

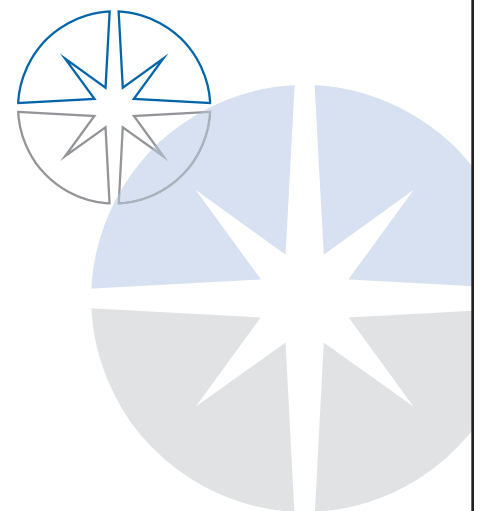
OCTOBER 8, 2024

# MIDSTREAM UPDATE

THIRD QUARTER 2024

## MLP COMPOSITE Annualized Return

Trailing as of 9/30/24	Net	Net of Maximum 3% Wrap Fee Return	Alerian MLP Total Return	S&P 500 Total Return
Month-to-Date	-0.12%	-0.37%	-0.29%	2.14%
Quarter-to-Date	4.92%	4.38%	0.72%	5.89%
Year-to-Date	30.82%	28.88%	18.56%	22.08%
1 Year	35.40%	32.73%	24.46%	36.35%
3 Year	28.96%	26.35%	25.47%	11.91%
5 Year	15.50%	13.12%	13.50%	15.98%
10 Year	2.84%	0.66%	1.82%	13.38%
15 Year	12.92%	10.49%	8.61%	14.15%
Inception	9.28%	6.93%	7.95%	10.48%

 Please note *Additional Information* on final page.


Who wants more Artificial Intelligence (AI)/Data Center content?! Midstream Energy as measured by the Alerian MLP Total Return Index (AMZX) had a modest performance quarter registering a +0.7% total return. However, there was a wide divergence during the quarter as the performance of the Alerian Midstream Energy Total Return Index (AMNAX) rose +7.1%, notably outperforming the S&P 500's (SPXT) +5.9% total return. This was due primarily to more gas pipeline centric names being structured as C Corps, and therefore not eligible for the AMZX.

While the undercurrent of consistent quarterly results, M&A activity, and continued returns of capital to investors remained supportive of performance, one could make the argument that those themes began to take a backseat to the market seeking additional plays on the AI opportunity. The market bid up gas pipeline-exposed companies as "easy putt" derivatives, but we believe this is a whole sector theme as natural gas doesn't just magically arrive in gas pipelines for delivery—it takes the full value chain of infrastructure assets. The Midstream sector, regardless of tax election, should play a pivotal role supplying reliable natural gas needed for an increase in power demand, and our conviction in this theme as a driver for the sector only strengthened this quarter.

Having now teased out the rest of the newsletter, let's quickly revisit quarterly results. During the quarter, our portfolio companies beat Street expectations for earnings before interest, taxes, depreciation and amortization (EBITDA) by 1.0%, weighted average, with 10 beats and 8 misses. Q2 can always be difficult to estimate due to the seasonal declines from excess winter profits quarter over quarter (Q/Q) as exhibited by the -3.4% Q/Q decline in EBITDA for our portfolio compared to the 13.2% year over year (Y/Y) growth, all weighted average. Distributable cash flow per unit (DCF/u) for our portfolio rose 6.6% Y/Y, weighted average, and these results are likely closer to a ~10% increase when adjusted for what we believe are more one-time items. Speaking to guidance increases, we saw updates from holdings Cheniere Energy Inc (LNG), Energy Transfer LP (ET), Kinetik Holdings Inc (KNTK), ONEOK Inc (OKE), Targa Resources Corp (TRGP), and Plains All American (PAA/PAGP)—all but one being alpha weight positions.

Distribution and dividend growth was essentially flat Q/Q and up 18.4 Y/Y, weighted average. This drives the portfolio's cash return growth through distributions and dividends, based on consensus yield estimates, to 16.2% in 2024e, and 8.9% in 2025e<sup>1</sup>. However, we would note our internal forecast is notably higher than the consensus estimated growth rate in 2025e, indicating, as mentioned in the opening paragraph, our increased confidence in the long-term capital return story. And for clarification, these are just cash return to investor figures, and don't include the synthetic return through buybacks, which we believe could add another ~2% to the portfolio at a minimum.

<sup>1</sup> Distribution and dividend estimates sourced from Bloomberg, LP.

## Midstream Is An Investible AI Theme

To have AI growth you need data centers. Data centers need power. Utilities are conductors and transmitters of power. Midstream delivers fuel (natural gas) for power. Therefore, we'll be blunt: Midstream is an AI/Data Center long-term trade. We'll rhetorically ask, "If AI is a real investment theme for Technology stocks, why is it not for Midstream?"

A point we've made in investor discussions is there is no room for shortcuts when playing this theme. There are too many hundreds of billions of dollars to be spent, and we're not sure the returns on investment for most of that capital will satiate investors' expectations, particularly as the inevitable delays become apparent. Technology companies, for instance, are moving from a low capital/high return on invested capital (ROIC) model over the past 10 years, to a high capital/very uncertain ROIC going forward—and have no doubt, money stakes to play the game are huge. To us, Midstream securities offer the clearest path toward disciplined capital spending, proof of early returns from excess capacity utilization and a long-term growth story from fixed fee, long duration cash flow from future capital spending. Succinctly, there is no delay in returns from these securities as more gas needs to be delivered today, and even more in the future.

## All Things Power

We believe we are at the beginning of a broader macro theme that could carry us for a decade: the U.S. will endure a period of higher power and power price volatility regionally and nationally, and, worse, could become short power in certain areas.

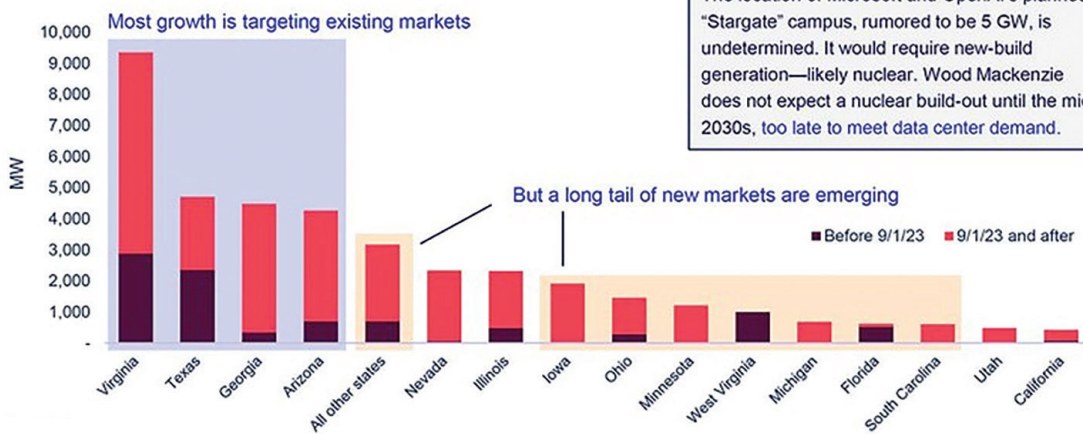
The Energy Information Agency (EIA) typically produces its Annual Energy Outlook (AEO) each Spring, though we have to wait for 2025 as they need more time to "better model hydrogen, carbon capture, and other emerging technologies."<sup>2</sup> However, others are taking a stab in the interim, and the early consensus for annual electricity growth from 2022 to 2030 is settling around 2.4%+. To put that in context, the previous decade's electricity consumption compound annual growth rate (CAGR) was 0.2%<sup>3</sup>, which indicates a significant step change.

In its 2.4% estimate, Goldman Sachs estimates 0.9% of this is from data center power needs<sup>4</sup>. The graphic below shows the sheer enormity of announcements for U.S. data centers since January 2023, a powerful visual to help support this new source of power growth, and one that doesn't incorporate announcements made since the end of July.

## Over 51 GW of Data Center Have Been Announced Since January 2023

313% more MW have been announced in the last three quarters (Q4 2023-Q2 2024) than the prior three

Announced data center MW since Jan 1, 2023



Wood Mackenzie Source: Wood Mackenzie

<sup>2</sup> EIA, "Statement on the Annual Energy Outlook and EIA's plan to enhance long term modeling capabilities", 7/26/23.

<sup>3</sup> EIA, Electricity Overview: <https://www.eia.gov/electricity/data.php#summary>.

<sup>4</sup> Goldman Sachs, "AI is poised to drive 160% increase in data center power demand", 5/14/24.

In reviewing announced data centers or considering what is in the “shadow” backlog, we learned OpenAI has pitched the current Administration for “multiple 5 GW facilities” across the U.S. for economic and national security reasons. To put that in context, Bloomberg estimates one 5 GW facility “is roughly the equivalent of five nuclear reactors, or enough to power almost 3 million homes.”<sup>5</sup>

Beyond data centers, we also heard from several sources during the quarter that the Permian Basin’s power market, which is increasingly being driven by electrification for energy assets related to production and transmission, might need 10 GW of power by 2030, potentially growing to a 26 GW market by 2038.<sup>6</sup> To that end, the Public Utility Commission of Texas (PUCT) unanimously approved a plan on September 26<sup>th</sup> to spend \$9 billion by 2030 to upgrade the power grid in West Texas with the potential to add another \$4 billion through 2038.<sup>7</sup> This is complementary to the Texas Energy Fund’s (TEF) recent announcement of nearly \$5.4 billion of loans to support almost 10 GW of new generation statewide across all sources.<sup>8</sup> We would also point to the PUCT telling data centers they will need to construct their own plants because, as Chairman Gleeson says, “we can’t afford to lose any of our resources off the system at this point, especially given those load-growth projection.”<sup>9</sup>

Lastly, we remind you of another key theme from previous newsletters: the increase in natural gas and gas derived power demand needed as the next wave of liquefied natural gas (LNG) demand growth arrives, which is creating ~10 billion cubic feet per day (Bcf/d) of incremental gas demand, or ~90% growth from 2023 through the end of the decade. This is contractually occurring in accordance with operational in-service of facilities, and therefore is what gas for power needs will be competing against.

If it’s not obvious by now, we believe there is enough “blue sky” for gas from credible sources of economic growth such as exportation, industrial, and power demand for a decade to come.

### *Rubber Meet Road*

Achieving anything in the range of 2.4%+ per year of demand growth will take significant transmission investment to debottleneck energy delivery systems to facilitate growth. If the recent Pennsylvania New Jersey Maryland (PJM) regional transmission organization (RTO) power auction is any indication, the current capacity challenges are quite real now, and likely to keep pressure on rates as transmission bottlenecks can’t happen fast enough.

On July 30<sup>th</sup>, PJM released the auction results for new capacity as well as capacity set to renew for the 2025-2026 delivery year—these were already delayed some nine months. The results were nearly 10x the 2024-2025 delivery year results—\$269.92 per megawatt day (MW-day) versus \$28.92 MW-day. Of note, 48% of the resource mix was natural gas.<sup>10</sup> Results also included a reserve margin decrease to 18.5% from 20.4% last year, which simply means they are cutting into the capacity reserved for weather and other variables causing swings in power availability. In summation, prices are nearly 10x higher, and this grid is slightly less responsive. The next auction in December for 2026-2027 rates bears close attention as well.

### *What Everyone Wants/Low Hanging Fruit*

As a reminder, data center clients (large Technology companies) want 100% renewable energy for their needs/altruism. So far, they’ve accomplished this through various measures ranging from 100% renewable power purchase agreements (PPA) with utilities to virtual power purchase agreements (vPPA)—this type of agreement still allows them to power up with carbon but offset the emissions impact “virtually” by adding renewables, literally anywhere else in the world—and, most recently, contracts for differences (see the *Nuclear* section). At this point, we believe many of these clean sources of power are only low hanging fruit, and disappointment will occur when customers realize there’s actually not any more fruit higher in the tree. The conclusion: future power load growth leads back to natural gas and Midstream infrastructure to deliver it.

### *Speed to Market*

Speed to market remains one of the driving investment decisions for new data centers, and any solution allowing owners and tenants to circumvent roadblocks and other red tape may cause them to abandon their “wants” for “the need for speed” (cue the “Top Gun” overture!). Just last quarter we discussed latency, and how tenants wanted the lowest amount of latency between where the data is housed and where it is used. One quarter later, we’re hearing a change in attitude is already happening.

While a client may want the data center right next to, let’s say, D.C. Metro, the permitting, construction and grid connection is severely backlogged. To wit, this was confirmed on August 29<sup>th</sup> when Bloomberg reported Dominion Energy Inc (D)—whose service area encompasses D.C. Metro—expects data centers needing more than 100 megawatts (MW) of power (which is most of them) faced a connection wait time of as long as 7 years.<sup>11</sup> This does not

<sup>5</sup> Bloomberg LP, “OpenAI Pitched the White House on Unprecedented Data Center Buildout”, 9/24/24.

<sup>6</sup> PUCT, “Public Utility Commission of Texas Approves Reliability Plan for the Permian Basin Region”, 9/26/24.

<sup>7</sup> JPT, “Texas Orders Major Power Upgrades To Keep the Permian Pumping”, 9/30/24.

<sup>8</sup> Power Magazine, “Texas Moves Forward with \$5.38b in Loans for 10 GW of New Dispatchable Power”, 8/29/24.

<sup>9</sup> Bloomberg LP “Texas Regulator Wants Data Centers to Build Power Plants”, 10/3/24.

<sup>10</sup> PJM, “PJM Capacity Auction Procures Sufficient Resources to Meet RTO Reliability Requirement”, 7/30/24.

<sup>11</sup> Bloomberg, “Data Centers Face Seven-Year Wait for Dominion Power Hookups”, 8/29/24.

mean that creative solutions might not be available as we can only scour the headlines in this case. But, again, those opportunities will probably only be available to those with the largest scale and who are willing to pay the highest prices per megawatt hour (MWh).

For the others, this likely means they'll locate in areas with higher latency, but quicker speed to market. This benefits Midstream companies in several ways. These are likely to be states with friendlier permitting rules and, because of this, are likely areas where gas pipelines are already operating and have the potential to increase deliveries. Whether supporting new generation capacity, such as the previously mentioned TEF plan to create 10 GW of new generation capacity, or delivering the gas directly on premises (known as "behind-the-meter" or BTM), as has been discussed by several pipeline companies, the Midstream value chain will be needed to procure, distribute and deliver natural gas. Also, because the gas pipeline operators will likely demand 10-20 year contracts to provide new service, data centers choosing to locate further away should not be viewed as temporary solutions. To echo earlier comments, these projects should provide highly visible returns to investors, potentially with no delay depending on existing capacity versus new construction.

### *Nuclear Revival?*

Admittedly, we saved this topic until this point. While we remain consistent that the U.S. and the world's power needs everything we can generate (green, clean or carbon-based), we have the least expertise in nuclear generation. For our readers' evaluation, given the decades long structural decline in nuclear generation, there are few on Wall Street who have any expertise either.

There have been three recent, significant nuclear announcements, two in the last two weeks of the quarter. All are somewhat novel, and have created optimism around the outlook for this clean generation source.

- **March 4<sup>th</sup>:** Talen Energy Corp (TLN) sold its data center campus next to its 960 MW nuclear facility to Amazon Web Services (AWS), which allows AWS to be just outside the fence, but close enough to use this facility for co-locating a data center next to the power source<sup>12</sup>.
- **September 20<sup>th</sup>:** Constellation Energy Corp (CEG) and Microsoft Corp (MSFT) agreed to restart the remaining reactor at the former Three Mile Island facility (now renamed Crane Clean Energy Center (CECC)) providing 835 MW of energy capacity at an estimated \$100/MWh contract price, or an ~100% premium to market. MSFT will add a data center within the PJM RTO (which

encompasses CECC), but it won't be co-located. Not necessarily similar to a vPPA, but in the realm of "creative contracts", MSFT is paying a capacity reservation fee plus a "contract for differences" whereby they'll reimburse PJM if MSFT pays less for energy at the data center location than what they've contracted to buy the nuclear energy from CECC<sup>13</sup>. Of note, CECC wants the land at the site to be developed further for additional nuclear towers, but they want someone else to do it, while CEG would simply be the manager.

- **September 30<sup>th</sup>:** The U.S. government agreed to loan Holtec's 800 MW Palisades nuclear plant in Michigan for \$1.52 billion through the Department of Energy's (DOE) Loan Programs Office. Holtec first began their application in October 2023, after shuttering operations in 2022, and expect capacity to be available in Q4 2025<sup>14</sup>. Power would be freely available to customers within their service area.

While refraining from being outright skeptics, we have questions we're keeping on the front burner while seeing how they play out over time. First, the previous 30 years of nuclear generation capacity in the U.S. requires turning on a dime between decline and now growth. There is no disagreement with the capabilities nuclear has to generate clean energy. However, the costs of regulations, the development/long construction cycle/project timeline risk, the potential revival of the not-in-my-backyard (NIMBY) constituents, and other unforeseen costs are unknowable at this point despite how Wall Street excel models are populating research reports.

Second, are regulators at the Nuclear Regulatory Commission (NRC) going to suddenly facilitate more nuclear development? CECC, for instance, will still have to go through an NRC as well as a PJM review process. Somehow, investors may have forgotten that the Vogtle nuclear facility in Georgia (generation site for Southern Energy Inc (SO)) faced nearly a decade of delays, not the least of which were due to admitted mistakes by the NRC including the imposition of an Aircraft Impact rule, and others<sup>15</sup>.

Third, where's the capital for nuclear expansion going to come from? As noted earlier, CEG has the land for more sites, but they don't want to be developers, likely because they know the development risk. Director Shah of the DOE's Loan Programs Office estimates that a single unit, such as was built at Vogtle, is roughly \$10-14 billion for each 1 giga watt (GW). If the U.S. is potentially short 65 GW for data centers through the end of decade (which is too soon for nuclear to arrive), that's \$600-900 billion of capital needed for an industry most assumed was declining out of business two years ago. It's also highly unlikely there's enough knowledge capital to de-risk that amount of money off the sidelines.

<sup>12</sup> Talen Energy, "Talen Energy Announces Sale of Zero-Carbon Data Center Campus", March 4, 2024.

<sup>13</sup> Bloomberg LP, "Oddlots: Jigar Shah on Three Big Things Driving the Nuclear Energy Revival", 9/30/24.

<sup>14</sup> Reuters, "US closes \$1.52 billion loan to resurrect Michigan nuclear plant", 10/1/24.

<sup>15</sup> <https://www.nrc.gov/docs/ML2332/ML23325A202.pdf>.

Fourth, there's an argument that we're picking the low hanging fruit and the opportunity for more fruit may be discouragingly high. The announcements previously mentioned are building off existing sites with existing infrastructure, and thereby have cost and time advantages. Many have pointed to restarting other nuclear facilities which, according to the Nuclear Energy Institute, have 12 GW of gross thermal power.<sup>16</sup> However, Toby Rice, CEO of EQT Corp (EQT) indicated only 30% of the 12 GW can convert to electricity using steam turbines, or 4 GW net electricity, which includes the proposed 1 GW restart of Three Mile Island.<sup>17</sup>

Fifth, where are all the workers going to come from? Back to Vogtle, there were 13,000 workers trained to construct the site, but since there were no other nuclear plants in the queue those workers found other jobs. So, we're going to find multiples of 13,000 workers, train, keep, and grow that workforce in order to engage in growth of nuclear generation from new plants not just restarts?

Lastly, and we'll be succinct, there remains no 100% accepted solution for nuclear waste disposal.

This is not meant to be an exhaustive list nor are we hoping to derail the nuclear story when we believe its generation potential is badly needed. However, we point these out to anyone thinking nuclear is in competition to the long-term thesis on natural gas, and, conversely, is actually complementary as a long-term bridge to a cleaner energy future.

## Odds/Ends

### *Middle East Conflict, OPEC+ & Oil Prices*

The escalation of Middle East tensions remains a significant concern geopolitically, and after registering a -17% performance in Q3, WTI Crude Oil is increasing rapidly quarter-to-date to reflect supply uncertainty. It has been reported Israel could attack Iranian infrastructure including its oil infrastructure<sup>18</sup>.

Prices moved lower throughout the summer despite a tightly supplied market. We attribute this to a continued lack of institutional capital participation,<sup>19</sup> which is more focused on short-term trading signals than matching price with supply/demand dynamics—something we've been highlighting for over a year. A good case can be made that much of the immediate reaction to the escalating conflict is due to short covering. But after they are done covering, we're not sure fundamental traders are going to pile in the trade for upside potential.

Considering downward risks to oil prices, an FT.com article on September 26<sup>th</sup> indicated Saudi Arabia is considering abandoning its previously put forth production cut goals at the December meeting of the members of the Organization of the Petroleum Exporting Countries plus Russia (OPEC+)<sup>20</sup>. This report was unconfirmed at the time, and was rejected by OPEC+ on 10/2/24<sup>21</sup>. Even with the rejection it's both likely this was leaked as posturing ahead of the meeting to enforce compliance from members who've been over producing, as well as having a degree of truth given that Saudi Arabia has borne the bulk of production cuts and revenue impact on their heavily subsidized social safety net society.

We remind readers OPEC+ is incredibly smart and understands long-term oil demand better than anyone else. Creating a long-term price war would be contrary to all other statements and capital spending initiatives by OPEC+. If prices were to decrease, it would likely have a marginal impact on U.S. production in the short term. However, given the long lead time associated with production schedules, we wouldn't expect a deep, immediate impact on volumes, certainly not anywhere close to production declines associated with the 2014 price war. And to contrast to that period further, massive consolidation in the exploration and production (E&P) sector has created a low-to-no balance sheet leverage industry and dividends typically based on \$50-60 oil prices. This dramatically reduces the financial health risk of the producers.

As to the Midstream impact a decade ago, Citi estimates Midstream EBITDA only suffered a 1% Y/Y decrease in 2015 versus 2014 and returned to EBITDA growth in 2016<sup>22</sup>. This certainly speaks to the fee-based cash flow, long duration contracts, and irreplaceable asset footprints of the sector. We continue to believe Midstream remains a conservative way to play heightened energy security worries.

### *China*

China and its sputtering economy have been a watchpoint as the world continued to open up from Pandemic-era lockdowns. There was the most recent false hope in 2023, which was persistently tracked and, unfortunately, never gained any momentum. Similar to the rest of our audience, we walked into the last week of September seeing extraordinary stimulus measures announced and designed to combat deflation and boost consumption. Among the more notable announcements are a 50 bps cut to their reserve rates, cutting rates on their short-term repo markets, committing to more than \$100 billion to stabilize Chinese equities, and earmarking potentially up to \$5.3 trillion for mortgages and other

<sup>16</sup> <https://www.nei.org/resources/statistics/decommissioning-status-for-shutdown-us-plants>.

<sup>17</sup> Hart Energy, "EQT's Rice: Three Mile Island Restart Not a 'Needle Mover' vs. Natgas", 9/25/24.

<sup>18</sup> Bloomberg, LP, "Israel Vows Retaliation for Massive Iranian Missile Attack", 10/2/24.

<sup>19</sup> ZeroHedge, "Oil Facing Physical Shortage Crisis", 9/10/24.

<sup>20</sup> FT.com, "Saudi Arabia ready to abandon \$100 crude target to take back market share", 9/26/24.

<sup>21</sup> X.com (Twitter), @opecsecretariat, 10/2/24.

<sup>22</sup> Citi, "Midstream Snapshot: Not Again", 9/27/24.

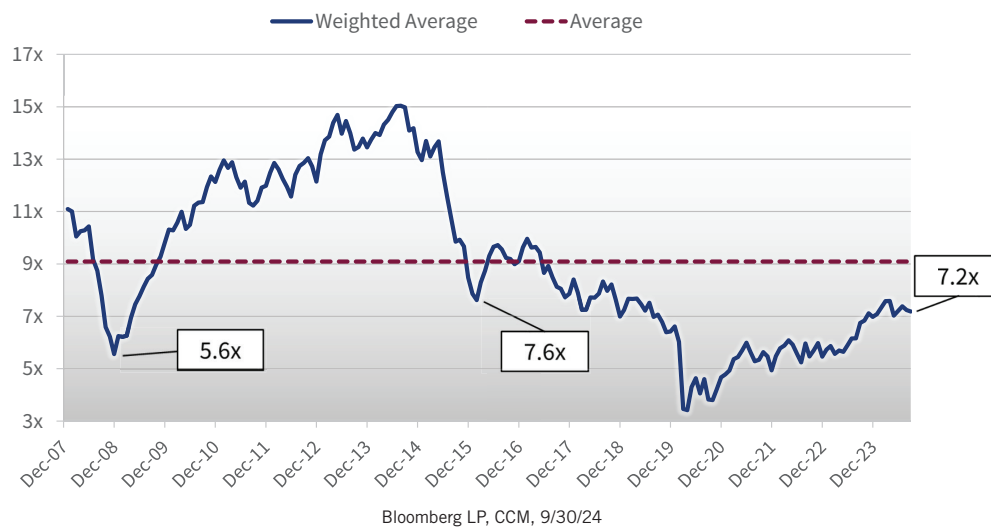
housing stimuli such as allowing investors to purchase vacant homes and subsidize them out at lower prices to new buyers. The general premise is these measures could buy China enough time to allow the markets to regain function in the eyes of foreign investors, who have all but fled the country.

The commercial impacts to Midstream could at worst put a floor under a very important hydrocarbon import economy. However, this could absolutely help sentiment around Midstream securities if the China economic wild card is taken off the table. If China needs more gas and natural gas liquids (NGLs) above current levels, then that will just be a bonus.

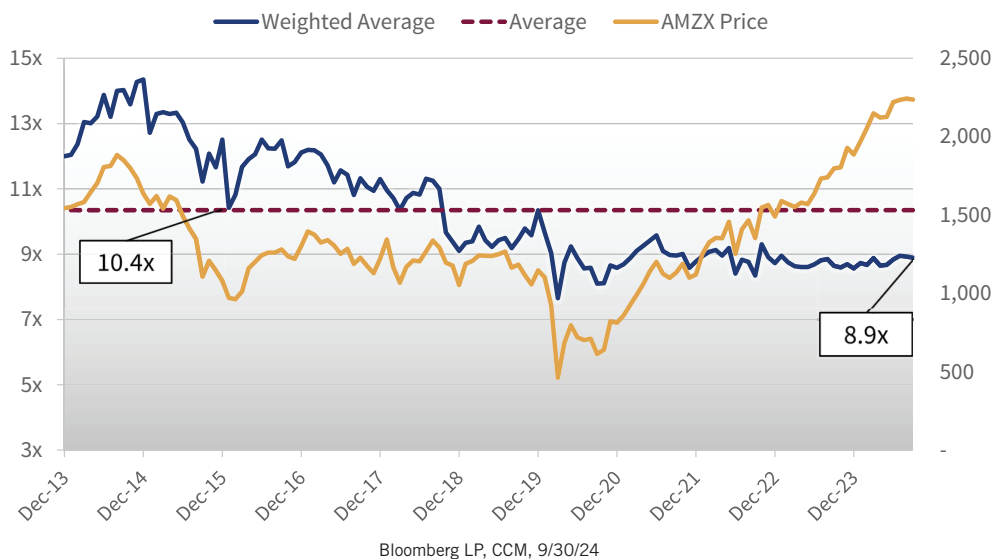
### Valuation

We'll conclude the letter with the reminder that Midstream securities, even with all the fundamental attributes and long-term drivers highlighted in this newsletter, remain undervalued versus historical valuations.

### Alerian Weighted Price/DCF



### Alerian Weighted EV/EBITDA



## Thank You To Our Investors

Thank you to our investors and we continue to appreciate your confidence in our strategy. Many of you have expressed you are doing your own work on ways to play the AI/Data Center trends, and we hope this newsletter helps you in your research. If you wish to dive into any of these topics, please reach out to your Chickasaw contact and we'd appreciate the opportunity to connect.

Geoffrey Mavar

Matt Mead

Robert Walker

Bryan Bulawa

## INVESTMENT TEAM

Geoffrey P. Mavar – Principal

Matthew G. Mead – Principal

Robert M.T. Walker – Principal

Bryan F. Bulawa – Principal

Scott B. Warren, CFA – Senior Analyst

Luke B. Davis, CFA – Senior Analyst

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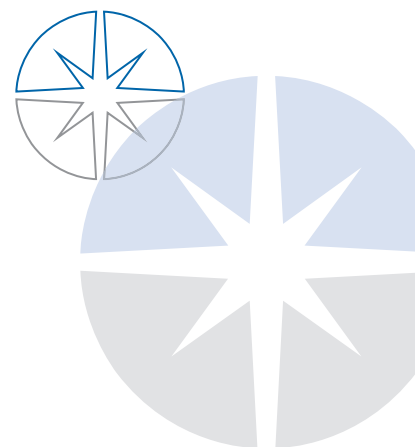
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**Cash Flow** is a revenue or expense stream that changes a cash account over a given period. Cash inflows usually arise from one of three activities - financing, operations or investing - although this also occurs as a result of donations or gifts in the case of personal finance. Cash outflows result from expenses or investments. This holds true for both business and personal finance. 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.

**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. 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.

**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.

**Enterprise Value (EV)** measures a company's total value, often used as a more comprehensive alternative to market capitalization. EV includes in its calculation the market capitalization of a company but also short-term and long-term debt and any cash or cash equivalents on the company's balance sheet.

**EV/EBITDA** is a ratio used to determine the value of a company. The enterprise multiple looks at a firm as a potential acquirer would, because it takes debt into account - an item which other multiples like the P/E ratio do not include. Enterprise multiple is calculated as: Enterprise multiple = EV/EBITDA.

**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.

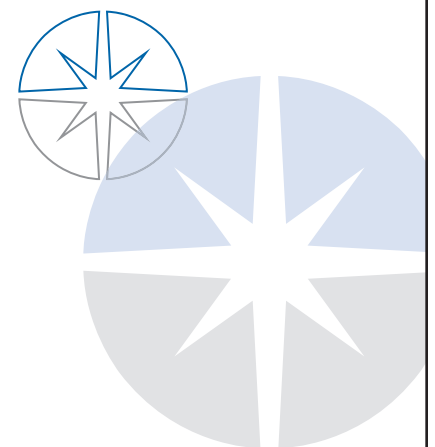
**Return on Invested Capital (ROIC)** is the amount of money a company makes that is above the average cost it pays for its debt and equity capital. ROIC is used to assess a company's efficiency at allocating the capital under its control to profitable investments.  $ROIC = EBIT (1 - \text{Tax rate}) / (\text{Total Assets} - \text{Total Liabilities})$ .

**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.**





Chickasaw MLP SMA Composite | October 31, 2006 – September 30, 2024

9/30/24	ANNUALIZED RETURN (%)												
	Net-of-Fees Return	Net of Maximum 3% Wrap Fee Return	Alerian MLP Total Return	S&P 500 Total Return									
Month-to-Date	-0.12	-0.37	-0.29	2.14									
Quarter-to-Date	4.92	4.38	0.72	5.89									
Year-to-Date	30.82	28.88	18.56	22.08									
1 Year	35.40	32.73	24.46	36.35									
3 Year	28.96	26.35	25.47	11.91									
5 Year	15.50	13.12	13.50	15.98									
10 Year	2.84	0.66	1.82	13.38									
15 Year	12.92	10.49	8.61	14.15									
Inception*	9.28	6.93	7.95	10.48									

Year	Net-of-Fees Return (%)	Net of Maximum 3% Wrap Fee 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
2024 YTD	30.82	28.88	18.56	22.08	210	NA	NA	NA	NA	872	2379	44.69
2023	20.84	18.46	26.56	26.29	225	0.60	20.27	20.16	17.29	658	1972	46.60
2022	33.97	31.19	30.92	-18.11	238	0.64	45.61	48.39	20.87	682	2032	40.42
2021	44.33	41.39	40.17	28.71	249	1.19	44.36	46.86	17.17	749	2053	28.56
2020	-31.14	-32.68	-28.69	18.40	257	2.36	44.61	47.18	18.53	713	1881	22.54
2019	9.00	6.73	6.56	31.49	546	0.89	18.87	17.70	11.93	1812	3472	17.94
2018	-21.08	-22.79	-12.42	-4.38	707	1.02	20.70	18.10	10.80	1968	3513	18.60
2017	-8.40	-10.36	-6.52	21.83	817	0.72	21.93	19.06	9.92	2272	4915	20.55
2016	25.61	22.89	18.31	11.96	891	2.02	23.37	19.95	10.59	2490	5015	19.53
2015	-31.46	-33.02	-32.59	1.38	421	1.57	20.39	18.50	10.47	1187	3108	9.14
2014	21.71	19.03	4.80	13.69	251	1.38	14.91	13.54	8.97	1292	3054	4.74
2013	46.64	43.39	27.58	32.39	166	3.23	13.04	13.43	11.94	988	1933	2.86
2012	15.87	13.23	4.80	16.00	118	2.17	13.17	13.37	15.09	563	949	NA
2011	22.30	19.48	13.88	2.11	98	2.05	18.82	17.19	18.71	406	690	NA
2010	43.59	40.60	35.85	15.06	76	4.45	NA	NA	NA	170	393	NA
2009	111.65	106.81	76.41	26.46	18	NA	NA	NA	NA	37	289	NA
2008	-59.75	-60.54	-36.92	-37.00	3	NA	NA	NA	NA	0.7	224	NA
2007	4.83	2.74	12.72	5.49	1	NA	NA	NA	NA	0.5	346	NA
2006*	5.84	5.32	6.03	3.33	1	NA	NA	NA	NA	0.4	334	NA

\*2006 performance is for the period from inception date of 10/31/2006 through 12/31/2006

**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, MLP affiliates, successors to MLPs, and other companies that have the economic characteristics of MLPs, in each case 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 is 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. 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 performance is calculated 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. Net of wrap fee returns are calculated by subtracting 1/12th of 3.00% from the monthly pure gross return. 3% represents the maximum wrap fee that a sponsor may charge clients seeking investment management services in the designated strategy. Actual fees may vary depending on the individual sponsor’s wrap fee. 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. 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 – 12/31/2023. 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 and pooled fund maintenance, 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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