Chickasaw Capital Management

OCTOBER 9, 2020

MIDSTREAM UPDATE

THIRD QUARTER 2020

A Change in Tone

Quarterly Review

The overall stability and positive recovery seen in company fundamentals this quarter did little to dissuade investors from selling as the Alerian MLP Total Return Index (AMZX) was down (16.3%) for the quarter. The majority of this can be ascribed to what we deem to be a pull-forward of 20+ year energy transition viewpoints that obscured what we think are not only incrementally positive operating trends, but also a potential change in tone and strategy at the company level—more on that in a later section. Many have probably heard the pervasive chorus of "fossil fuels are dead", "there'll be no more internal combustion engines (ICEs) in 2035", "BP plc (BP, $17.36) just went green", and many others which ignore the current security of Midstream cash flows and assume the world transitions to an energy future with the flip of a green switch.

To be clear, we support enhanced progress towards a cleaner energy future; however, our vision is traditional fossil fuels will have a greater, more concrete role to play for longer, compared to where certain abstract opinions have coalesced, which is drastically affecting current sentiment. Therefore, Midstream companies will continue to play a critical role in any potential energy transition for longer than current expectations appear to be set. But, as you'll read later in the newsletter, to see potential future returns you may only need to believe in the next 10 years, or less. That is inefficiency at its most perverse.

By the Numbers

Despite the negative sentiment, the quarter was pretty good for our holdings on an operating basis. On average, portfolio companies beat earnings before interest taxes depreciation and amortization (EBITDA) expectations by 3.2%, and reported a weighted average decrease in distributable cash flow (DCF) per unit of (11.2%) year over year. However, consensus estimates still reflect expectations for a year over year decrease of (7.7%) in DCF/unit, which shows (1) Q2:19 was an exceptional period for excess earnings from outsized location differentials associated with pipeline constraints, and (2) there is an upward sloping recovery in this metric as we continue through 2020. As a broader indicator that can be applied to our portfolio, we find it is absolutely fascinating that the AMZX is down (46.2%) year-to-date when expectations for weighted average DCF/u growth are (9.9%).

The negative sentiment kept pressure on the Midstream sector and made it a candidate for early tax loss harvesting. Whether it was the chicken or the egg, open-end fund (OEF) flows remained negative this quarter to the tune of $1.4 billion, and market participants indicated a large pension liquidation occurred at the end of August, though this was announced several quarters ago. There was also market discussion that our old friend closed-end fund (CEF) de-leveraging crept up again at the end of the quarter, but our internal analysis of the data does not indicate CEFs were overly leveraged at the end of September, so we put less credence in this.

MLP COMPOSITE

Annualized Return

Trailing as of 9/30/20	Net	Alerian MLP Total Return	S&P 500 Total Return
Month-to-Date	-12.30%	-13.62%	-3.80%
Quarter-to-Date	-16.29%	-16.26%	8.93%
Year-to-Date	-46.86%	-46.16%	5.57%
1 Year	-48.11%	-48.35%	15.15%
3 Year	-23.03%	-20.75%	12.28%
5 Year	-12.76%	-11.58%	14.15%
10 Year	0.27%	-4.17%	13.74%
Inception	1.54%	0.56%	8.89%

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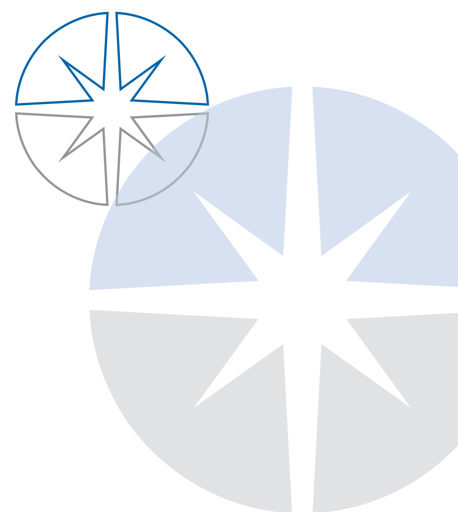
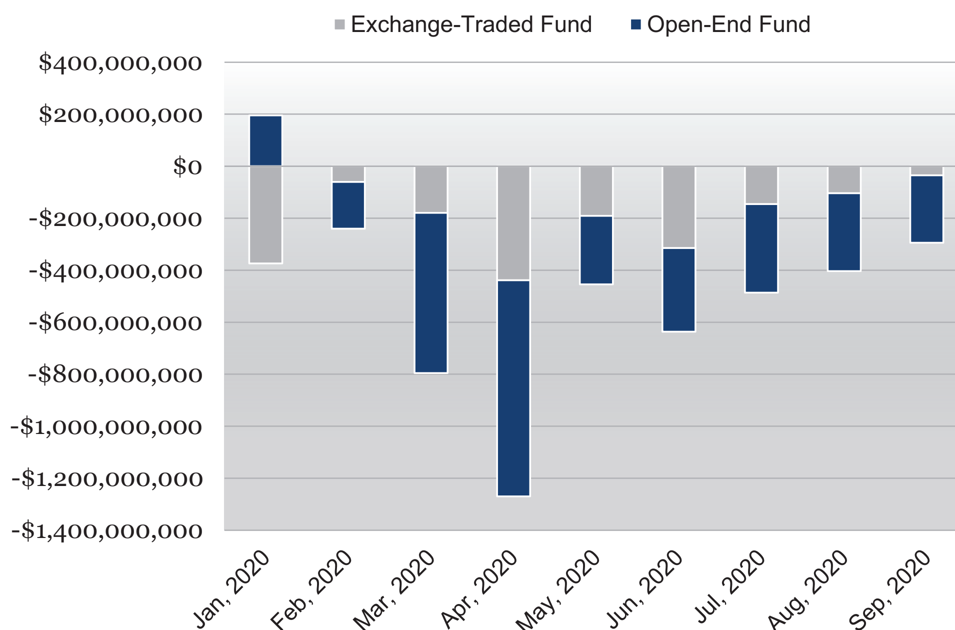




Bloomberg, L.P., CCM

The Way Forward

On September 15th and 16th, we met directly with six C-suite management teams (*while observing all COVID-19 protocols*). In all cases, we were the first in-person contact these management teams had with investors since the pandemic began. Additionally, we met with two other C-suite management teams through virtual means in September to comply with their in-person visitation policies. There was agreement with our observations and ideas, and we sensed a change in tone may be forthcoming, whether it is due to our effort or companies' own volition.

We felt it imperative to offer a "view from the frontlines", but also to share with them our research and viewpoint on the shift in capital allocation priorities we believe needs to occur for the space to not just recover, but also secure the right long-term shareholders that will allow the asset class to thrive. The Midstream equity market seems to be plagued by "renters" not owners, and those who express a short-term view have control of the narrative, thus obscuring what current and potential owners think they know through long-term analysis.

Our prescription applies to all companies generically, but with certain points of emphasis depending on the company:

1. Decrease the capital structure, both debt and equity (not mutually exclusive)
2. Target only short-cycle growth capital expenditures with returns of 25% or higher
3. When considering payout increases, growth should be benchmarked to inflation
4. No special dividends or distributions
5. Enhance the narrative around ESG and show how Midstream's ongoing efforts are underappreciated
6. Consider releasing emissions reduction goals for 2030 and longer

The Opportunity of a Lifetime

The renters' short-term point of view is that there is too much debt and equity outstanding in in companies' capital structure to support their view of terminal value in a future which includes a greater contribution from renewable and alternative energy. Until that capital base is reduced, this group of investors controls the prevailing narrative.

Therefore, the most critical subject to address is capital structure reduction through: (1) paying down debt or targeting a cap on leverage; and (2) beginning equity repurchases. Addressing debt remains widespread among certain market participants as well as sell side research analysts, and prudence on debt leverage over a long period is absolutely critical, particularly after the prolonged growth financing cycle, which Midstream has just recently exited. However, we find it ironic the chorus for debt leverage to be 1-2 full turns lower than current levels is coming from the *equity* investors. The debt markets have been very attractive to Midstream issuers, particularly in the third quarter, when they issued $10.2 billion at record low rates. Additionally, the YTD performance of the Barclay's Investment Grade and Non-Investment Grade Midstream Indices are up 1.4% and 3.8%, respectively, in stark contrast to the AMZX's (46.2%) YTD return. By all indications, credit investors do not appear overly worried about company balance sheets.

We ask then, why are equity investors/writers becoming leverage Luddites at what could be the bottom for equity prices, and when the denominator in the leverage calculation—EBITDA—is at its lowest? Long time readers know we have always been highly leverage conscious and it remains core to our investment process. At this point, though, isn't it time for there to be enough balance for equity investors to get their just desserts as well? As was frequently repeated in our meetings, we have not seen investors leave the space because of yield; rather when they've left it's typically been because of poor price performance, and the way to help improve performance is through corporate equity repurchase activity.

As alluded to in this section's title, we believe this is the "opportunity of a lifetime" for corporates to shrink their equity base, increase per unit returns, and set a course for the next decade where total unit and shareholder returns could look quite different. Of note, we are not calling for a radical buyback agenda as a catalytic event, although there are a few companies who may pursue this path. Rather, we believe a long-term disciplined approach to repurchase highlights its importance in capital allocation.

Our perception of market conversations is that many believe debt or equity reductions are mutually exclusive—either pay down debt or repurchase equity—which would place current undue emphasis on debt efforts. We express a more nuanced viewpoint: corporate strategy should include a mix of both, and each company may adjust the recipe for its specific shareholder base and company positioning. Healthier companies with strong excess cash flow can lean more heavily on equity repurchase activity. However, companies viewed as only having debt reduction goals can still add in equity repurchases, albeit at a more measured rate. As an example, the difference between $500mm applied to debt targets and $400mm similarly applied is typically inconsequential towards leverage, depending on the company. Applying $100mm of repurchase activity could be meaningful to both daily capital inflows as well as lowering the absolute cash payout levels for future distributions. Continuing such a pattern for subsequent years remains accretive to debt and equity goals, and over time the mix can reverse so the primary aim becomes taking equity out of the market and more easily managing a long-term leverage target.

In the mid-2010s, when Midstream was facilitating the growth of domestic hydrocarbon supply to meet U.S. and international demand needs, capital expenditures were cheered and capital was plentiful with investors wanting to participate in the growth. As companies embarked on multi-year construction projects, sentiment unfortunately began to change, and they were faced with the dilemma of building long-term while financing short-term, i.e. accepting the market price. Debt costs by and large met financing expectations, though we can't say the same for equity issuance costs because the market applied a higher cost of equity, which forced companies to accept greater share dilution to match funding needs or adding preferred equity as a hybrid. Hypothetically, if you issued $2 billion of equity at $20 per share and your current price is $5, and you could repurchase it at $500 million today, wouldn't that significantly enhance prior project returns and improve the return on invested capital (ROIC) over the weighted average cost of capital (WACC), or economic value add (EVA), of the entire enterprise?

Additionally, as we know from competitive strategy, those companies with the lowest cost of capital enjoy the largest financial moats to complement their business moats and this becomes virtuous. Reducing share and unit counts while maintaining current per unit payouts frees up more capital to earn higher returns across the capital structure over time and also widening the EVA of a company. Rinse, repeat.

Lastly, if improving fundamentals are being overwhelmed by negative fund flows, then company equity repurchase activity serves as a natural buffer if that activity continues. We estimate the space has averaged $1.4 billion per quarter of OEF outflows in 2020. We don't believe it persists at this rate, but if it does, over the next 12-24 months we estimate Midstream corporates have the collective ability to offset at least 63% of this selling through their own equity repurchase activity while maintaining current payouts. This also further aligns the space to ESG-driven investors, by improving the perceived weakness in governance that management is misaligned with equity holders.

We think these capital allocation policy changes will occur with time—some as soon as this reporting cycle and others on a more measured pace. However, in a market that increasingly has taken a negative view of terminal value at the exact moment where companies can control their own financial destiny with enhanced free cash flow, the potential for the sector to look much improved in 12 months is being overlooked. And, if companies adhere to these capital allocation principles and it takes root as a cultural change, then the next decade will prepare them for potential negative or positive trends in energy usage.

Charting a New Course—Following the North American Railroad Example

The hallmarks of Midstream 2.0 included higher coverage, lower leverage, elimination of incentive distribution rights (IDRs), and self-financing equity needs for all capital spending. Some observers have offered the moniker of "Midstream 3.0" to reflect the acceleration of trends our COVID-influenced economy has brought to the sector. However, we view Midstream 2.0 as foundational and what we're really forecasting is "Midstream Capital Spending 180°". Capital allocation discipline should target excess cash for right-sizing capital structures with fewer resources dedicated to asset growth.

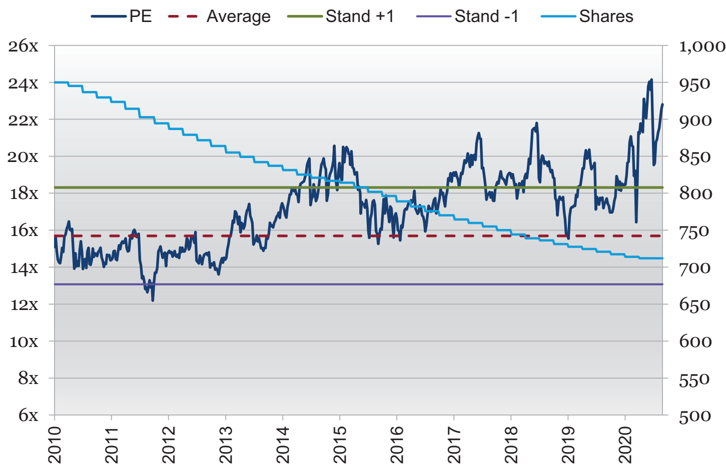
Since we are charting a new course the industry has never pursued—one that will be more beneficial for all stakeholders going forward—we look at what other industries have done to provide similarities and learnings, which are applicable to Midstream. Our research has led us to understanding the most recent decade for the North American railroad industry for operational efficiency and increased shareholder returns.

Entering the 2010s and continuing throughout, the North American rail companies focused on improving operational efficiencies, increasing share repurchases, and using cost of capital advantages for consolidation. Operationally, the rail industry focused on their imbedded asset advantages to increasingly implement precision scheduled railroading (PSR), which reduced overall mileage travelled by over 40%. With more cash available, shares were repurchased, price to earnings (P/E) multiples expanded, and total shareholder returns were exemplary. Below we show the examples of Canadian National Railway (TSE: CNR, $144.43), and Union Pacific Corporation (UNP, $205.78), though there are many others.

Midstream companies have, in many cases, similarly irreplaceable asset positions, costs that can still be taken out or consolidated, lower medium-term capital expenditure needs, and a bright outlook for excess free cash flow which can be applied to equity reduction. While it's impossible to know if history will repeat itself, we can see how the North American railroad example provides a blueprint for how it can rhyme. Midstream investors would be thrilled to have a similar outcome over the next 10 years.

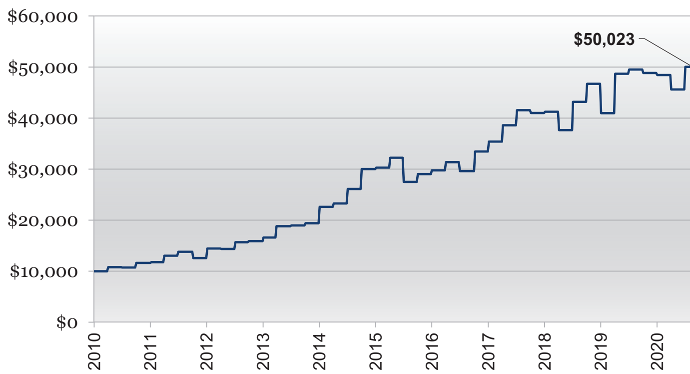
Canadian National Railway (TSE: CNR)

CNR: Forward P/E vs. Share Count



Bloomberg, L.P., Citi Research, CCM

CNR: Total Return — Growth of $10,000



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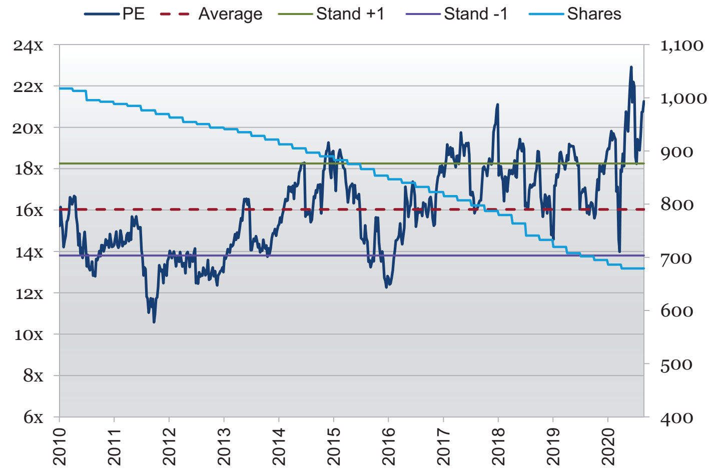
Union Pacific Corporation (NYSE: UNP)

UNP: Forward P/E vs. Share Count



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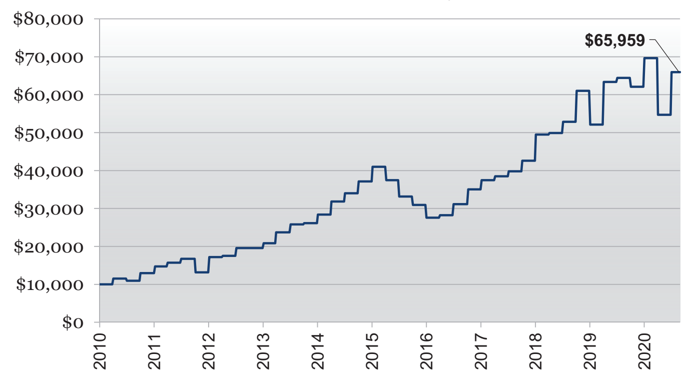
UNP: Total Return — Growth of $10,000



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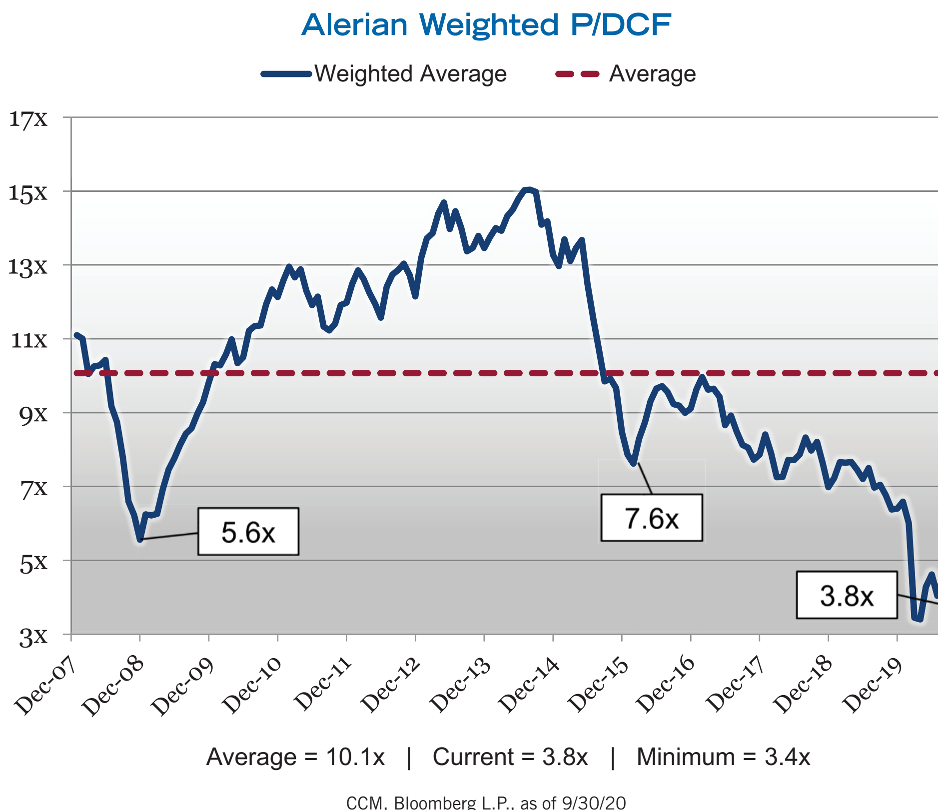
Valuation

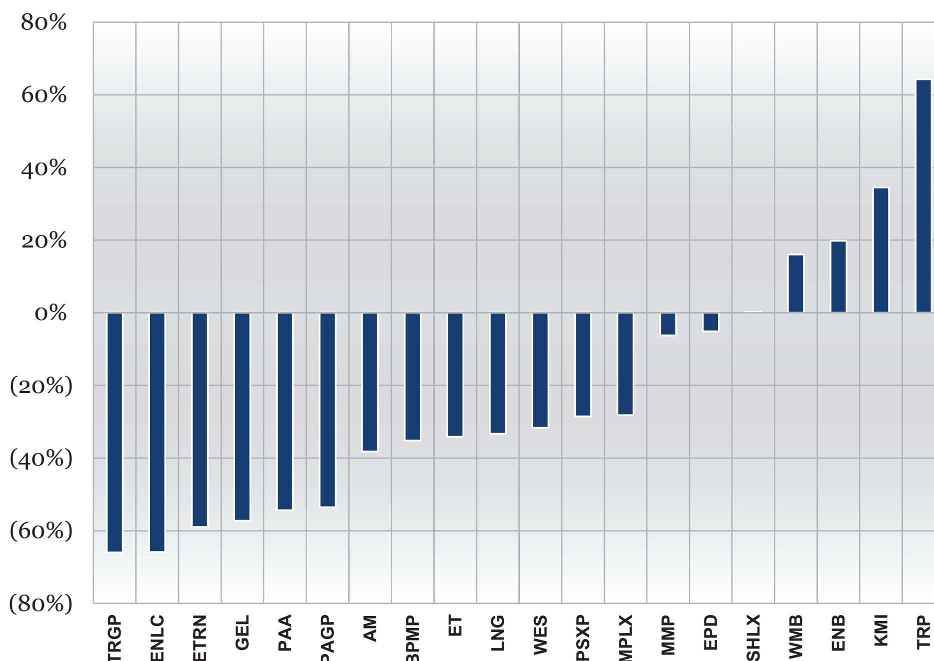
As inferred at the beginning of this letter, we are astonished by the conjecture regarding the pull forward of future energy solutions implying a binary outcome that presumes the death of traditional energy usage. Long-time readers know we frequently present the long-term AMZX Price/DCF valuation, which at 3.8x shows continued pressure on this multiple.



CCM, Bloomberg L.P., as of 9/30/20

But since the conversation has turned far more existential, let's dive deeper on valuation. If you have attended one of our conferences you know the level of valuation analysis we perform on securities, and our primary tool for understanding long-term valuation is using the discounted cash flow analysis and comparing it to other sectors through the free cash flow to equity (FCFE) approach. While it takes a full model to create the inputs for this analysis, we can simplistically break down the valuation output in the sum of two components: (1) the present value of the next 10 years of cash flow discounted to the present, or PV10; and (2) the terminal value which implies the perpetuity of a company's ability to generate cash flow beyond year 10.

Since a strong element of sentiment unjustly wants to imply there is no terminal value for these companies, we decided to see where companies traded as a percentage (discount) or premium to only the next 10 years of cash flow, i.e. let's not even have the debate around terminal value. Of our 20 holdings, 15 of them trade at a discount or flat to their PV10 value:



Bloomberg L.P., CCM

Before wrapping one's head around this inefficiency, there are a few points to make. The companies trading at premiums to their PV10 aren't necessarily expensive. They are either predominantly natural gas-oriented which, while there is some much longer-term debate, is generally agreed to have a place in the U.S.'s energy future beyond 10 years, or they are Canadian-based Midstream companies with significant U.S. assets, a large percentage of which are crude-oil based, ironically, that have a smarter (tongue-in-cheek) long-term shareholder base.

Let's highlight a few of the more inefficiently-priced companies on this list. The one trading at the largest discount is Targa Resources Corp (TRGP, $16.77). TRGP is a diversified, primarily natural gas and natural gas liquids (NGL) company with over 80% of its contracts being fee-based. So much of the discussion in the energy transition argument has been over the obsolescence of crude. If TRGP's business is natural gas (see previous), and NGLs, which remain well-supported due to international demand and substitution effects, why is the market applying extreme discounts to the current contract and fundamental profile? As we have run out of ways to describe the vagaries in which the market is pricing companies, we'll let TRGP help to set the record straight. On October 5th, they announced a new $500 million repurchase authorization (15% of its outstanding shares) supported by EBITDA guidance at the high end of its previous 2020 range and growth capital expenditure guidance at the low end of the previous range. This is exactly what we are calling for, and it was good to see the alignment of the company and shareholders. TRGP represents our largest relative-weighting source of alpha within our holdings.

Turning to Plains All American Pipeline LP (PAA, $6.39), they are focused on crude oil transportation and storage, but

trading at 54% discount to the next 10 years cash flow feels a bit overdone. If one takes the viewpoint that crude will still be needed into the 2030s, it's hard to argue for a better competitive position than PAA's, where they have the largest market share for crude oil gathering and transportation in the lowest cost basin, the Permian. There is some market concern over contract renewals on a few of their pipelines, but (a) these begin to renew in 2024, (b) we believe oil market fundamentals will be more balanced by then, and (c) even if they aren't, we expect a <5% impact to EBITDA if those contracts renewed at current market rates. We expect PAA to be forthright in the capital allocation discussion on their upcoming call, and they've already indicated at industry conferences in September their preference is for repurchasing shares at current levels.

Lastly, we'll highlight Enterprise Products Partners LP (EPD, $17.01). EPD is well known by the investment community yet somehow continues to face questions regarding its business model, observed solely by how their EBITDA is relatively unchanged year over year, yet the units are down (37.9%) YTD through 9/30/20. Investors should feel heartened by the fact that while some segments may be enduring stress, they are able to generate excess profits in other segments to offset any weakness. Simply put, this is the power of diversification. Hasn't this enhanced the franchise value rather than diminished it? On October 1st, EPD indicated it had repurchased $34 million of equity in Q3, bringing YTD repurchase to $174 million. We expect to hear increasingly strong commentary related to future repurchases as they complete their capital expenditure program.

ESG and Climate Change Initiatives

The final two components on our prescription for corporates are just as important to enhancing perceptions concerning terminal value. To reiterate, Midstream business models are built around safely operating assets and not emitting or spilling hydrocarbons. Companies can't just stay on defense. Rather, they have to improve communication by not just reversing the narrative that believes they are environmentally negative, but by also going on offense to show the carbon reduction initiatives they are already a part of as well as embrace emission reduction and net zero carbon goals.

This quarter saw Williams Companies Inc. (WMB, $19.42) be the first company to offer a concrete emissions reduction for 2030 (down 56%) with a goal to be carbon net zero by 2050. Subsequently, Antero Midstream Corp (AM, $5.93) and their parent Antero Resources Corp (AR, $3.71) announced their own goals on October 5th. It may surprise generalists that AR endeavors to be carbon net zero by 2025, and, in conjunction, AM will reduce its main source of emissions (during pipeline maintenance/inspections) by 100% by 2025.

Additionally, when thinking about carbon emissions, we think U.S. investors need to embrace a more global perspective, and companies need to help all stakeholders realize the important roles they play. Just as the majority of U.S. emissions targets are based on renewables replacing coal (ahem, not oil and natural gas), Midstream companies are playing a vital role in replacing global, noxious emissions from traditional sources such as wood, coal, and animal dung with liquefied natural gas (LNG) and liquefied petroleum gas (LPG) exports. The World Health Organization (WHO) estimates 3 million people per year perish from poor health associated with traditional indoor heating sources, and U.S. Midstream can continue to improve the lives of global citizens as well as reduce emissions through their efforts.

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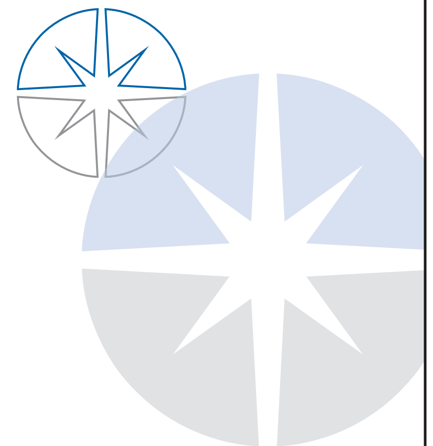
Thank You to Our Investors

The current pricing of Midstream securities is not just ignoring the existing resilience and future strength of cash flow generation within Midstream, it is daring the companies to prove investors wrong and use their excess free cash flow for repurchase activity over the next decade. This path forward offers the potential of greater stability in equity prices, which should vastly improve risk-adjusted return metrics and further entice capital inflow to the space. When combined with other self-help prescriptions, such as extolling the benefits of Midstream's ongoing ESG-friendly activities, we believe these companies have a very bright future ahead of them, regardless of which alternative energy future the world is in by 2030 and beyond. While the market currently lacks vision, we hope you agree with ours.

We acknowledge the current quarter retains the potential for volatility with the upcoming election, the euphoria for securities with no profits, and the potential of further tax-loss selling. If we can be of assistance to you as you consider these or other topics, or if you would like to delve further into topics discussed, we are here at your service.

As a programming note, we appreciate the positive feedback on our frequent, published communication since the pandemic began, and wanted to update you on our efforts going forward. Our expectation is to move back to our quarterly written communication unless an event occurs that warrants analysis between periods. However, we plan to continue our Chickasaw Discussions and expect to add some other topical webcasts going forward to maintain our frequency of client communication. We look forward to you joining us at those times!

Geoffrey Mavar　　Matt Mead　　Robert Walker　　Bryan Bulawa



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The Alerian MLP Index is a composite of the most prominent energy Master Limited Partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis (NYSE: AMZ), and the corresponding total-return index is disseminated daily (NYSE: AMZX). Relevant data points such as dividend yield are also published daily. For index values, constituents, and announcements regarding constituent changes, please visit www.alerian.com.

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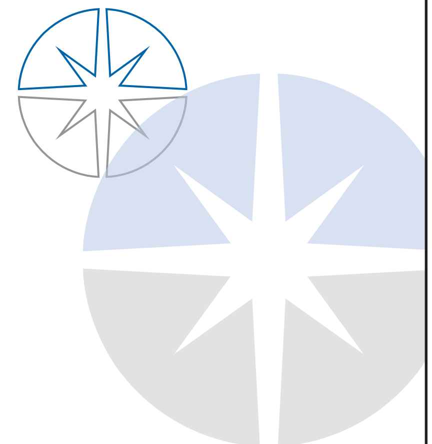
Bloomberg Barclays US Corporate: Midstream Total Return Index Unhedged.

Bloomberg Barclays US High Yield: Midstream Total Return Index Unhedged.

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.

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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.

Incentive Distributions Rights (IDRs) allow the holder (typically the general partner) to receive an increasing percentage of quarterly distributions after the MQD and target distribution thresholds have been achieved. In most partnerships, IDRs can reach a tier wherein the GP is receiving 50% of every incremental dollar paid to the LP unitholders. This is known as the 50/50 or "high splits" tier.

Leverage is net debt divided by EBITDA.

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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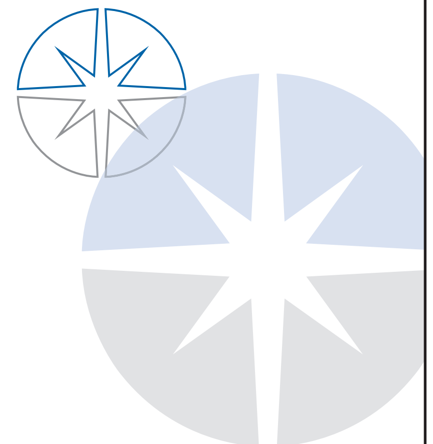
PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.



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Chickasaw MLP SMA Composite | October 31, 2006 – September 30, 2020

9/30/20	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	-12.30	-13.62	-3.80	-12.30	-13.62	-3.80
Quarter-to-Date	-16.29	-16.26	8.93	-16.29	-16.26	8.93
Year-to-Date	-46.86	-46.16	5.57	-46.86	-46.16	5.57
1 Year	-48.11	-48.35	15.15	-48.11	-48.35	15.15
3 Year	-23.03	-20.75	12.28	-54.40	-50.23	41.55
5 Year	-12.76	-11.58	14.15	-49.45	-45.97	93.80
10 Year	0.27	-4.17	13.74	2.78	-34.68	262.44
Inception	1.54	0.56	8.89	23.74	8.01	227.03

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
2020 YTD	-46.86	-46.16	5.57	363	NA	NA	NA	NA	629	1564	22.85
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 II 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. 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 portfolios, 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. Chickasaw Capital Management, LLC has been independently verified for the periods 01/01/06 – 12/31/19. The verification report is available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation. A complete list and description of composites is available upon request.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.