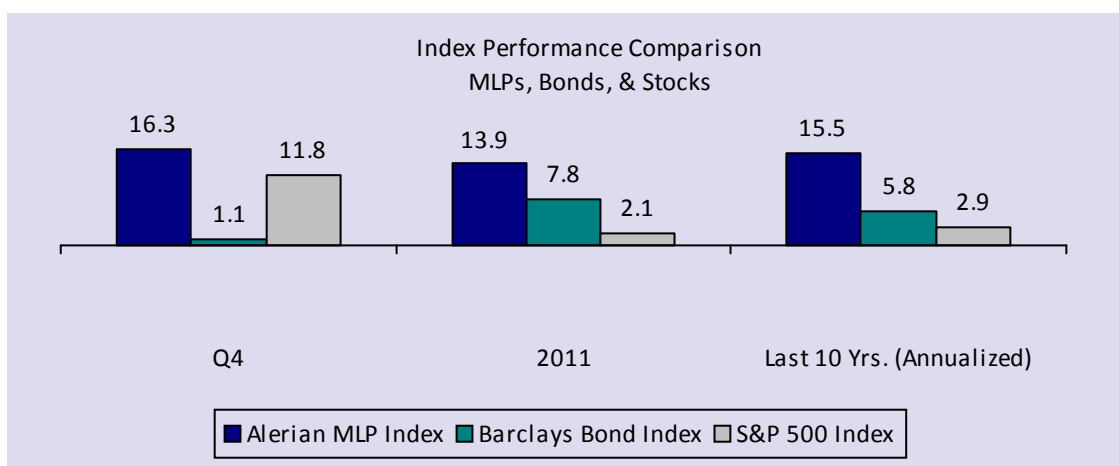


# Master Limited Partnership Update

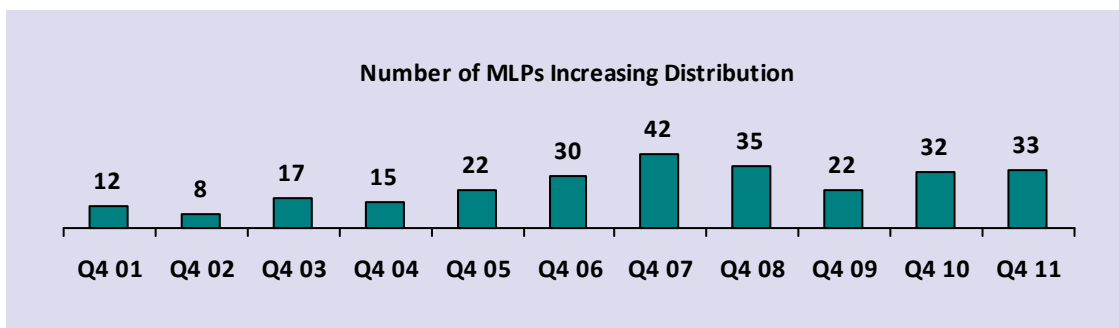
## MLPs Surge in Q4 - Top Stocks and Bonds for Quarter, Year, and 10 Years

During the quarter, Master Limited Partnerships (MLPs) total returns surged upwards, with the unmanaged MLP index rising 16%, besting stocks and bonds for the quarter and the year. MLP performance benefited from solid fundamentals, rising distributions, and the continuation of very low short term interest rates. Long term returns from MLP investments also handily beat the returns from bonds or stocks, as shown below.



## Distribution Increases

A key component of long term MLP returns is increases in distributions to limited partners, and last quarter continued the string of quarters with broad-based distribution increases. For the quarter, 33 MLPs raised their distribution compared to 32 the year before (see chart). The year-to-date weighted average distribution increase for all MLPs was 4.8% (for Eagle managed total return portfolios the weighted average increases was 11.2%). We expect distribution increases of 5% or greater for the entire MLP market in 2012 (and 6% or greater for Eagle managed portfolios).

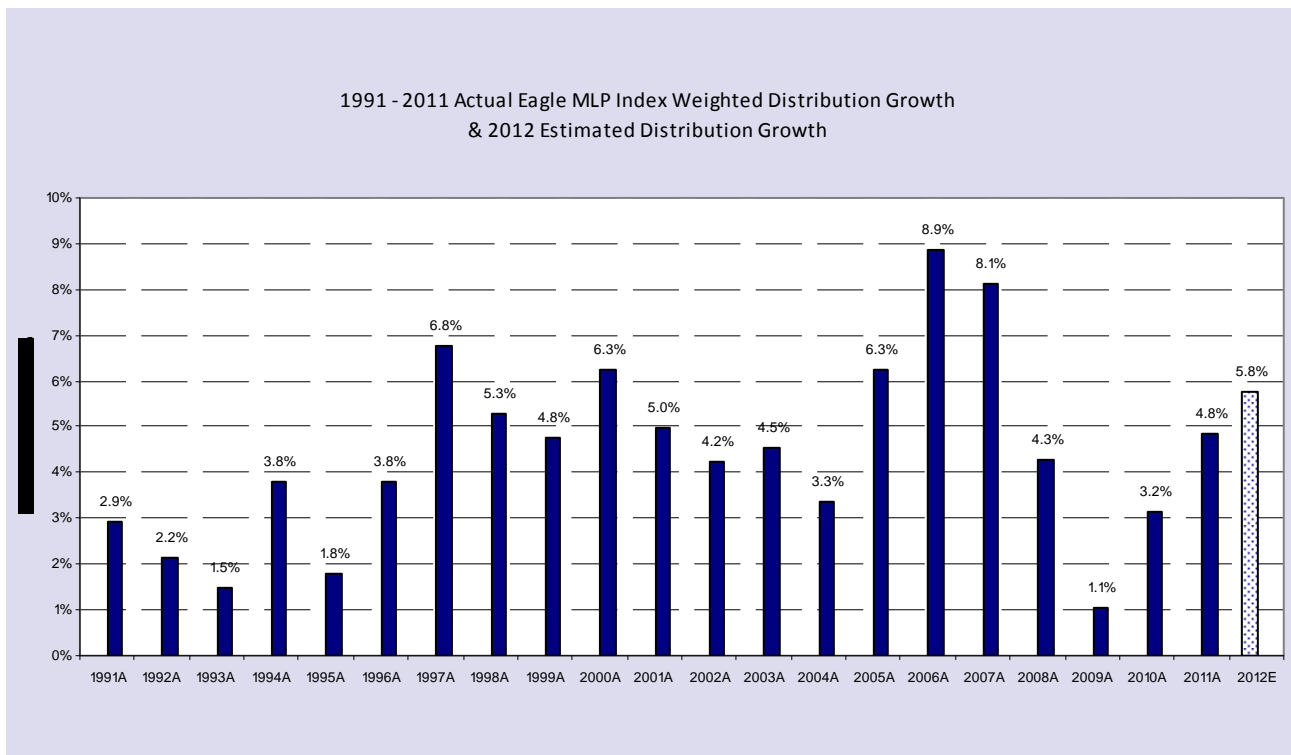


## MLP Distribution Outlook 2012

One of the appealing features of MLP investments is the growth of the distribution over time. As shown in the chart below, on a weighted average basis MLPs have increased their distributions every year since 1991. In fact, MLPs have increased their distributions (on a weighted average basis) every year since 1987 when Congress adjusted tax laws to give the MLP asset class its present shape.

The chart below shows the increase in distributions per unit of the unmanaged Eagle MLP Index (the weighted average of the MLP distribution increases). Certainly some individual distribution rates have been much higher and some have been negative (i.e. distribution cuts), but the weighted average captures the increase in distributions paid for the entire MLP asset class. Notably, the average MLP distribution continued to rise during and after the economic and financial crisis of 2008-09.

The growth rate of distribution increases declined from the peak rate of 2006-07 to trough in 2009 before rebounding in 2010-11. As the economic and financial environment deteriorated in 2007 and 2008, MLP management teams became more cautious about making additional investments, and as a consequence less incremental cash flow was available to increase distributions in 2009-10. It is worth noting that while many U.S. businesses were retrenching and reducing payouts during the Great Recession, MLPs, on average, continued to increase distributions to investors. As shown in the chart below, we expect the rate of distribution increases will accelerate further in 2012 as new infrastructure projects and acquisitions produce incremental cash flow available for distribution.



Source: Bloomberg, Eagle Global Advisors calculations