CHICKASAW
CAPITAL MANAGEMENT

The Evolution of Midstream Energy Infrastructure: Poised for the Transition

EPISODE 1

Midstream 101

NOVEMBER 2022

chickasawcap.com | 800.743.5410

CHICKASAW
CAPITAL MANAGEMENT

Midstream Investing Timeline

Midstream Timeline

CHICKASAW CAPITAL MANAGEMENT

1987

Revenue Act of 1987 narrows definition of a Master Limited Partnership (MLP), encouraging the formation of Pipeline MLPs.

1990s

Small number of publicly traded MLPs produce very stable cash flow. Advisors begin using as income alternative.

Late 1990s/Early 2000s

Growth of full-service Midstream MLPs as business builders, many being the stalwart franchises today. Benefits of capital appreciation accrued in addition to income generation.

Early 2000s – 2008

Expansion of Midstream asset class including gathering & processing (G&P) companies.

2009 – 2017

Capital formation period with many companies pursuing Midstream opportunities to take advantage of supply & demand growth from U.S. shale gas & oil production.

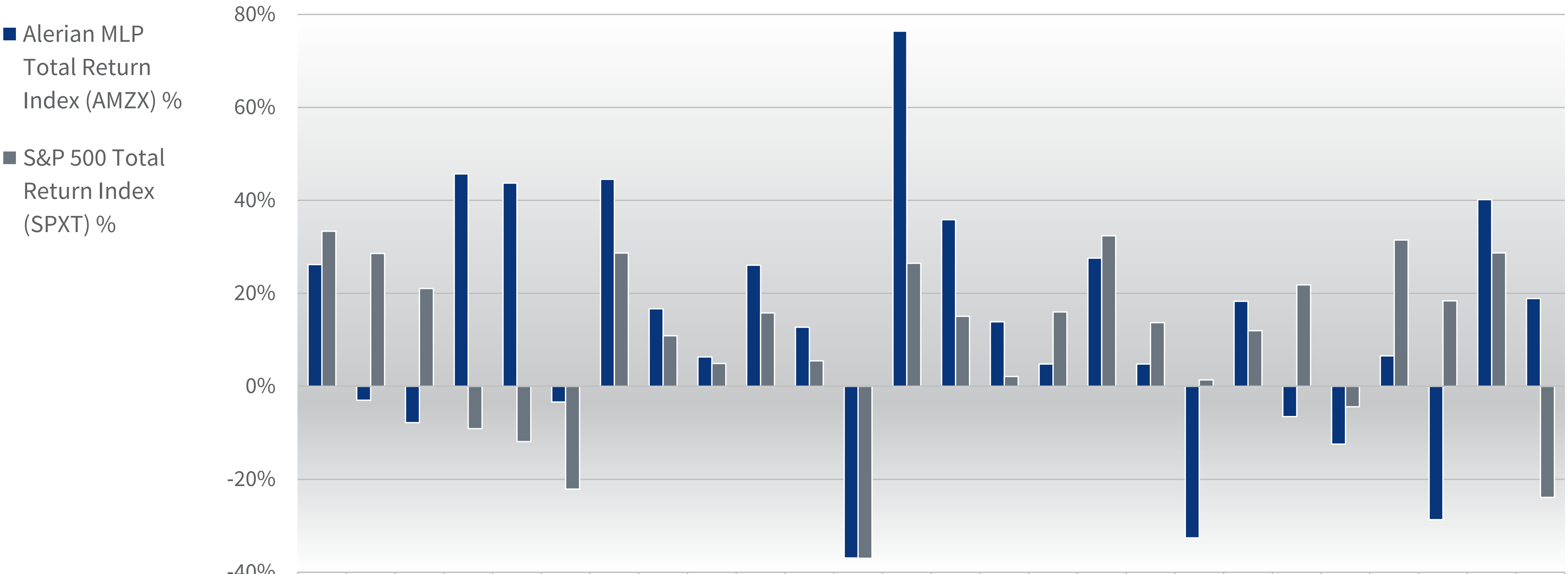
2017 – 2019

Advent of Midstream 2.0 (elimination of general partners, reduced reliance on capital markets); Peak of large capital expenditure outlays.

2020 – Present

Large, well-capitalized industry of Midstream MLPs, C-Corps and LLCs.

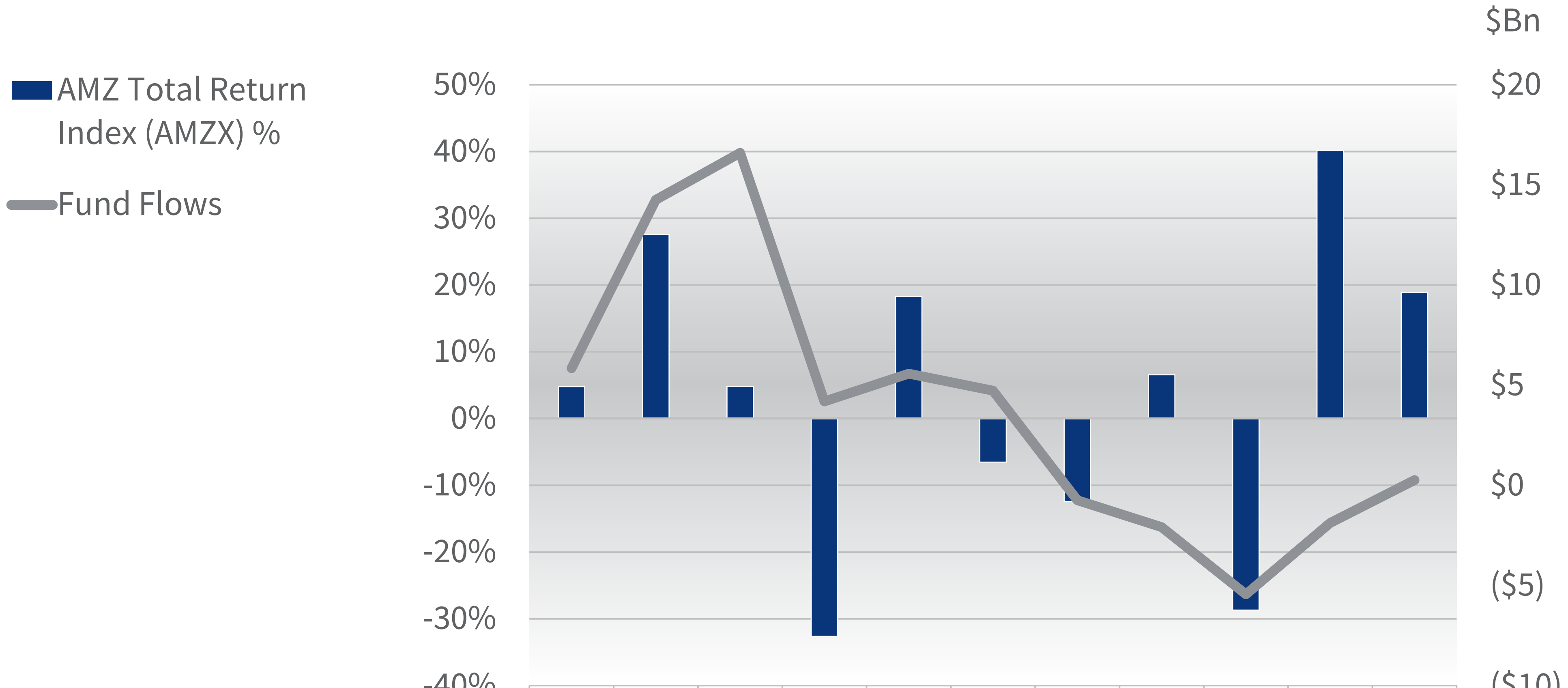
We've Been Here Before



	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
Alerian MLP Total Return Index (AMZX) %	26.2	(3.0)	(7.8)	45.7	43.7	(3.4)	44.5	16.7	6.3	26.1	12.7	(36.9)	76.4	35.9	13.9	4.8	27.6	4.8	(32.6)	18.3	(6.5)	(12.4)	6.6	(28.7)	40.2	18.9
S&P 500 Total Return Index (SPXT) %	33.4	28.6	21.0	(9.1)	(11.9)	(22.1)	28.7	10.9	4.9	15.8	5.5	(37.0)	26.5	15.1	2.1	16.0	32.4	13.7	1.4	12.0	21.8	(4.4)	31.5	18.4	28.7	(23.9)

Source: Bloomberg, LP and Alerian, LP at 9/30/22.

Net Fund Flows and Performance



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	YTD
AMZ Total Return Index (AMZX) %	4.8	27.6	4.8	(32.6)	18.3	(6.5)	(12.4)	6.6	(28.7)	40.2	18.9
Fund Flows	$5.8	$14.3	$16.6	$4.2	$5.6	$4.7	($0.7)	($2.1)	($5.4)	($1.9)	$0.3

Source: Morningstar at 9/30/22.

Midstream 2.0

CHICKASAW CAPITAL MANAGEMENT

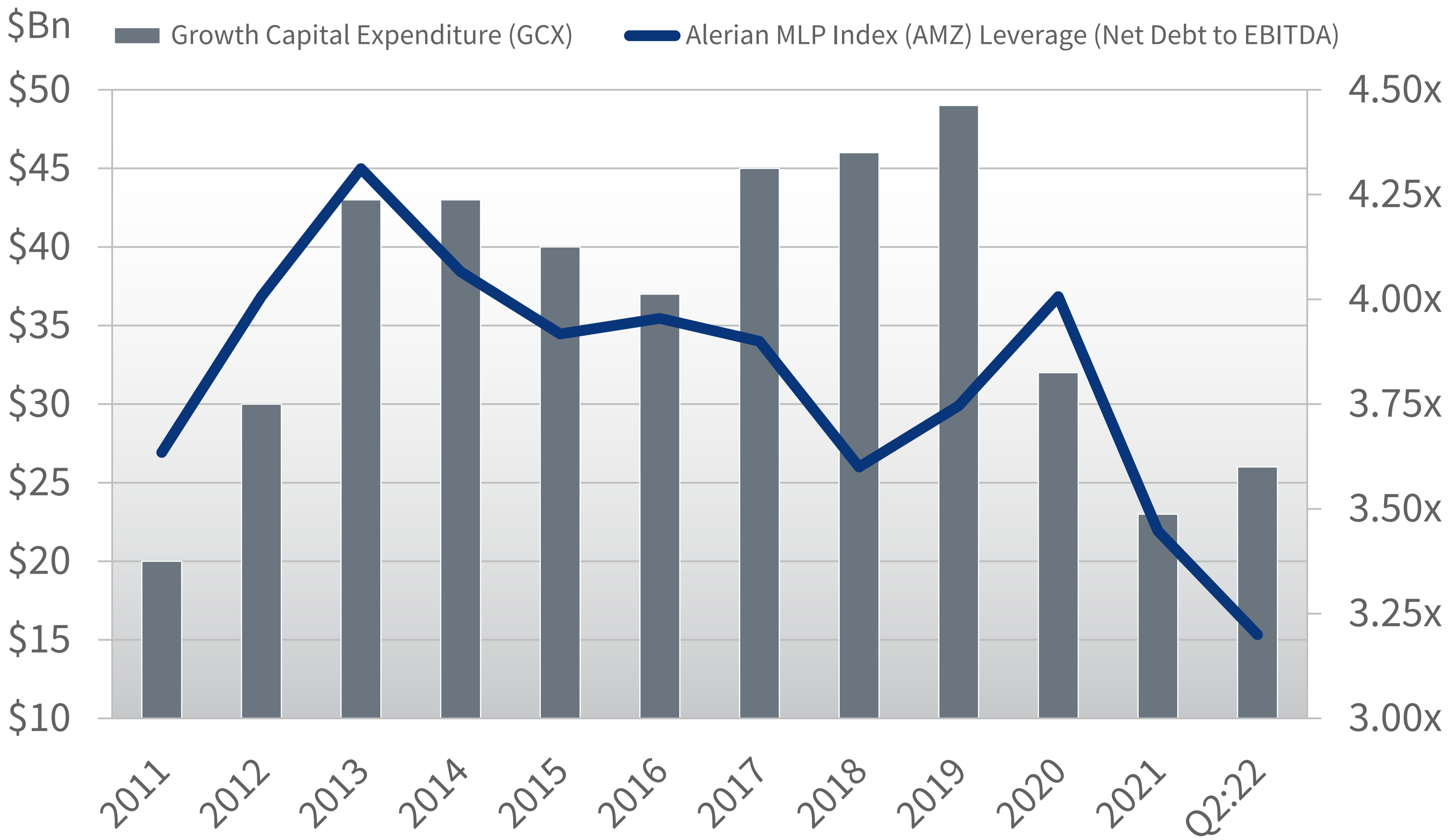
Topic	Midstream 1.0	Midstream 2.0 2017-2020	Midstream 2.0 2020-Present
General Partners	Yes	No	No
Coverage	1.0-1.1x	1.3x or higher	2.0x or higher
Growth	Distribution growth	DCF/unit growth	DCF/unit growth; FCF
Funding	Equity Capital Markets	Equity Self Funding	Equity Self Funding; Debt Refinancing
Leverage	3.5 – 4.5x	< 4.5x	~3.5x
Yield	Important	Important	Important
Capital Returns	Distributions & Dividends	Distributions & Dividends	Distributions & Dividends, Equity Repurchases, Special Dividends & Distributions

Growth Capital Expenditures & Leverage Trend

CHICKASAW CAPITAL MANAGEMENT

Performance was most recently challenged when growth capital expenditures and Debt to EBITDA leverage were peaking.

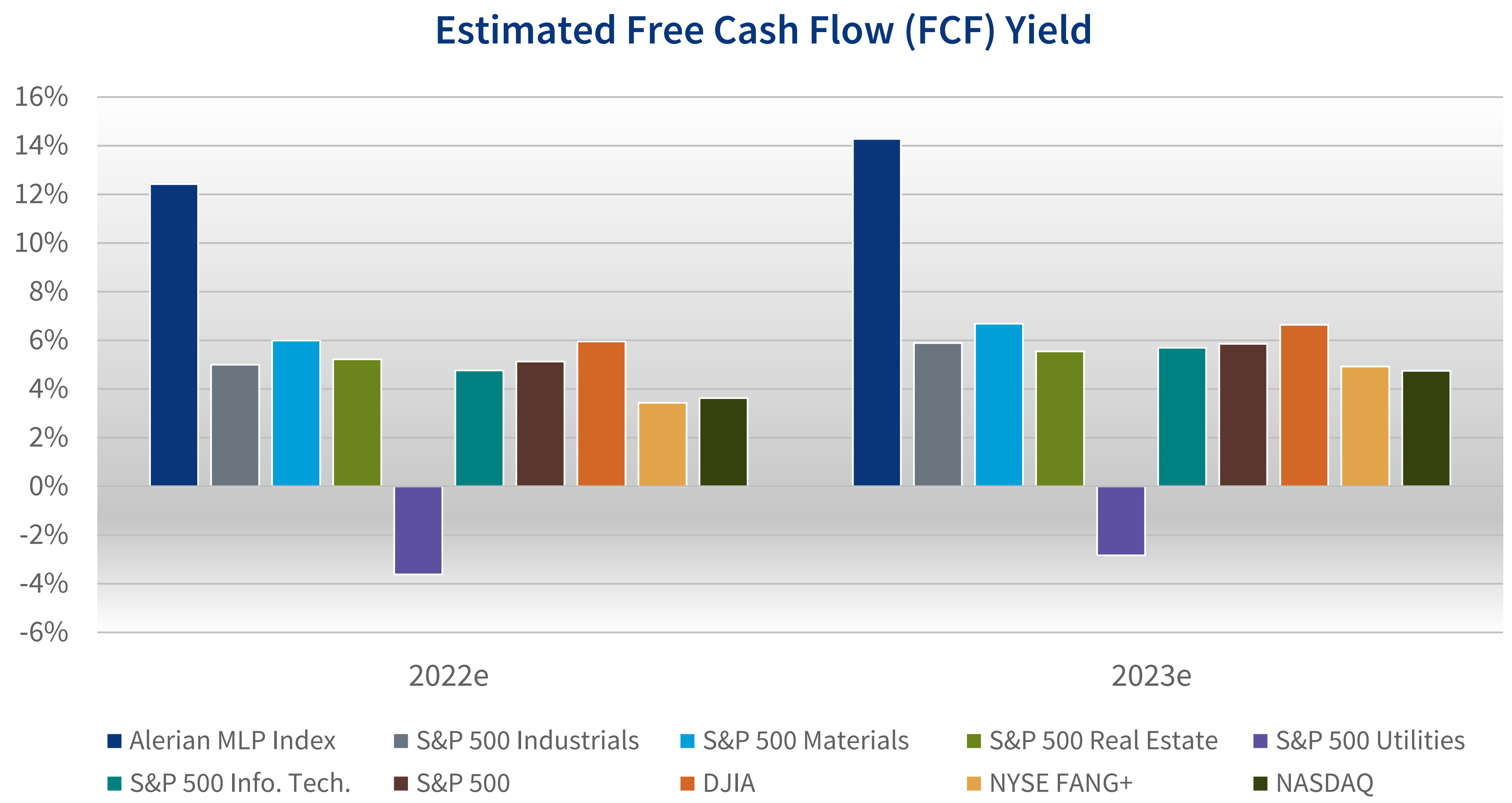
Expectations going forward are for lower capital expenditures and lower leverage.



Source: Bloomberg, LP, Wells Fargo Securities, CCM.

AMZ FCF Yield Versus Other Indices

The FCF yield of the Alerian MLP Index (AMZ) appears quite dislocated from other relevant indices.

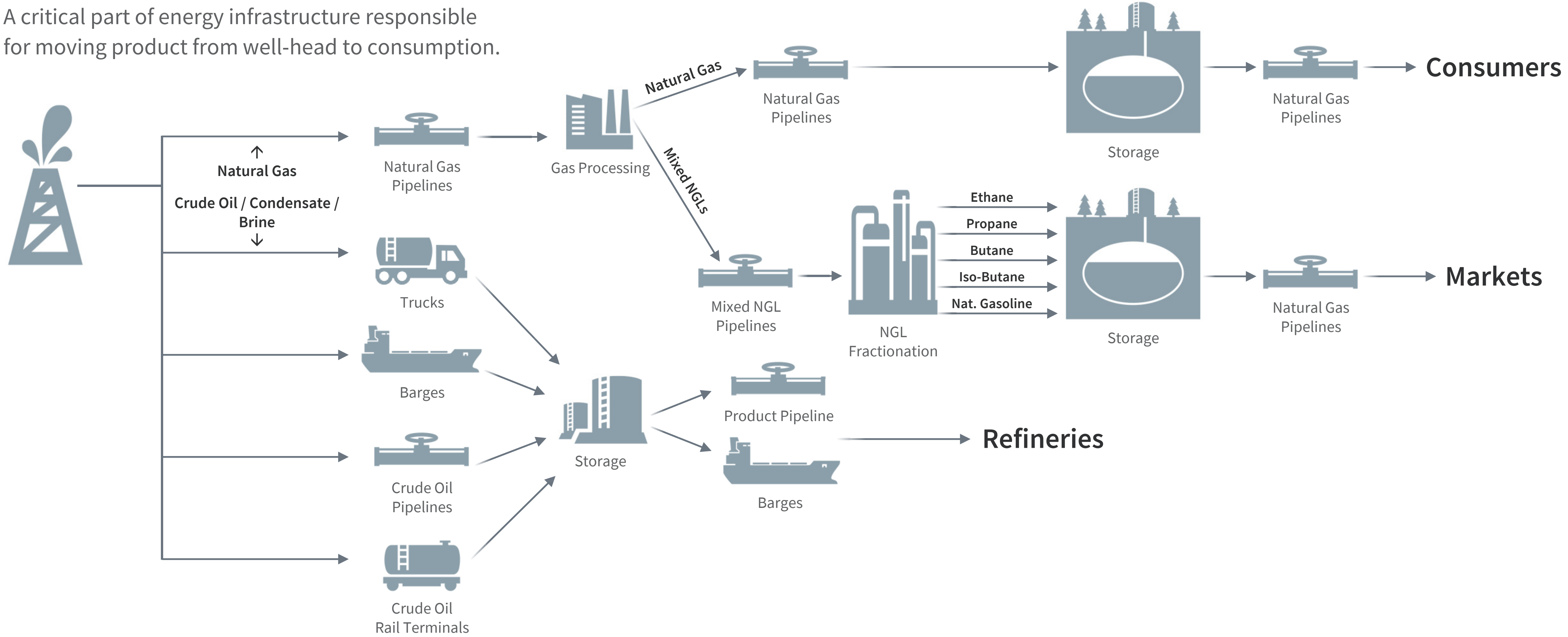


Source: Bloomberg, LP at 9/30/22.

Fundamental Attributes of Midstream

The Midstream Value Chain

A critical part of energy infrastructure responsible for moving product from well-head to consumption.



Source: EnLink Midstream, LLC

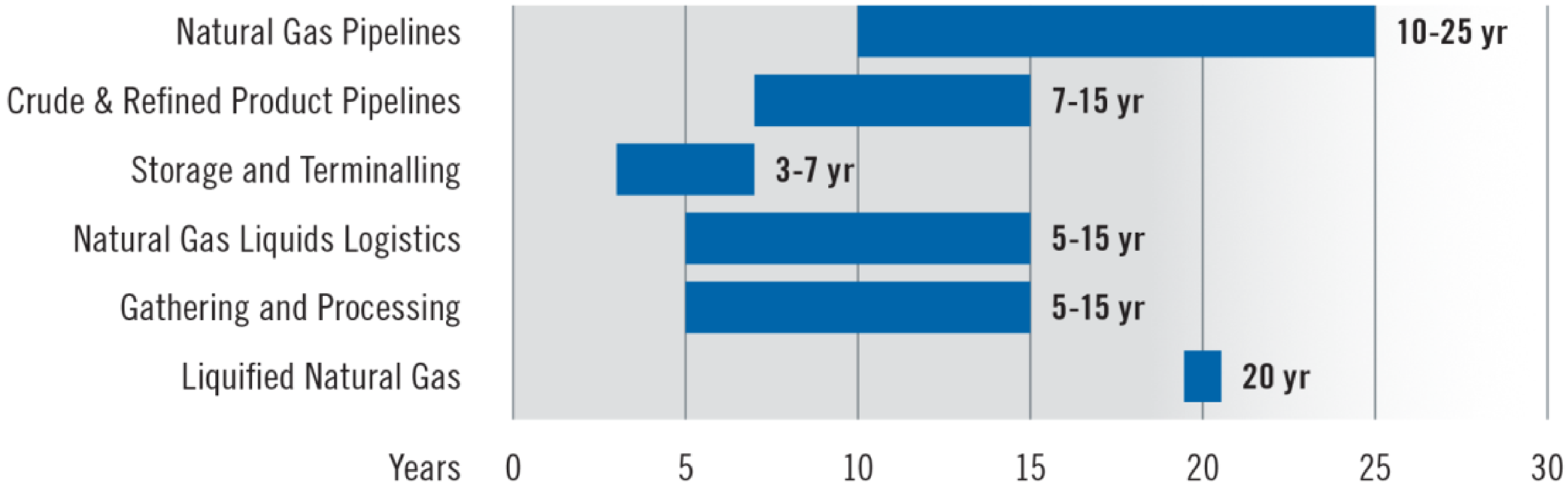
How Midstream Companies Earn Profits

1. Fee **x** volume **x** contractual term, typically billed monthly or quarterly
   - Typical to have minimum volume commitments (MVCs)
   - Annual resets:
     - (1 + escalator) **x** Fee;
     - escalator typically tied to inflation measure such as CPI/PPI;
     - No clawbacks
   - Volumetric increases through existing assets at contractual fee arrangements
2. New returns from growth capital expenditures; additive to the base cash flow
3. Accretion from M&A
4. Some commodity price exposure; consolidated cash flow typically 90% contracted (fee-based)

How Midstream Companies Earn Profits

The majority of Midstream cash flows are fee-based, long-term contracted, and typically have inflation protection built into their contractual rates.

Contract Length by Subgroup

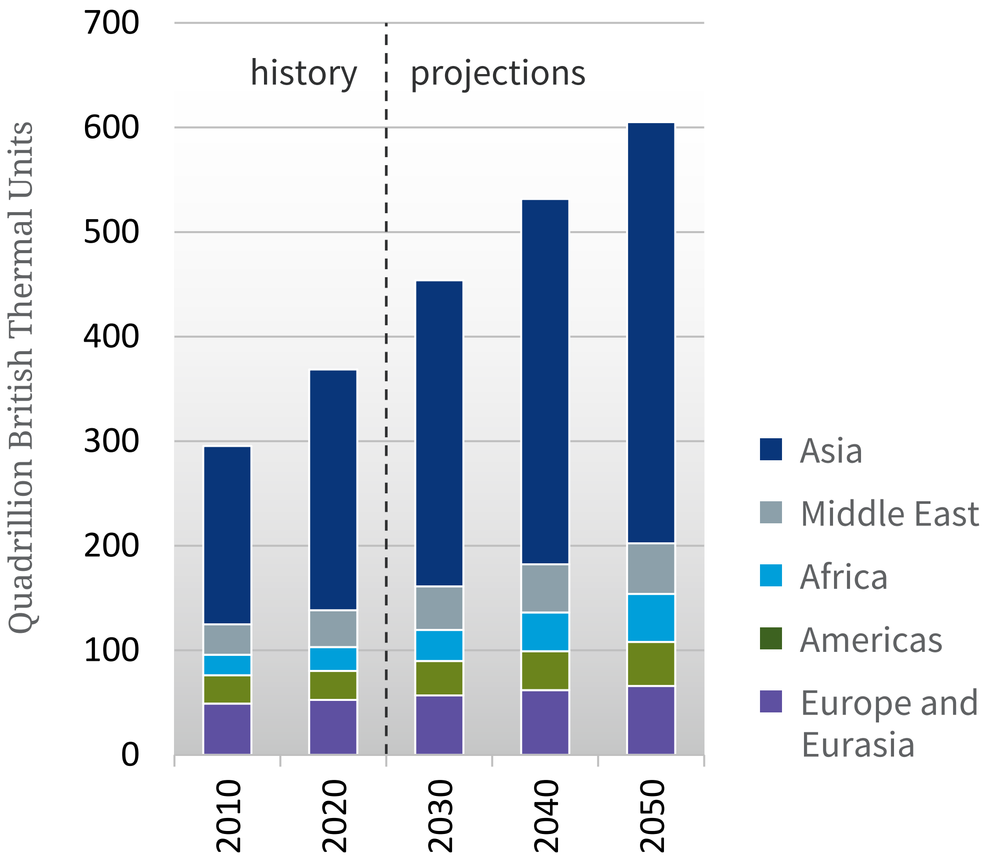


Source: EIA, Data through July 2022

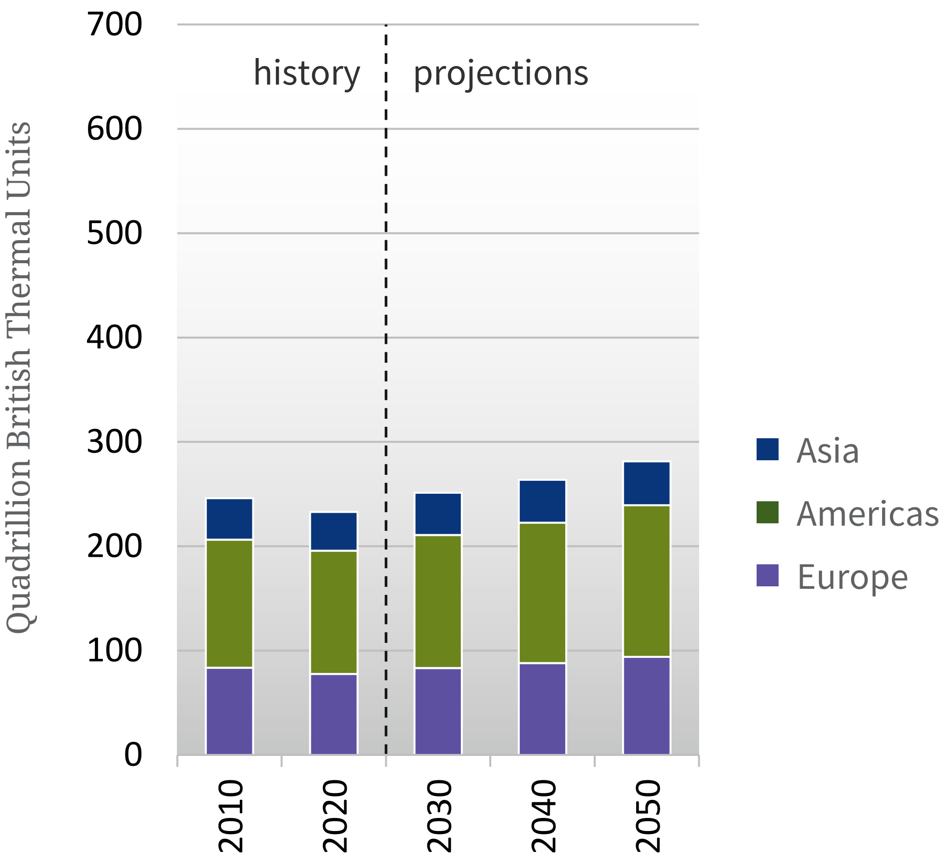
Long-Term Driver:
OECD vs Non-OECD Fuel Consumption Projections

CHICKASAW CAPITAL MANAGEMENT

Non-OECD Energy Consumption by Region



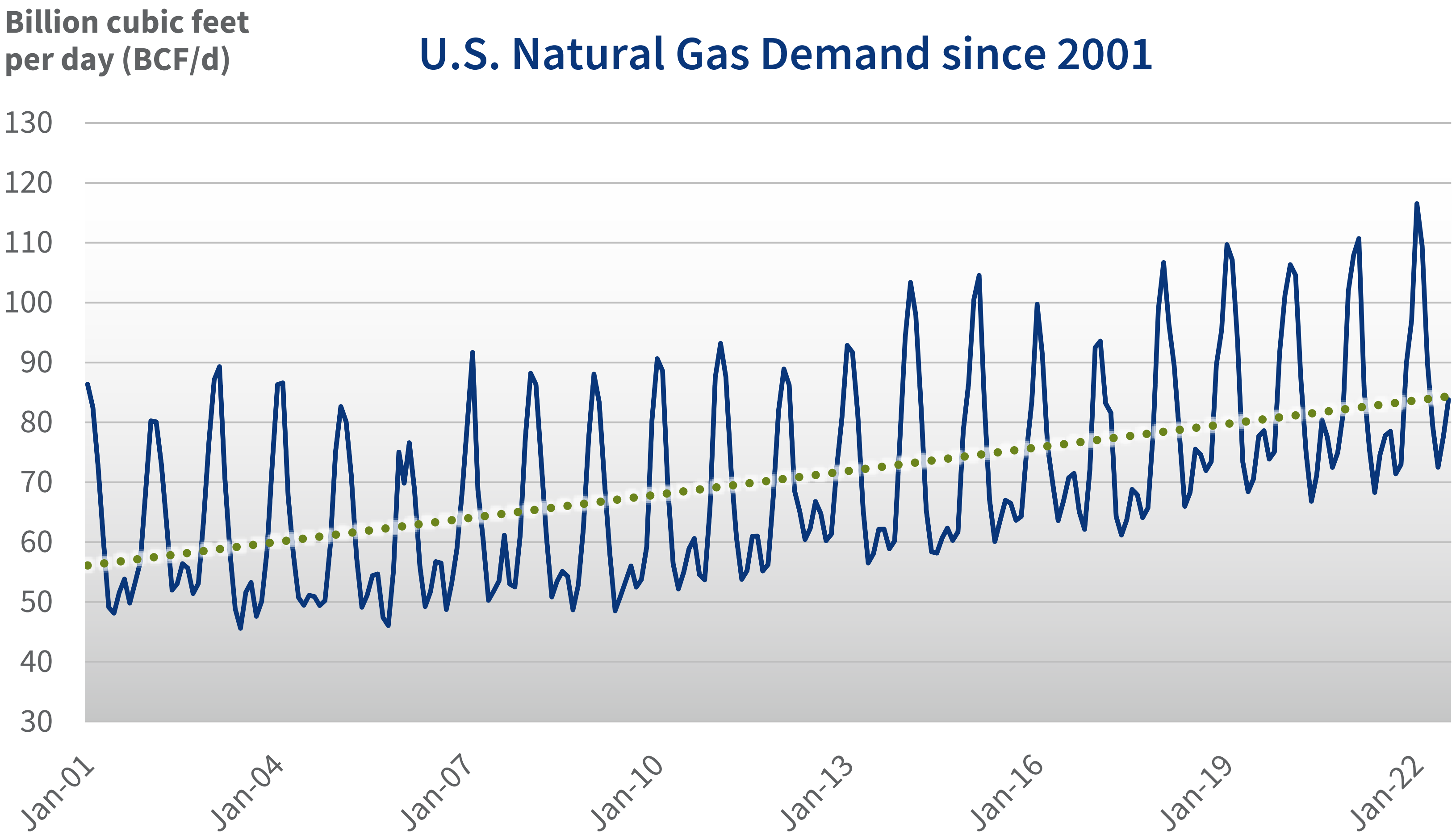
OECD Energy Consumption by Region



Source: IEO2021 Release, CSIS, October 6, 2021

Long Term Driver:
U.S. Natural Gas Demand

Natural Gas demand has shown relative inelasticity over the previous 20 years.

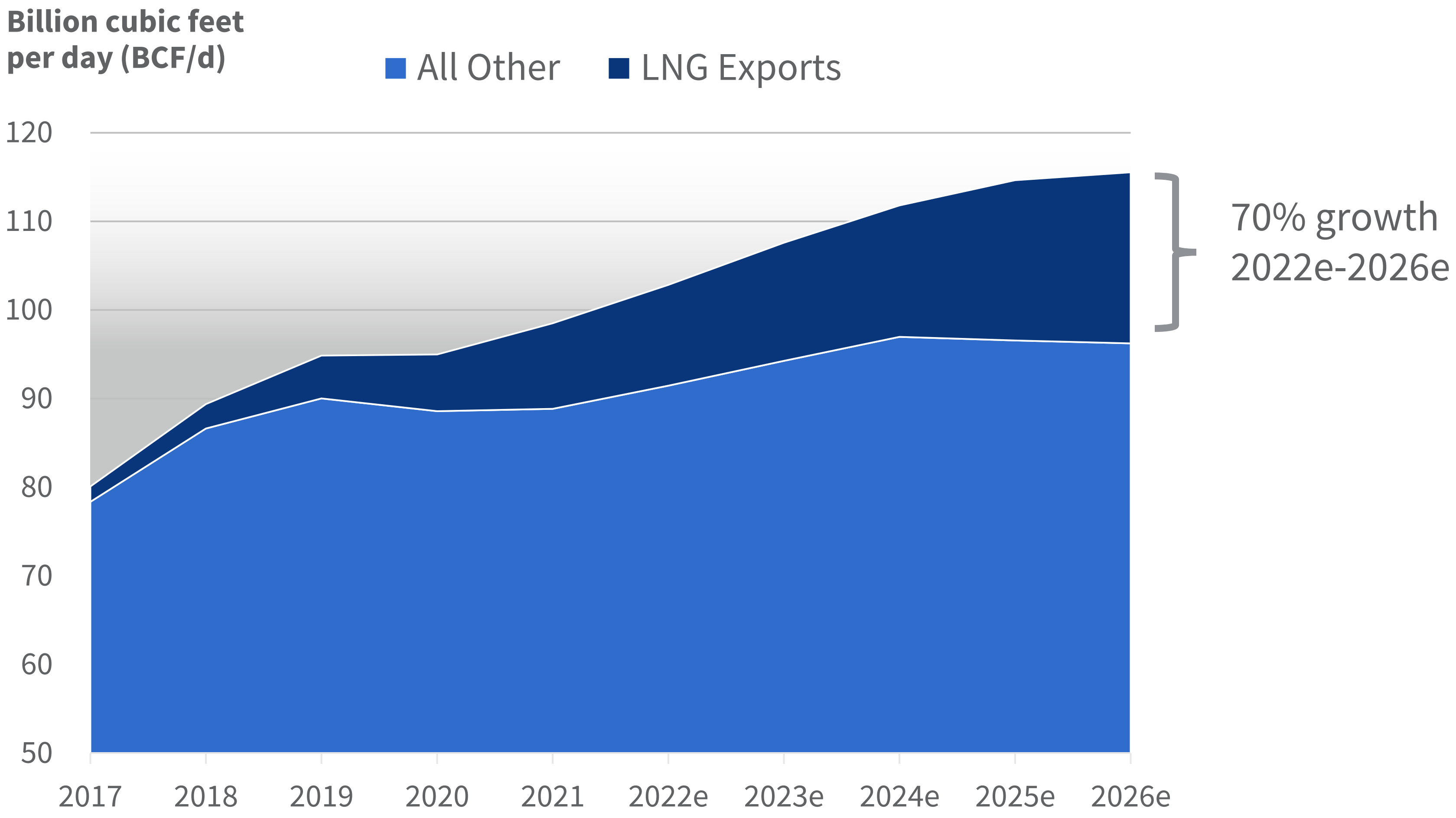


Source: EIA, Data through July 2022

Long Term Driver:
LNG Demand Forecast

Liquefied Natural Gas (LNG) demand growth of ~70% from 2022e through 2026e far outpaces the traditional sources of demand of ~5.2%, which is in line with the historical trend.

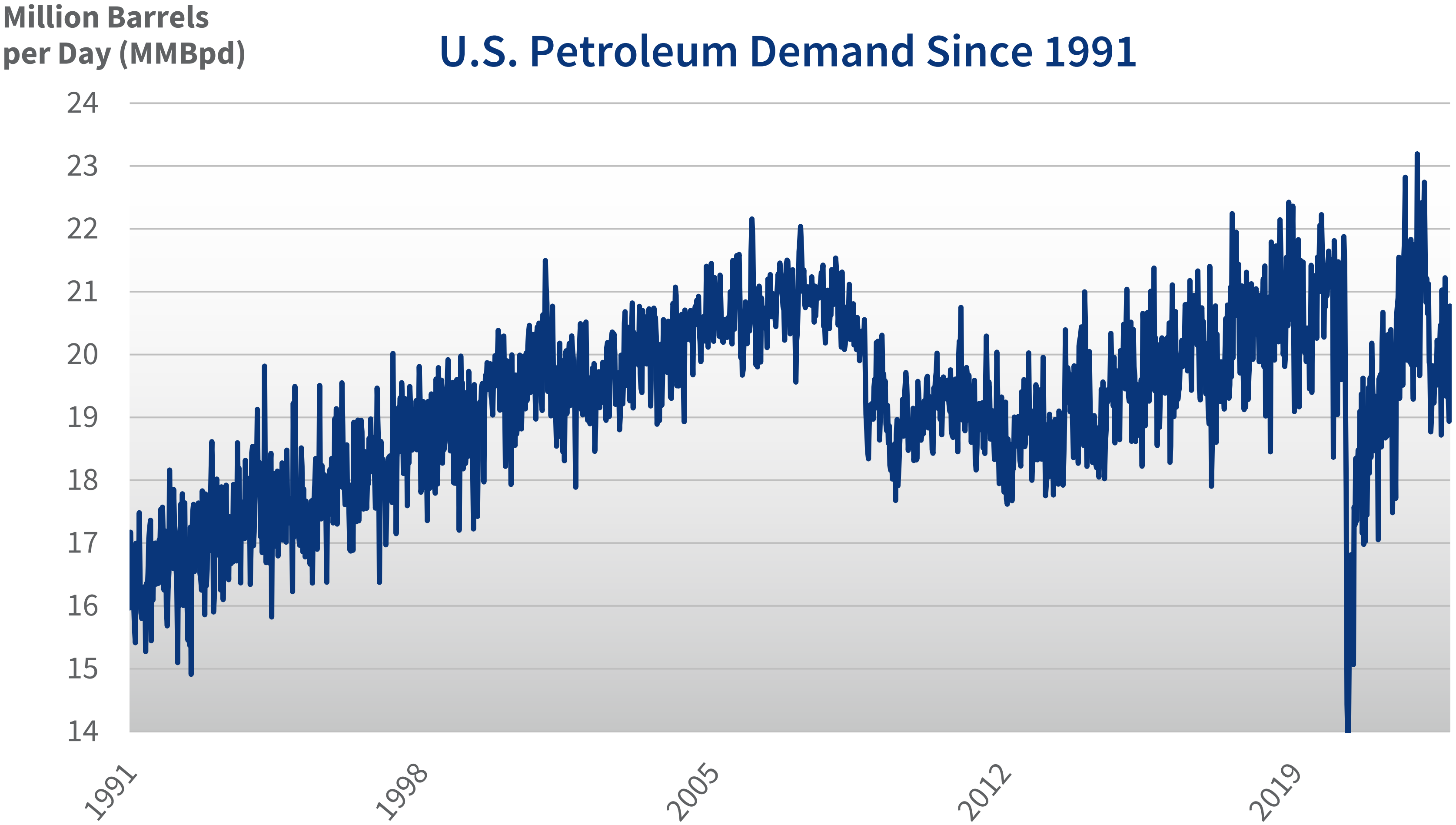
If additional projects are approved, 2026e forecasted demand could increase further to ~25 Bcf/d from 19.3 Bcf/d currently.



Source: EIA, CCM

Long Term Driver:
U.S. Petroleum Demand

Petroleum demand has shown relative inelasticity over the previous 30 years excluding the recent near-term volatility from the quarantine.



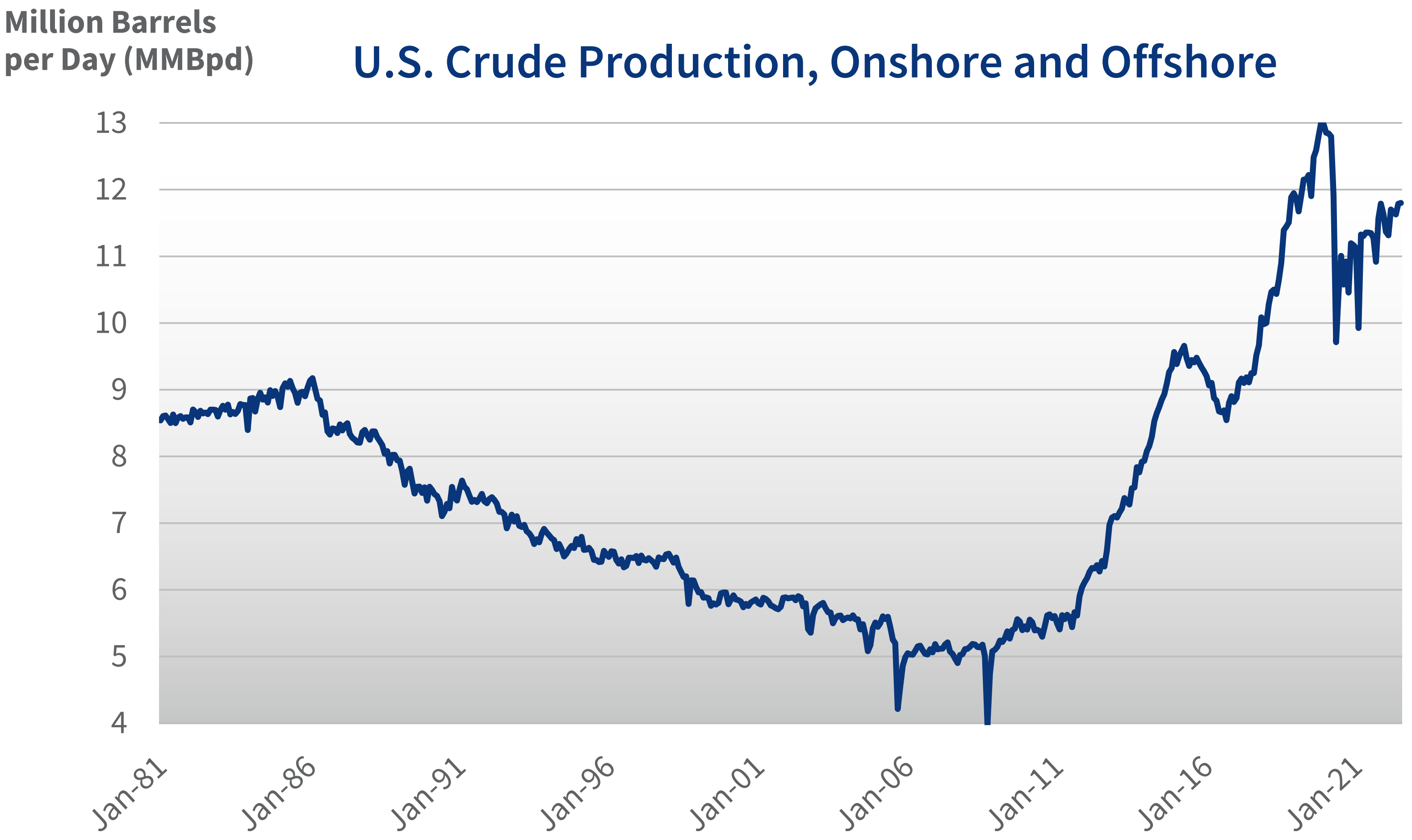
Source: EIA, Weekly Data through September 2022

Long Term Driver:
U.S. Crude Oil Production

Crude oil production has increased by over ~100% since 2010 nearly reaching 13 million barrels per day (MMBpD) in December 2019, and is currently approaching ~12 MMBpD.

The U.S. has well-exceeded the previous oil production peak last seen in 1970 of ~10 MMBpd.

Source: EIA, Monthly Data through July 2022



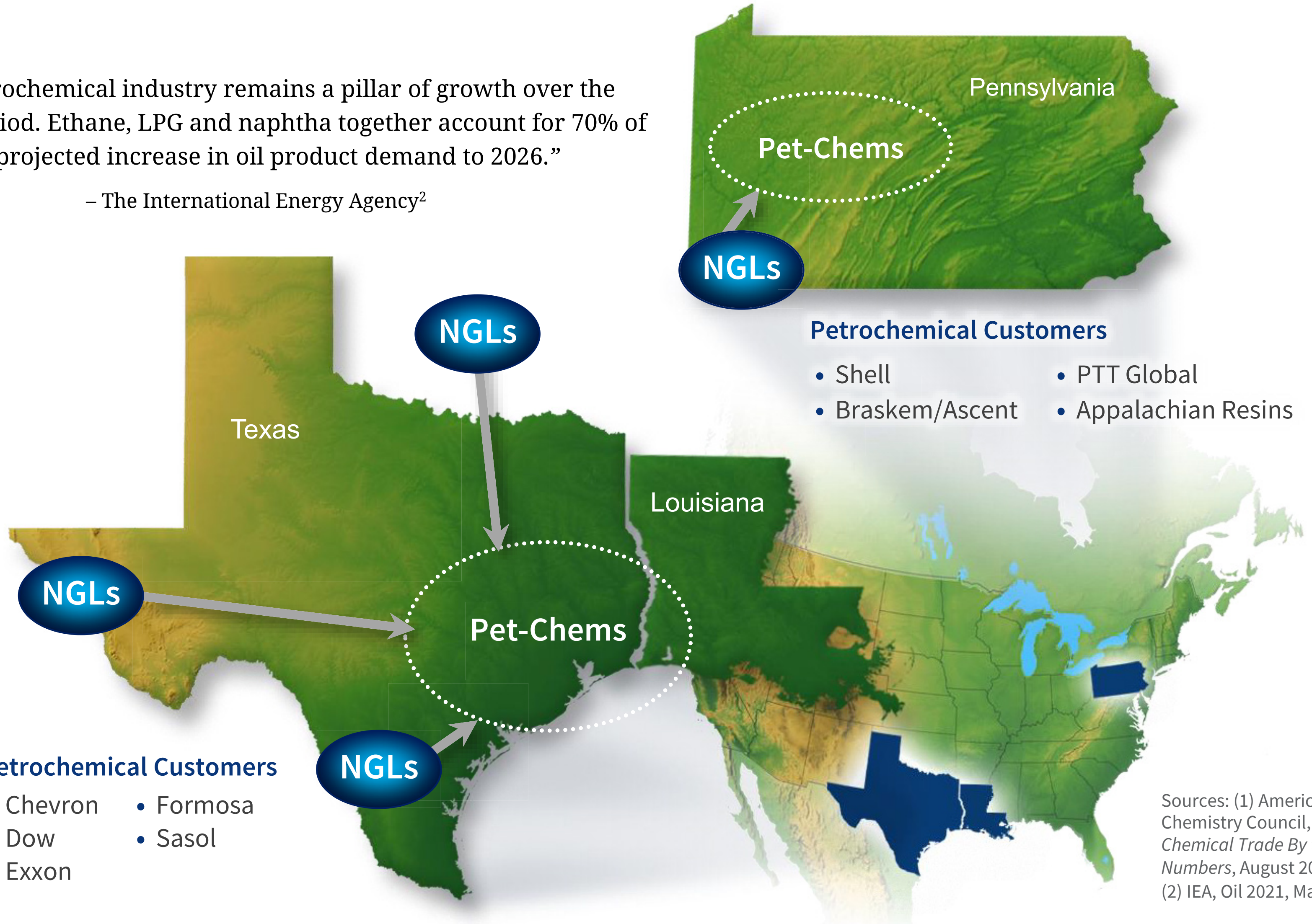
Long Term Driver:
Growth from U.S. Petrochemical Expansion

U.S. and Foreign petrochemical companies have committed over $200 billion towards expansions[1].

Midstream companies provide the infrastructure to connect Natural Gas Liquids (NGLs) supply with demand generated by petrochemical facilities.

"The petrochemical industry remains a pillar of growth over the forecast period. Ethane, LPG and naphtha together account for 70% of the projected increase in oil product demand to 2026."

– The International Energy Agency[2]



Petrochemical Customers

- Shell
- Braskem/Ascent
- PTT Global
- Appalachian Resins

Petrochemical Customers

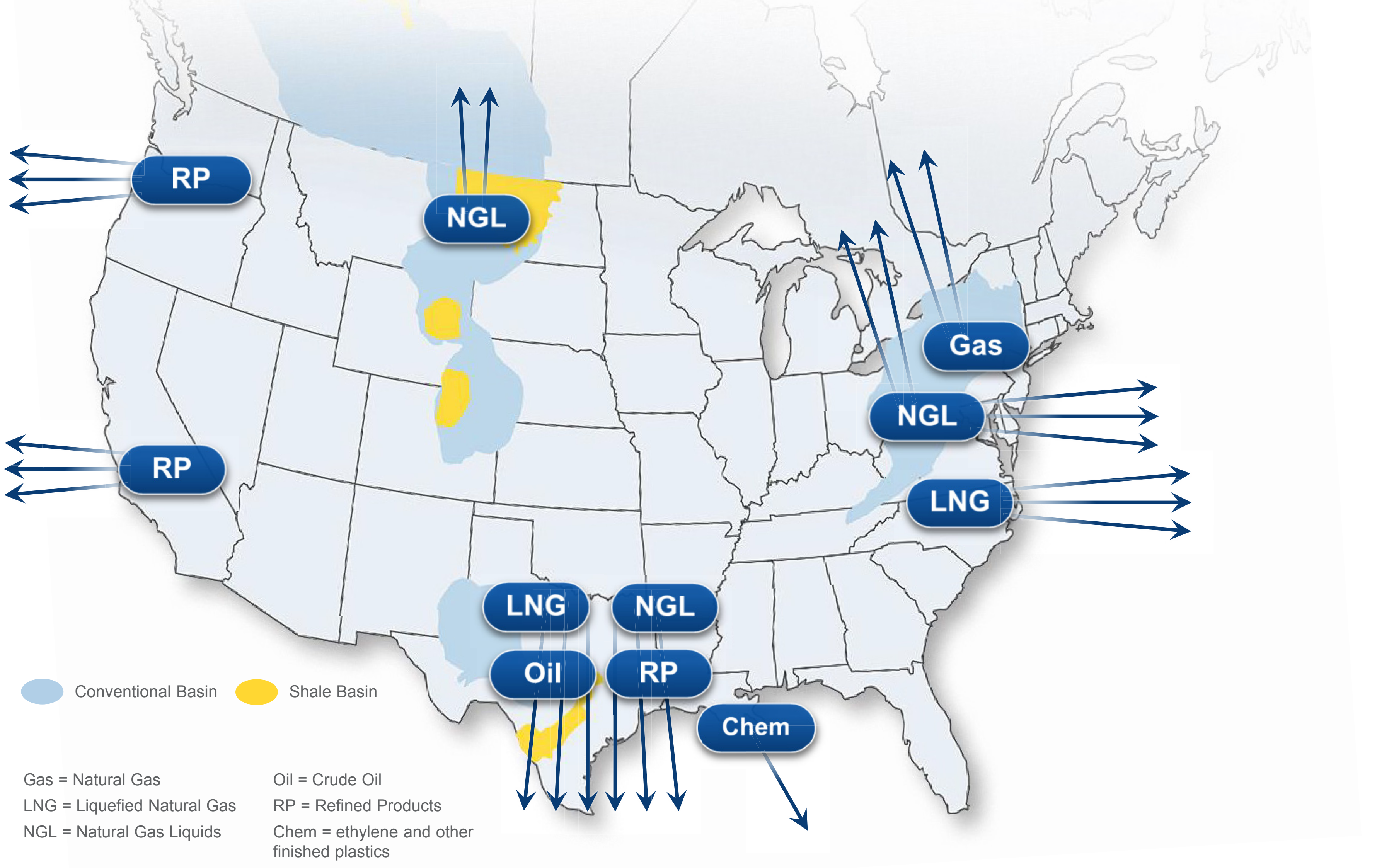
- Chevron
- Dow
- Exxon
- Formosa
- Sasol

Sources: (1) American Chemistry Council, *U.S. Chemical Trade By the Numbers*, August 2022.
(2) IEA, Oil 2021, March 2021.

Exportation of U.S. Hydrocarbons

Chickasaw Capital Management

Midstream companies are opening up new global demand markets for supply and demand customers across all hydrocarbons and certain finished products.



Source: CCM

Investment Attributes of Midstream

How Do Investors Earn Returns in Midstream?

1 Capital Appreciation

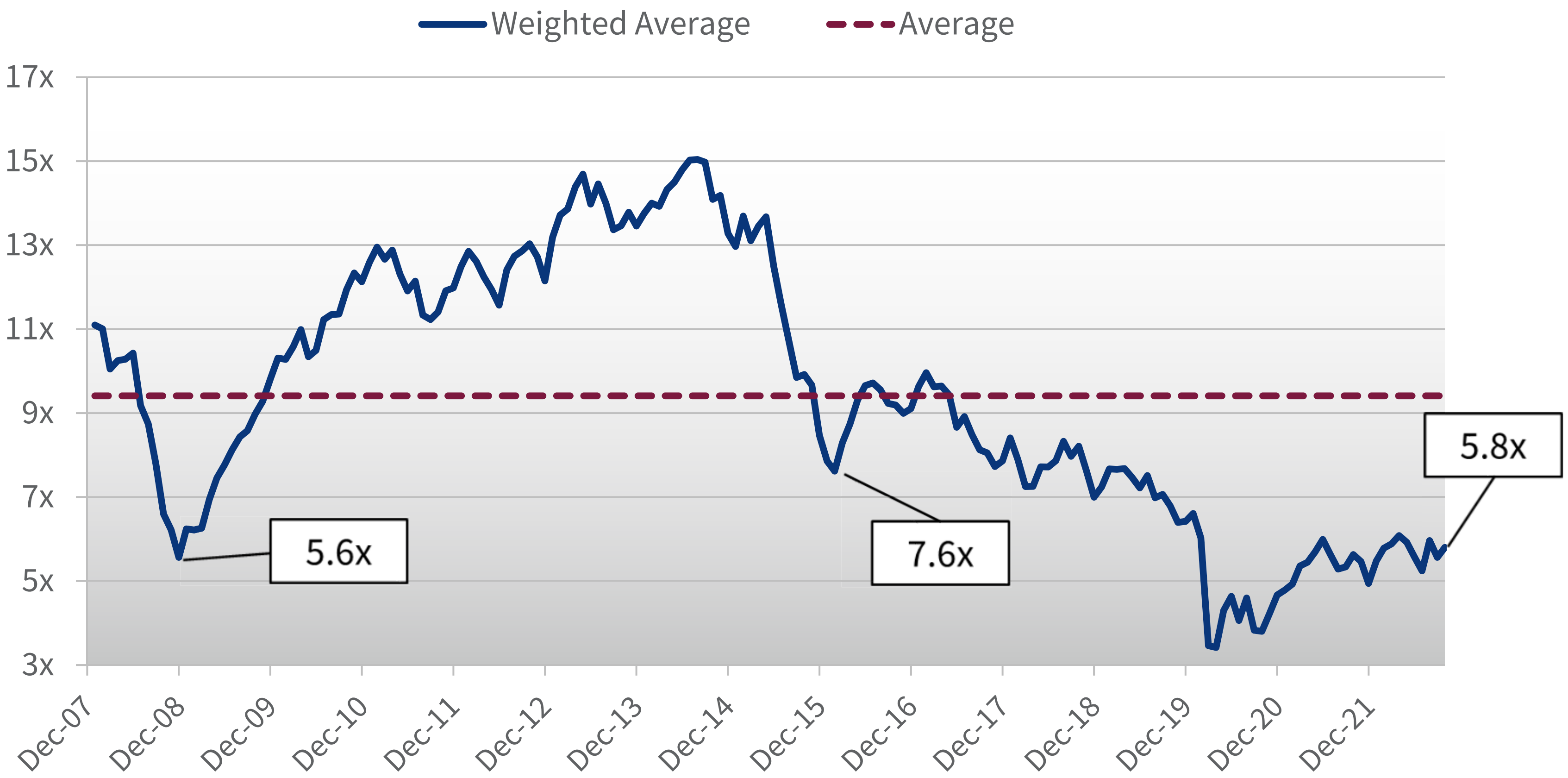
2 Income Generation

3 BOTH Capital Appreciation & Income Generation

4 Hedge

Capital Appreciation: Alerian Weighted Price/DCF

The current Price/DCF ratio remains at the low end of its historic range and below the average for the historic period since 2008.



Average = 9.4x | Current = 5.8x | Minimum = 3.4x

Source: Bloomberg LP, CCM;
as of 10/31/22

Income Generation: Comparative Yield

Chickasaw Capital Management

MLPs have a relatively higher current yield than many other income-oriented investments.

Current Yield Comparison[1]	10/31/2022
Alerian MLP Total Return Index	6.8%
10 Year U.S. Treasuries	4.1%
Moody’s Baa Bonds	6.4%
Bloomberg High Yield Index	9.1%
DJ Americas Select Real Estate Index	3.8%
S&P Utilities Index	3.1%
S&P 500 Index	1.7%

(1) Prices and data as of the date listed in the table; sourced from Bloomberg LP and Alerian.
Higher-yielding instruments may carry more risk. Yields are not guaranteed.
Past performance does not guarantee future results.

Potential Hedge:
Midstream Companies Exposure to Inflation & Deflation

Chickasaw Capital Management

Midstream companies have characteristics that are attractive to investors in both inflationary and deflationary scenarios.

Inflationary Environment

- We believe hard assets could have an increasing replacement value.
- Long term contracts with price renewal escalators tied to PPI and CPI help to offset potentially higher costs.
- We estimate the majority of contracts are fee-based thus reducing commodity exposure whether prices are higher or lower.
- Distribution growth historically higher than the inflation rate, though inflation rates could be higher than recent history.

Deflationary Environment

- Starting with a higher yield could be favorable if yields move lower again.
- Yield compression could provide an additional source of return (capital gain).
- Lower cost of financing could increase corporate flexibility for M&A and increased growth capital expenditures.

Risks to Midstream Companies

CHICKASAW CAPITAL MANAGEMENT

There may be structural and fundamental risks to the Midstream asset class, and individual MLPs.

- Regulatory Risk – The Federal Energy Regulatory Commission (FERC) is charged with regulating interstate tariff rates and regulating many Midstream companies' business.
- Tax Law Changes – Congress could change the pass-through nature of limited partnerships or make other unfavorable changes to regulations in the tax code.
- End-User Demand – Change of end-user demand for energy products or innovative energy alternatives could substitute the need for transportation, processing, and storage through the existing infrastructure owned by Midstream companies.
- Commodity Prices – Lower commodity prices can affect companies through lower customer drilling programs impacting future growth projects, and, for those with equity volumes in their contracts, lower their margins on natural gas and natural gas liquids (NGLs).

CHICKASAW
CAPITAL MANAGEMENT

The Evolution of Midstream Energy Infrastructure: Poised for the Transition

EPISODE 1

Midstream 101

NOVEMBER 2022

chickasawcap.com | 800.743.5410

Disclosures

This video presentation was recorded in November 2022 and may not be copied, distributed, published or reproduced in any form in whole or in part. This video presentation was prepared for discussion and illustrative purposes only and should not be construed as investment advice or an offer, solicitation or recommendation to buy or sell any security, product or service. Current and future holdings are subject to numerous risks, and past performance does not guarantee future results. Investments in securities will not always be profitable and investors may lose money, including principal. Chickasaw Capital Management gives no guarantees with respect to the success of its investment management services and has not authorized any person to represent or guarantee any particular investment results. Securities identified do not represent all of the securities purchased, sold or recommended to advisory clients.

Any views or opinions expressed by the speakers are subject to change any time without notice based upon market or other conditions. Chickasaw Capital Management disclaims any responsibility to update such views. These views should not be relied on as investment advice and, because investment decisions are based on numerous factors, may not be relied on as an indication of trading intent on behalf of any Chickasaw Capital Management product. Chickasaw Capital Management cannot be held responsible for any direct or indirect loss incurred by applying any of the information presented.

Chickasaw Capital Management does not provide legal, tax or accounting advice. Any statement contained in this communication concerning U.S. tax matters is not intended to be used, and cannot be used, for the purpose of avoiding penalties imposed on the relevant taxpayer. Clients of Chickasaw Capital Management should obtain their own independent tax advice based on their particular circumstances.

Further information can be found at www.chickasawcap.com.

Additional Information

Chickasaw Capital Management, LLC gives no guarantees with respect to the success of its investment management services and has not authorized any person to represent or guarantee any particular investment results. Any historical data provided herein are solely for the purpose of illustrating past performance and not as a representation or prediction that such performance could or will be achieved in the future. Securities are subject to numerous risks, including market, currency, economic, political and business risks. Investments in securities will not always be profitable, and investors may lose money, including principal. Past performance is no guarantee of future results.

Chickasaw Capital Management, LLC does not provide legal, tax or accounting advice. Any statement contained in this communication concerning U.S. tax matters is not intended or written to be used, and cannot be used, for the purpose of avoiding penalties imposed on the relevant taxpayer. Clients of Chickasaw Capital Management, LLC should obtain their own independent tax advice based on their particular circumstances. Opinions expressed are current opinions as of the date appearing in this material only. No part of this material may be copied, photocopied or duplicated in any form, by any means, or redistributed without the prior written consent of Chickasaw Capital Management, LLC.

Certain information herein may be obtained from sources which we consider reliable, but we have not independently verified such information. We do not represent that such information is accurate or complete, and it should not be relied upon as such.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an “index”) are provided for your information only. Reference to this index does not imply that the portfolio will achieve returns, volatility or other results similar to the index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Indices are unmanaged. The figures for the indices do not reflect the deduction of any fees or expenses which would reduce returns. Investors cannot invest directly in indices.

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.

“Alerian MLP Index”, “Alerian MLP Total Return Index”, “AMZ” and “AMZX” are servicemarks of GKD Index Partners, LLC d/b/a Alerian (“Alerian”) and their use is granted under a license from Alerian. Alerian does not guarantee the accuracy and/or completeness of the Alerian MLP Index or any data included therein and Alerian shall have no liability for any errors, omissions, interruptions or defects therein. Alerian makes no warranty, express or implied, representations or promises, as to results to be obtained by Licensee, or any other person or entity from the use of the Alerian MLP Index or any data included therein. Alerian makes no express or implied warranties, representations or promises, regarding the originality, merchantability, suitability, non-infringement, or fitness for a particular purpose or use with respect to the Alerian MLP Index or any data included therein. Without limiting any of the foregoing, in no event shall Alerian have any liability for any indirect, special, incidental, or consequential damages (including lost profits), arising out of the Alerian MLP Index or any data included therein, even if notified of the possibility of such damages.

The Energy MLP Classification Standard (“EMCS”) was developed by and is the exclusive property (and a service mark) of GKD Index Partners, LLC d/b/a Alerian (“Alerian”) and its use is granted under a license from Alerian. Alerian make no warranties, express or implied, or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and hereby expressly disclaims all warranties of originality, accuracy, completeness, merchantability, suitability, non-infringement, or fitness for a particular purpose with respect to any such standard or classification. No warranty is given that the standard or classification will conform to any description thereof or be free of omissions, errors, interruptions, or defects. Without limiting any of the foregoing, in no event shall Alerian have any liability for any indirect, special, incidental, or consequential damages (including lost profits), arising out of any such standard or classification, even if notified of the possibility of such damages.

Bloomberg Barclays US High Yield: measures the USD-denominated, high yield, fixed rate corporate bond market. Securities are classified as high yield if he middle rating of Moody’s, Fitch and S&P is Ba1/BB+/BB+ or below.

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.

DJ Americas Select Real Estate Securities Index: Measures the performance of publicly traded real estate securities. Designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. Represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the Americas region.

MSCI World Total Return Index: Tracks the total return of the MSCI World Index, a market capitalization weighted index designed by Morgan Stanley Capital International to track the overall performance of commodity producers throughout the world. Dividends are reinvested. Stocks in the MSCI All Country World Commodity Producers Sector Capped Index are primarily focused on emerging market economies.

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.

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.

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 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.

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.

Additional Information (continued)

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.

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.

One cannot directly invest in an index.

Cash Flow is a revenue or expense stream that changes a cash account over a given period. Cash inflows usually arise from one of three activities - financing, operations or investing - although this also occurs as a result of donations or gifts in the case of personal finance. Cash outflows result from expenses or investments. This holds true for both business and personal finance. An accounting statement called the "statement of cash flows" shows the amount of cash generated and used by a company in a given period. It is calculated by adding noncash charges (such as depreciation) to net income after taxes. Cash flow can be attributed to a specific project, or to a business as a whole. Cash flow can be used as an indication of a company's financial strength.

Consumer prices (CPI) are 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 is calculated as net income plus depreciation and other noncash items, less maintenance capital expenditure requirements.

Distributions are quarterly dividend payments 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.

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. The coverage ratio on slide 14 is for estimated 2022 coverage on a weighted average basis.

EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is a metric used to evaluate a company's operating performance.

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

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

Net Debt To EBITDA Ratio: A measurement of leverage, calculated as a company's interest-bearing liabilities minus cash or cash equivalents, divided by its EBITDA. The net debt to EBITDA ratio is a debt ratio that shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant. If a company has more cash than debt, the ratio can be negative.

OECD is the Organisation for Economic Co-operation and Development, an intergovernmental organization with 38 member countries, founded in 1961 to stimulate economic progress and world trade. The majority of OECD members are high-income economies with a very high Human Development Index (HDI) and are regarded as developed countries.

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

Yield refers to the earnings generated and realized on an investment over a particular period of time. It's expressed as a percentage based on the invested amount, current market value, or face value of the security.

Slides 11-12: Midstream companies, as used herein, are companies engaged primarily in midstream energy infrastructure regardless of entity structure or tax status. Midstream companies includes master limited partnerships (MLPs) that are organized as partnerships or limited liability companies which elect to be taxed as partnerships, as well as corporations and other entities which elect to be taxed as corporations (i.e., C-corps), many of which are the successors to MLPs that have consolidated into or with a C-corp parent or subsidiary thereof. Midstream interests, as used herein, are securities issued by Midstream companies.

PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS