rising from (1.7%) to +5.5%. And, if 2022 is to be similar to 2021, the initial estimated DCF/unit growth of 4.6% is likely understated.
- *Equity Repurchase Activity*: At the beginning of 2021, Midstream companies had $8.5 billion of authorizations and $1.6 billion had been executed on since July 2017, though only a modest amount of that was during 2020. Total buyback authorizations increased to $10.5 billion during the year, and on a reported quarter basis, we have seen $1.3 billion executed upon in increasing amounts culminating most recently in 3Q21 with total announced repurchases reaching $733 million (56% of the total). As we'll discuss in the Valuation section, we expect to see another high amount for the 4Q21 period and throughout 2022.
- *Inflation*: At the end of the 2020, consumer price index (CPI) rate was 1.4%. Although expectations were for it to modestly increase as the economy re-opened, market participants at that time likely would have been shocked to see the December 2021 release be reported at 6.8%. Likewise, the producer price index-finished goods (PPI-FG) finished 2020 at negative 1.4% and was annualizing at +13.3% in the November 2021 release. Given the inflation pass-through mechanisms within the majority of Midstream contracts, these higher gauges should at least neutralize cost increases and, in many cases, provide tailwinds for 2022 and 2023.
- *Gas Demand*: We estimate natural gas demand grew 3.5%, supported by stable baseload demand as well as liquefied natural gas (LNG) exports reaching record levels of 12.4 billion cubic feet per day (Bcf/d) as demand from foreign buyers remains robust.
- *Crude Oil*: Due to the effects of the pandemic both crude production and global demand suffered. We forecast U.S. crude supply will have grown 7.3% to 11.8 million barrels per day (MMBpd) (exit rate) when 2021 is

MLP COMPOSITE

Annualized Return

Trailing as of 12/31/21	Net	Alerian MLP Total Return	S&P 500 Total Return
Month-to-Date	2.86%	3.56%	4.48%
Quarter-to-Date	1.26%	0.55%	11.03%
Year-to-Date	44.33%	40.17%	28.71%
1 Year	44.33%	40.17%	28.71%
3 Year	2.70%	2.12%	26.07%
5 Year	-4.77%	-2.70%	18.47%
10 Year	3.38%	-0.26%	16.55%
Inception	5.69%	4.69%	10.77%

Please note *Additional Information* on final page.

finalized, and expect modest growth in 2022. While moderately positive for assets transporting and storing crude oil, we view this as medium-term bullish for prices as they will have to stay high to incentivize global production to meet a world that still demands more crude oil.

- *Energy Transition*: Midstream companies announced over 40 projects, initiatives, certifications, alliances, etc. since March 31, 2021 related to the Energy Transition. It is clear to us that Midstream infrastructure is here to play a critical role in the long process of transitioning and cleaning the sources for North American energy demand.

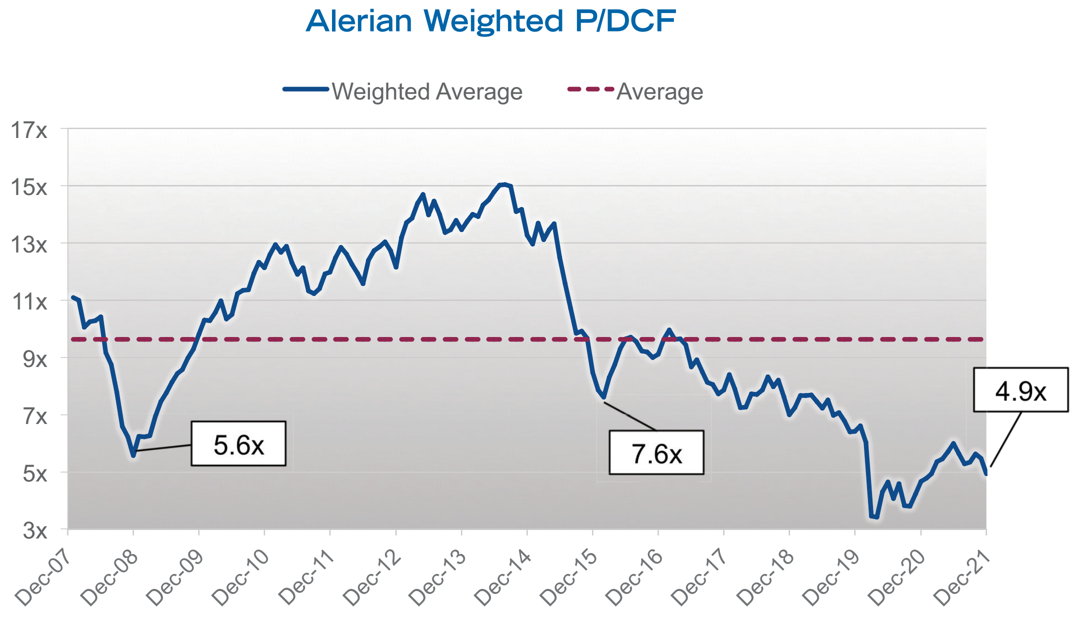
Valuation & capital allocation

Valuation

Continuing the theme above, the price to DCF/unit (P/DCF) for the AMZX at 12/31/21 was 4.9x vs. 4.6x at 12/31/20. If 2021 were solely a mean reversion story, then that would've implied a +6.5% return vs. the +40.2% return actually registered. Breaking it down further, we estimate the components of the +40.2% return were:

- 9.7% of yield (average for the year),
- 6.5% of mean reversion, and
- 24.0% of fundamental growth

This sector is not just about being "cheap" vs. the long-term P/DCF averages of 10.0x (since 2008) and 7.3x (since 2016). There are solid fundamental improvements occurring that we believe should sustainably move prices higher. Given the re-emerging growth narrative and the further assuagement of the "terminal value" narrative, one could make the argument that Midstream is cheaper now than it was a year ago.



Average = 9.6x | Current = 4.9x | Minimum = 3.4x

Bloomberg LP, CCM

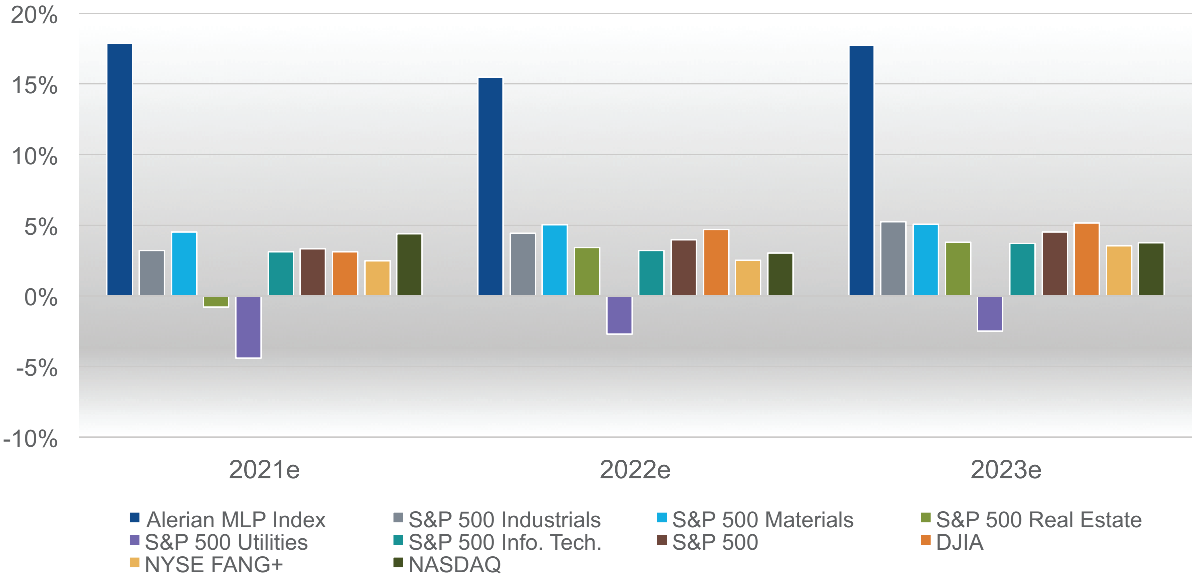
We think the 2022e 4.6% DCF/unit growth for the AMZX is understated not just because analysts remain conservative in their estimates (volumes, inflation tailwinds, and other factors), but because it doesn't appear they're factoring much, if any, benefit from share/unit count reductions, which would also be a growth tailwind for per unit economics. Refreshing our years-long rhetorical question "what else are they going to do with all the cash flow", 2022 is shaping up to be a very strong year for free cash flow (FCF) generation due to the increasing cash flow from operations (CFFO) and a modest outlook for capital expenditures ("capex").

As we expressed in earlier newsletters, 2021 and 2022 were/are expected to be "catch-up" years for both supply and demand driven projects due to the initial volumetric growth projections being disrupted by economic ramifications from the pandemic. Therefore, Midstream capex needs are not substantial in the near term, and the majority of the capex for 2022 should be known at this point. Wells Fargo Securities predicts $21 billion versus $22 billion in 2021, the majority of which is directed toward low capital, quick turn-around, high return projects which could also boost 2022 and 2023 operating cash flow higher than current consensus estimates. Furthermore, for a more long-term view of "how it started/how it's going", Wells also points out for the prior 5 years (2016-2020) industry capex averaged 65% of EBITDA, whereas the 2021 forecast of $22 billion only represents 28% of earnings before interest, taxes, depreciation and amortization (EBITDA), and the forecast for the forward 5 years (2022-2027) is 24%, heavily dominated by regulatory spending in Canada[1].

It strikes us as funny for all the focus the past 12-18 months on debt to EBITDA (D/EBITDA) leverage, it hardly warrants a discussion beyond this paragraph. The short answer is, by and large, leverage is at or below corporate targets with the AMZX index registering at 3.6x, down from 3.9x (hardly danger levels) this time last year.

Capex is low. Leverage is in check. The AMZX boasts a FCF yield of 17.9% currently, which is also well above peer asset classes, and if you simply take out the current 8.2% yield, there is simplistically 8-10% of cash flow that could be available for return of capital activity in 2022.

Estimated Free Cash Flow Yield



Bloomberg, LP. at 12/31/21. Using Bloomberg definition of Free Cash Flow to Equity of cash flow from operations (CFFO) less capex. BPMP has no consensus estimate; therefore we use CCM's estimate.

[1] Wells Fargo Securities, "Weekender: Midstream Capex Trends in Perspective", 1/7/22.

Distribution growth

In addition to equity repurchase programs, it's time to re-introduce the subject of income growth. With the substantial FCF available to management teams we expect an increased amount will be used for distribution and dividend increases in 2022—something else that is rarely discussed even by industry pundits. Management teams who took the hard but necessary steps to reduce payouts to investors in 2020 to manage their debt profiles, have seen faster improvements in their business models which has accelerated their timelines to reaching leverage targets. On 11/4/21, Targa Resources Corp. (TRGP, $56.40) announced its intention to raise the 2022 annual dividend from $0.35 to $1.40, and we believe, based on additional company commentary, we could see similar step-ups from several companies within our portfolio. For other companies where distributions and dividends were not reduced, we expect to see modest upticks in the growth rate for 2022.

Energy transition spending

Expectations for 2022 Energy Transition spending are that it will begin in earnest, but remain low relative to the capital spending of $21 billion for traditional fuels. We do think a lot of the planning stage work will be discussed in 2022, which will begin to reflect the spending needs for 2023 and beyond. Bloomberg New Energy Finance expects global annual spending on Energy Transition could rise from $1.8 trillion per year in 2021 to $3.1-5.8 trillion per year in 2051[2]. It is inconceivable that Midstream infrastructure will not be needed and used in this transition whether it be new or repurposed assets, thus providing an additional long-term avenue for growth. Our team has done a substantial amount of research into this area, and if learning more about this important multi-decade investment period is of interest please reach out to your Chickasaw representative.

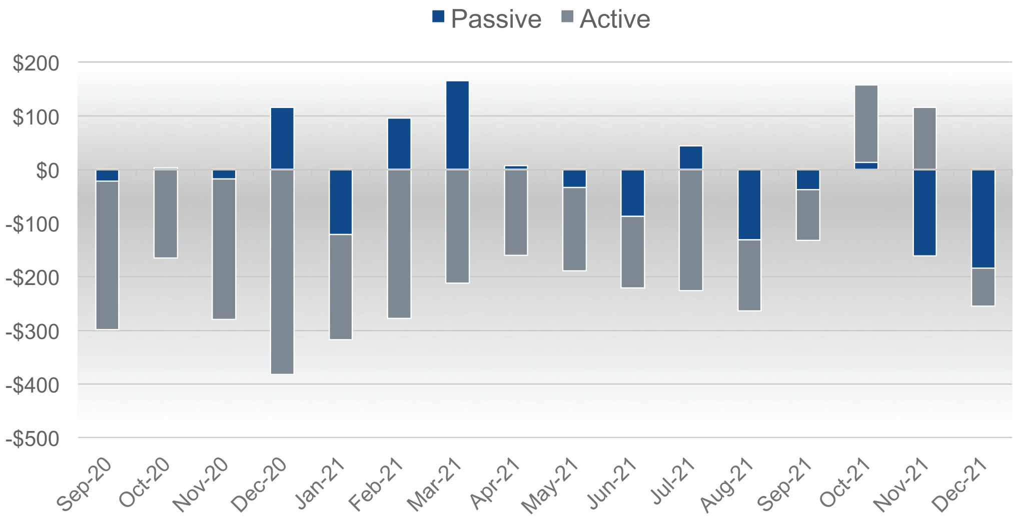
Portfolio update

Recognizing the improvement in conditions described above, the recent changes made to the portfolio during 4Q21 are intended to deliberately emphasize that we believe this is a growth portfolio. The portfolio is positioned and over-weighted towards companies with an inexpensive valuation, a good outlook for growth, and D/EBITDA in a position of strength. We believe these companies have the ability to use capital allocation resources towards shareholder-enhancing returns primarily through buybacks, modest distribution growth, and potential one-time distribution step-ups. And these thoughts remain supported not just through fundamental data, but through continued, in-person discussions with corporate decision makers whose near-term philosophies align with our own.

Fund flow update

Fund flows remained challenged during 2021 with net passive inflows of only $61 million and net active outflows of ($1.9) billion. December was a bit perplexing with net outflows across both passive and active totaling ($254) million after a net combined inflow of $111 million the previous two months of the quarter. And all of this stands in contrast to the positive total return performance for the AMZX for December and all of 2021.

Monthly Midstream Fund Flows



Morningstar 12/31/21

[2] BloombergNEF, "New Energy Outlook 2021", July 2021.

Preferring to stick with the glass half-full perspective, we offer a few thoughts. Clearly someone was buying, which would likely pin the answer on the generalist investor whom we would guess was more the macro/technical trader over the human allocator. Also, could 2021 have been the final throes of those who "kept the faith" in 2021 but weren't prepared to stay committed long-term due to the prior years' volatility?

Given that we thought 2021 was a great set-up for increased allocation to the space and yet, to the contrary, fund flows were uncooperative we have a hard time calling the direction. But some potential tailwinds for 2022 include:

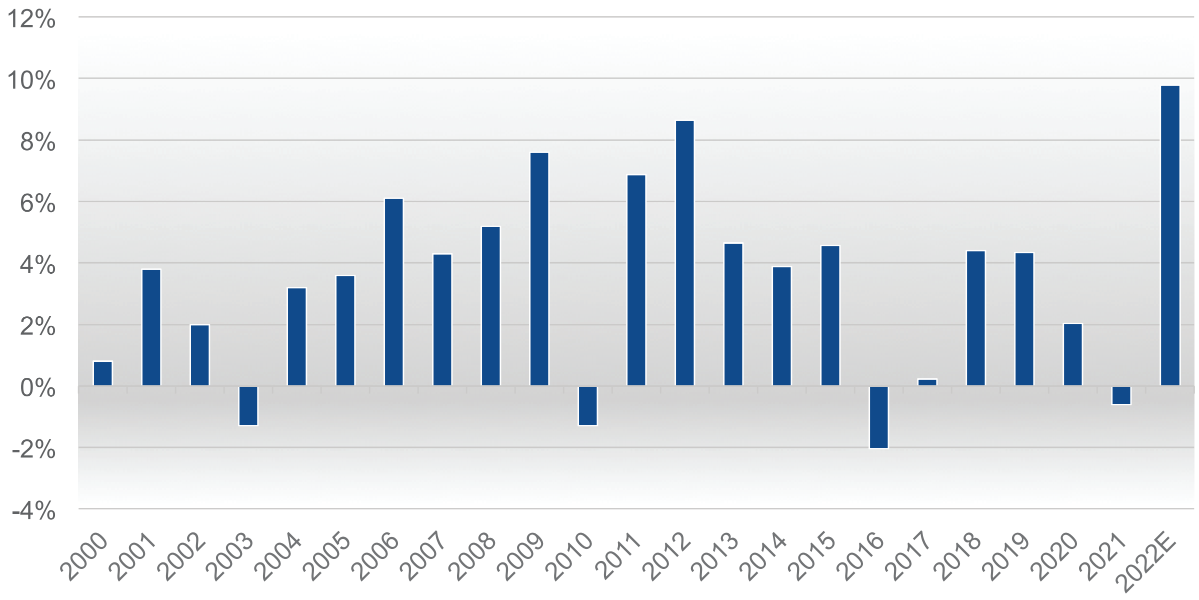
- Increased conversations with generalist allocators who recognize the stability of the cash flow, the prospects for modest growth, and the role Midstream is prepared to play in the Energy Transition. They were already attracted to the inexpensive nature of the asset class, and the relatively higher income potential.
- Improved macro sentiment regarding the Energy Transition, as Europe, the U.S., and other countries and regions are showing that the transition will take longer, and there is no green switch to flip. And the increased perspective of Midstream's growth role in the transition should help investors zero in on this asset class within the broad Energy complex.
- Potential corporate support for equity trading through increased repurchase activity.

In the context of the broader investment case for Energy, Citi's Head of Equity Trading Strategy recently noted Energy as a sector is expected to contribute ~6% of the S&P 500's total 2022e profit, yet it's only 2.8% of the index's market capitalization[3]. Something has to give; we obviously just don't know when. As one of our astute relationships remarked, the behavior recently has been "voting, not investing".

Inflation update

Inflation remains a dominant market narrative, and we took a deeper dive into this subject in October 2021 with "You say inflation, I say Midstream", and with the update included in our post quarterly earnings note in November 2021, which can be found here www.chickasawcap.com > Library > Newsletters. The only update we'll post to those pieces is the chart below of annual Federal Energy Regulatory Commission (FERC) tariff adjustments based on the PPI-FG index, which continued to climb higher with November's reported data.

FERC Tariff Adjustments



U.S. Bureau of Labor Statistics

[3] Citi Equity Trading Strategy, "What's Happening Tomorrow?", 1/4/22.

Additional risks

Beyond just taking a more moderate perspective of the positive factors described above, there remain a few additional risks. Of course, rolling waves of new variants have made it difficult to position for long-term investing trends for the past two years given the newness of this macro overhang. Our only retort would be most of the extrapolated concerns have been relatively short-term in hindsight, and Midstream infrastructure should retain its defensive and new growth opportunity characteristics as market participants and the general population seem determined to trudge on.

We would also remind investors we're in a mid-year election cycle in 2022, which has occasionally raised some issues that could present concerns. However, Energy in general withstood the best punch the new Administration could throw at it during 2021, and the mood of the U.S. seems to be shifting much more politically neutral and desires less than the progressive agenda previously laid forth. We think it's more likely we see sentiment return to normal as opposed to the "fix everything now" rhetoric from 2020 and 2021.

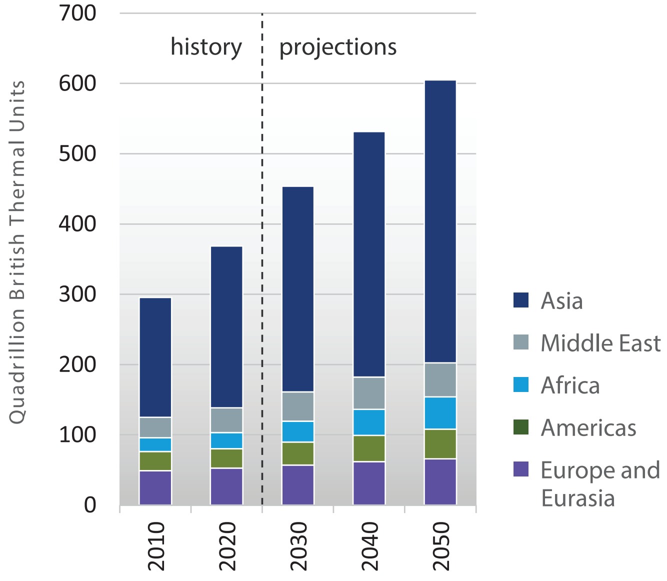
Fuels fundamentals

Our thoughts for a constructive commodity price and volume backdrop have been well-articulated. We believe any worries about volumes in the near to medium term are misplaced, and long-term volume concerns have greatly subsided in the past year as discussed in the Valuation section above. Instead, we thought we would drop some "nuggets" to help to explain the broader picture for traditional fuels.

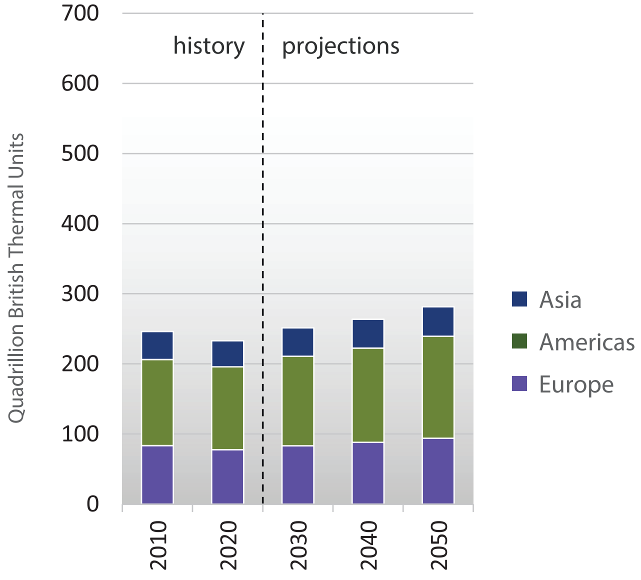
Natural gas baseload growth

The conversation regarding the risk to oil/gasoline from electric vehicles (EVs) is becoming more balanced, as many market participants understand that while EVs could replace internal combustion engines (ICE) in developed countries over time, the growth in traditional fuel demand from emerging economies will keep oil growth healthy.

**Non-OECD
Energy Consumption by Region**



**OECD
Energy Consumption by Region**



IEO2021 Release, CSIS, October 6, 2021

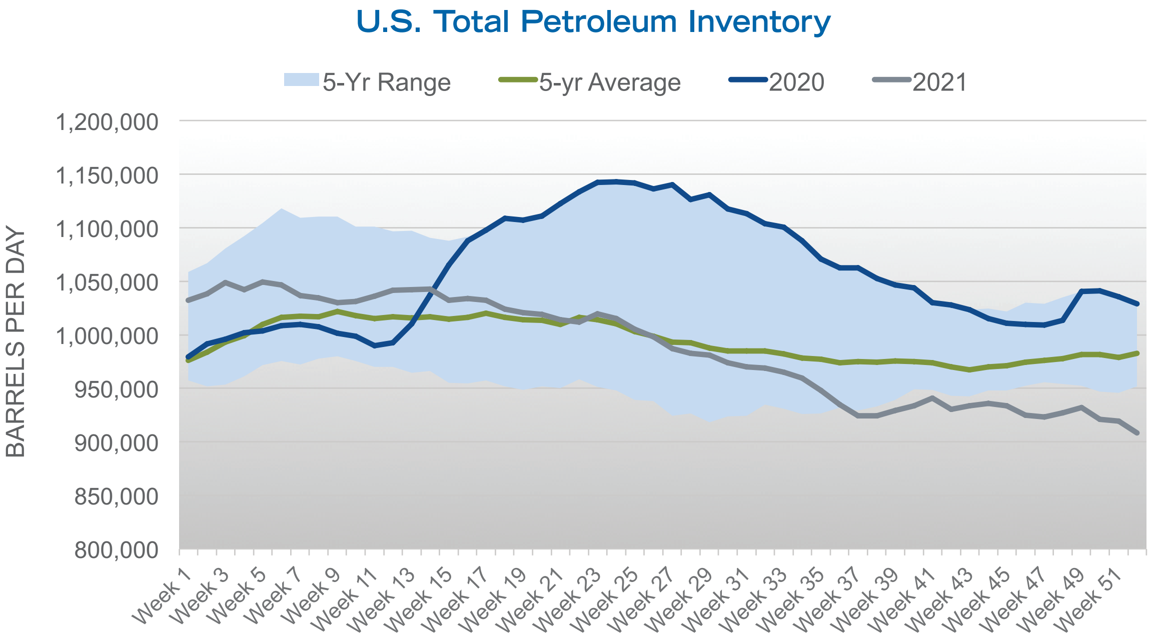
While the growth in EVs is a positive for natural gas demand, a point acknowledged by many, we're not sure it's been grasped on an individual level. Taking California as an example, they estimate the total load for the state's 670,000 EV and Plug-In Hybrid EVs (PHEVs) would create a total demand of 4,670 megawatts, or 6,970 watts of load per vehicle, a figure that is lower due to the mix of PHEVs in the equation[4]. To fully charge each one of the average vehicles, typically 2-3 times per week, it's the equivalent of adding to each home either:

- 11 dishwashers, or
- 6 refrigerators, or
- 2 central AC units

California's stated goal is to require all vehicle sales to be zero-emission by 2035. Maybe this is why Governor Newsom recognized the potential for fuel source dislocation and signed into law Senate Bill 423 which declared natural gas to be Zero-Carbon[5]? It's probably also the reason why the EU, which is dealing with its own energy crisis, has moderated its stance by including natural gas (and nuclear) as "green"[6]. How quickly the sentiment towards natural gas has reversed.

Dislocations in oil inventories

Our weekly monitoring shows every single product in the Department of Energy's (DOE) weekly report is at or below the 5 year-low, thus demonstrating the demand recovery that has occurred in excess of returns from production.



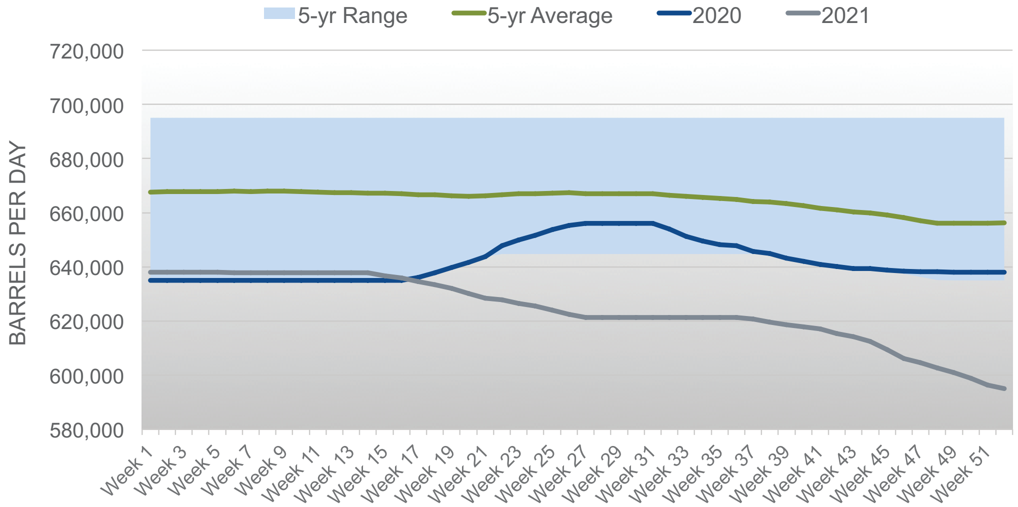
U.S. Department of Energy

It's also pretty well reported in the Media that the rhetoric from the White House regarding gasoline prices being too high was not something the Administration had much control over. One of the available tools the Administration used was to release barrels from the Strategic Petroleum Reserve (SPR). However, the SPR was already at 2002 lows before the DOE released the first barrels. Once barrels were released, of the 32 million barrels (MMBbls) offered for sale, the DOE only received offers for 4.8 MMBbls. There were a reported 18 MMBbls that subsequently went on sale but they appear to be just a one year pull forward of an already Congressionally mandated release. So that is 22.8 MMBbls

[4] LA Times, "Will California Have Enough Electricity for All It's EVs? Yes—But It Will Take Work", October 1, 2020.
[5] California State Senate Bill 423, September 23, 2021.
[6] CNBC, "EU's Plan to Include Gas and Nuclear in 'Green' Ranking Leaves Investors Confused", 1/6/22.

actual vs 50 MMBbls planned and only 4.8 MMBbls truly incremental. The market quickly absorbed the additional sale and the price of crude oil has recovered the levels seen prior to the Administration remarks. We'll also ask the same question you're probably thinking: "is it a good policy to be at historic lows with our National oil inventories?"

U.S. Strategic Petroleum Reserve Inventory

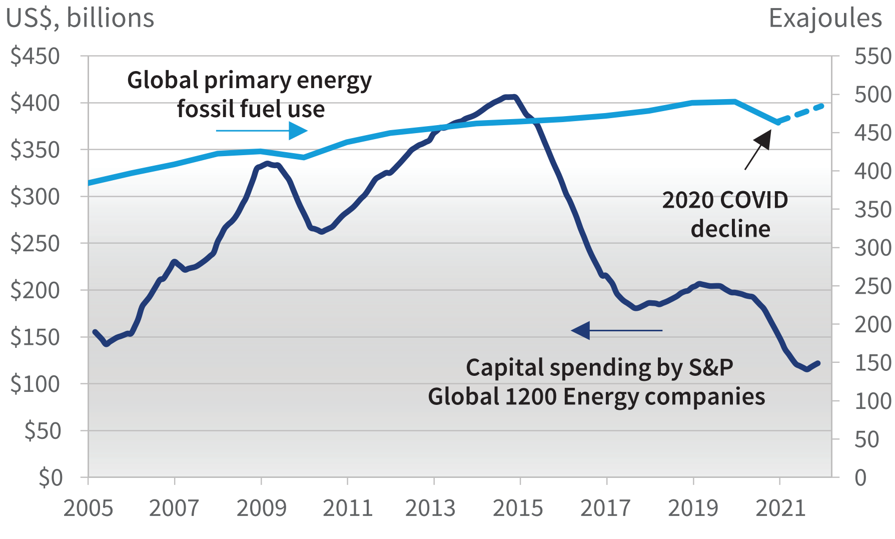


U.S. Department of Energy

Shifting the lens to a global perspective, Rystad Energy reported only 4.7 billion barrels of new oil inventory were discovered in 2021, which is the lowest level seen *since 1946*. The investor push for higher cash returns, and corporate strategies focused on the Energy Transition and lower-emission fuels are seen as the major contributors to this lackluster development year[7].

This is also well explained by the chart from JP Morgan Asset Management below:

Global Fossil Fuel Use vs Energy Capital Spending

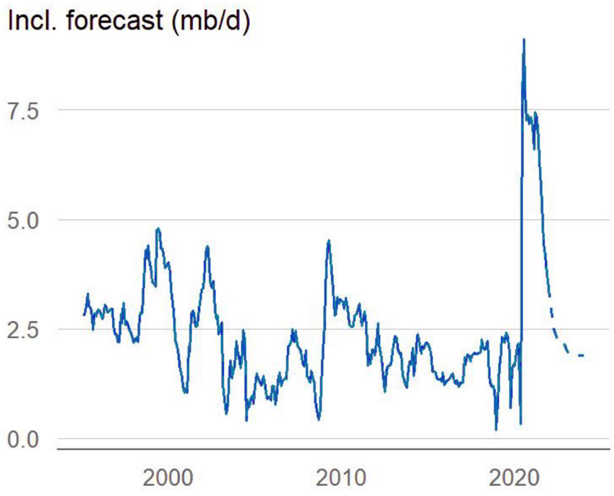


J.P.Morgan, "Eye on the Market Outlook 2022", January 1, 2022

[7] Hart Energy, "Global Oil, Gas Discoveries Plummet to Lowest in Decades", 12/22/21.

Lastly, if/when production falls short for either short or longer periods of time, OPEC+ will have a harder time filling the incremental barrels needed as spare capacity within the group continues to move back to historical lows of ~2 MMBpd[8].

OPEC+ Spare Capacity



Morgan Stanley Research, "The Oil Manual", January 6, 2022

Conclusion

We begin 2022 as optimistic as we have ever been regarding the potential for Midstream to exhibit strong returns. Positive drivers are firmly in place, and it doesn't take a lot of movement from a sentiment, trading and liquidity perspective to help valuations for the sector to normalize.

As always, thank you to our investors and we look forward to connecting with you this year regarding this and other exciting research and initiatives on which we are working.

Geoffrey Mavar Matt Mead Robert Walker Bryan Bulawa

[8] Morgan Stanley, "Is the Oil Market Heading for a Triple Deficit", 1/7/22.

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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.

NASDAQ is 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.

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.

S&P 500 Total Return Index tracks the total return of the S&P 500 Index, an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. Dividends are reinvested. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

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.

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.

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.

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.

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.

Cash Flow from Operations (CFFO) indicates the amount of money a company brings in from its ongoing, regular business activities, such as manufacturing and selling goods or providing a service to customers.

CPI (Consumer Price Index) is a measure of prices paid by consumers for a market basket of consumer goods and services. The yearly (or monthly) growth rates represent the inflation rate.

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 (FCF) is a measure of financial performance calculated as operating cash flow minus capital expenditures.

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.

OPEC+ is a loosely affiliated entity consisting of the countries that are members of the Organization of the Petroleum Exporting Countries (OPEC), plus several of the world's major non-OPEC oil-exporting nations, most notably Russia, with the goal of exerting a degree of control over the price of crude oil.

PPI (Producer Price Index) is a measure of the change in the price of goods as they leave their place of production.

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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PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.

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CAPITAL MANAGEMENT

Chickasaw MLP SMA Composite | October 31, 2006 – December 31, 2021

12/31/21	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	2.86	3.56	4.48	2.86	3.56	4.48
Quarter-to-Date	1.26	0.55	11.03	1.26	0.55	11.03
Year-to-Date	44.33	40.17	28.71	44.33	40.17	28.71
1 Year	44.33	40.17	28.71	44.33	40.17	28.71
3 Year	2.70	2.12	26.07	8.33	6.51	100.37
5 Year	-4.77	-2.70	18.47	-21.69	-12.80	133.41
10 Year	3.38	-0.26	16.55	39.42	-2.55	362.57
Inception	5.69	4.69	10.77	131.44	100.52	372.04

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	44.33	40.17	28.71	249	1.19	44.36	46.86	17.17	749	2053	28.56
2020	-31.14	-28.69	18.40	257	2.36	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's inception date is October 31, 2006. 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. A list of CCM's composite descriptions are available upon request. 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 preparing GIPS reports 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 – 12/31/2020. 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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