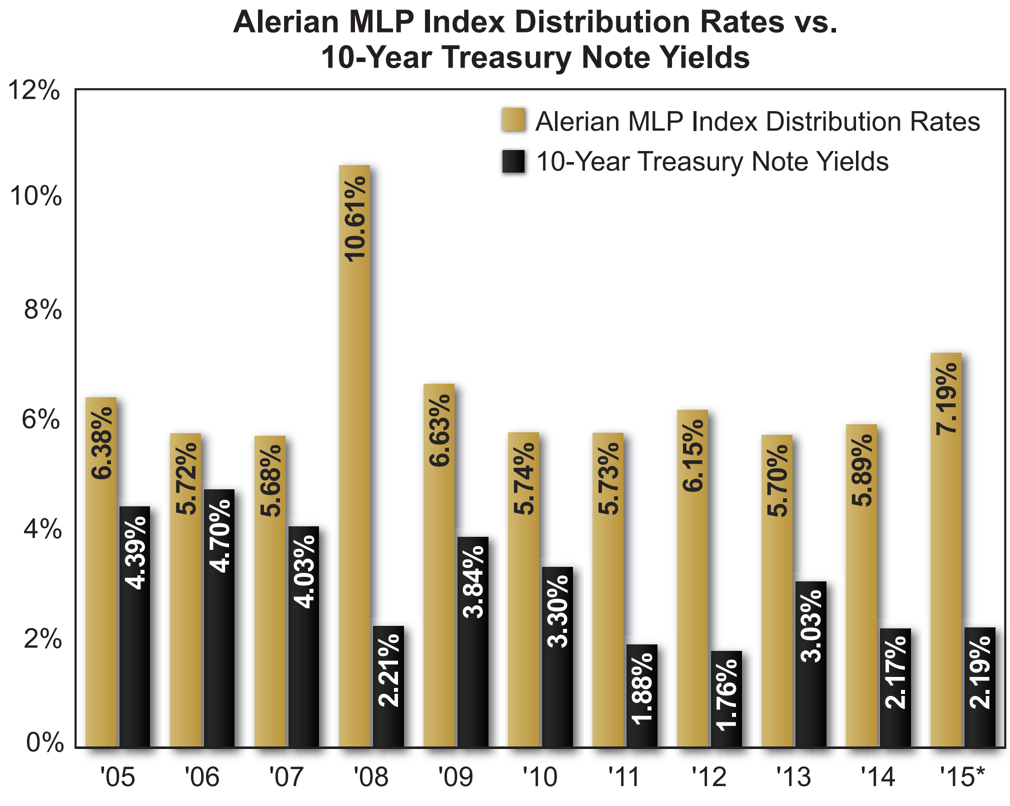
Master Limited Partnership (MLP) Distribution Rates Elevated Following Sell-Off



Source: Bloomberg.
Data as of year-end.
**As of 9/2/15.*

View from the Observation Deck

1. If you exclude the financial crisis-induced bear market climate in 2008-2009, the distribution rates on MLPs are currently sitting at their highest level in more than 10 years (see chart).
2. The spread between the distribution rate on MLPs and the yield on the benchmark 10-Year Treasury Note is also at an extremely wide level, in our opinion.
3. MLPs are limited partnerships that are publicly traded on a U.S. securities exchange. They are traditionally high cash flow businesses that pay out a majority of that cash to investors, and a significant portion of that cash is typically deemed a return of capital for income tax purposes.
4. Because MLPs distribute cash to the investor, their underlying value can be influenced by fluctuations in interest rates, particularly in the near-term. A rise in interest rates could have a negative influence on MLP prices. Interest rates, however, as measured by the 10-Year Treasury Note, haven't budged much this year.
5. As we have learned over the past 12-15 months, MLP prices can also be influenced by a massive sell-off in the price of crude oil, particularly when it has traded over a sustained period of time at elevated levels, on a historical basis.
6. As of 9/2/15, the price of a barrel of crude oil closed at $46.25, down 56.9% from its 2014 closing high of $107.26 (6/20/14), according to Bloomberg.
7. As of 9/2/15, the Alerian MLP Index stood 34.5% below its all-time high set on 8/29/14, according to Bloomberg. This was somewhat of a surprise to investors, in our opinion, because MLP revenues tend to be based more on the demand for energy products than the price of said products.
8. When considering any investment, it is important to understand all attributes and risks. There are materially greater risks with investing in MLPs than Treasury notes.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. The Alerian MLP Index is a capitalization-weighted composite of energy master limited partnerships.