



Energy Infrastructure Review & Outlook 1Q 2021

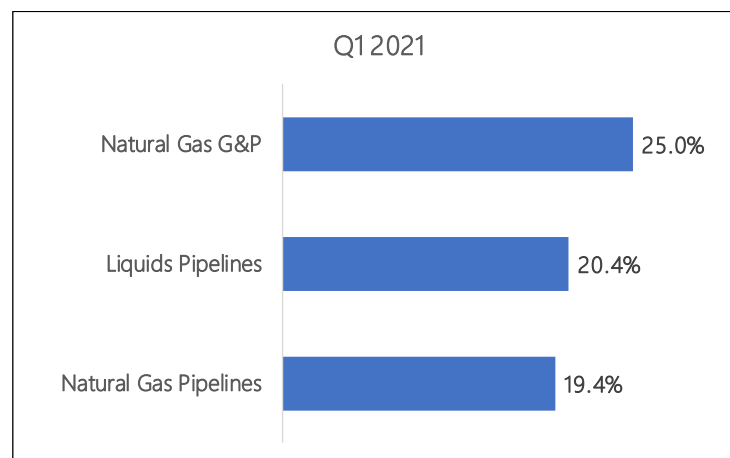
Highlights for 1Q 2021

- The rollout of several effective Covid-19 vaccines has surged confidence in economic re-opening and a return to normalcy in 2H '21.
- The Alerian MLP Index rose 22% during Q1 2021, outpacing the 6.2% gain in the S&P 500. The Alerian is now +103% from its March 2020 low, versus +56% for the S&P.
- In spite of the recent rally, Midstream stocks screen attractive on a variety of metrics.
- Production of Crude Oil, Natural Gas, and NGLs all increased during the quarter as commodity prices continued their climb toward pre-pandemic levels.
- Midstream fundamentals show positive signs of bottoming and turning the corner.
 - EBITDA troughed in 2020.
 - Free cash flow generation will accelerate in 2021.
 - Deleveraging and share buybacks benefit equity holders.

1Q Scorecard

Energy Infrastructure Sector Performance

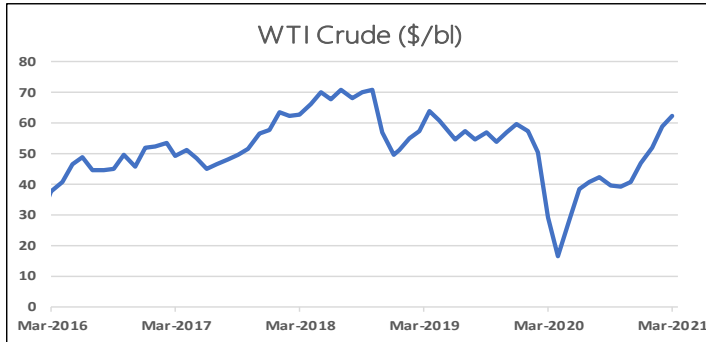
Alerian MLP Index



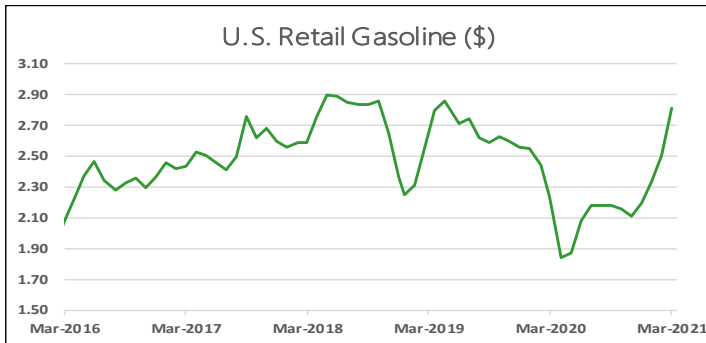
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- All three sub-sectors of Energy Infrastructure performed well during the quarter. Gas Gathering & Processing MLPs WES (+37.3%), OKE (+35.1%) delivered strong results during the rally due to their leverage to volumes and overall improving economic conditions.
 - Performance in Pipeline-Liquids also saw solid results with MPLX (+21.8%) among the top performers. Investors rewarded MPLX for YOY EBITDA growth, reduced capex spending and increased confidence in its standout yield.
 - Several smaller, non-investment grade MLPs (PBFX, GEL, CEQP) contributed to index performance, reflecting increased investor appetite for risk.

Macro Overview

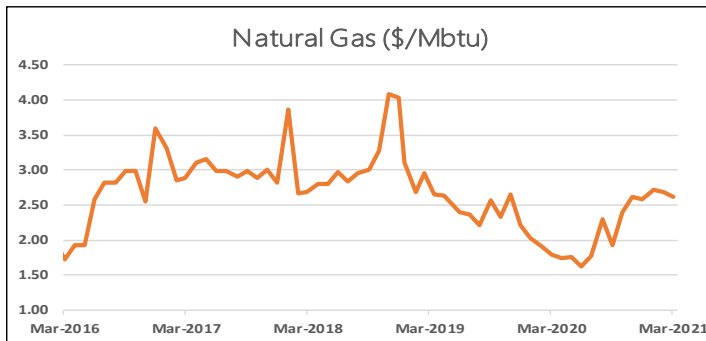
Commodity Prices Continue To Rebound



- WTI crude increased 32% during the quarter and is now +113% from the close in March 2020.
- Expect prices to follow refined product demand, impacted by the re-opening of the economy and the resumption of travel.



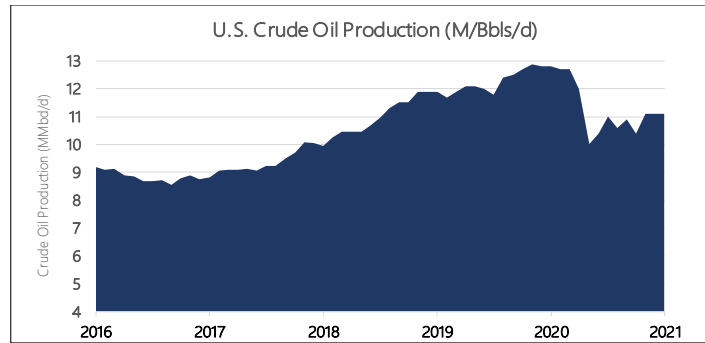
- Retail gasoline prices increased 27% during the quarter to \$2.81.
- +50% versus summer 2020 low; approaching pre-pandemic price levels.



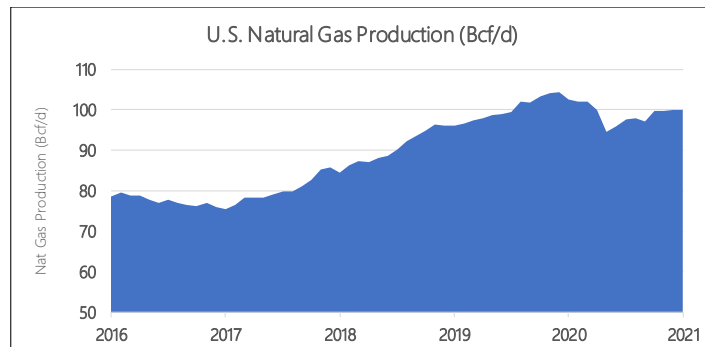
- Natural Gas prices were little changed during the quarter.
- +60% versus March (same season) low in 2020.

Production Is Following Prices Higher

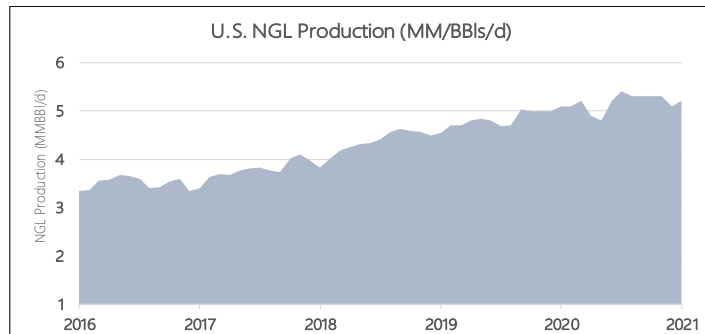
U.S. Rig Count +71% from August 2020 low



- 11% increase from summer 2020 trough
- EIA forecasts 8% growth by H2 '22 to 12.2 M/Bbls/d), which is near the pre-pandemic high

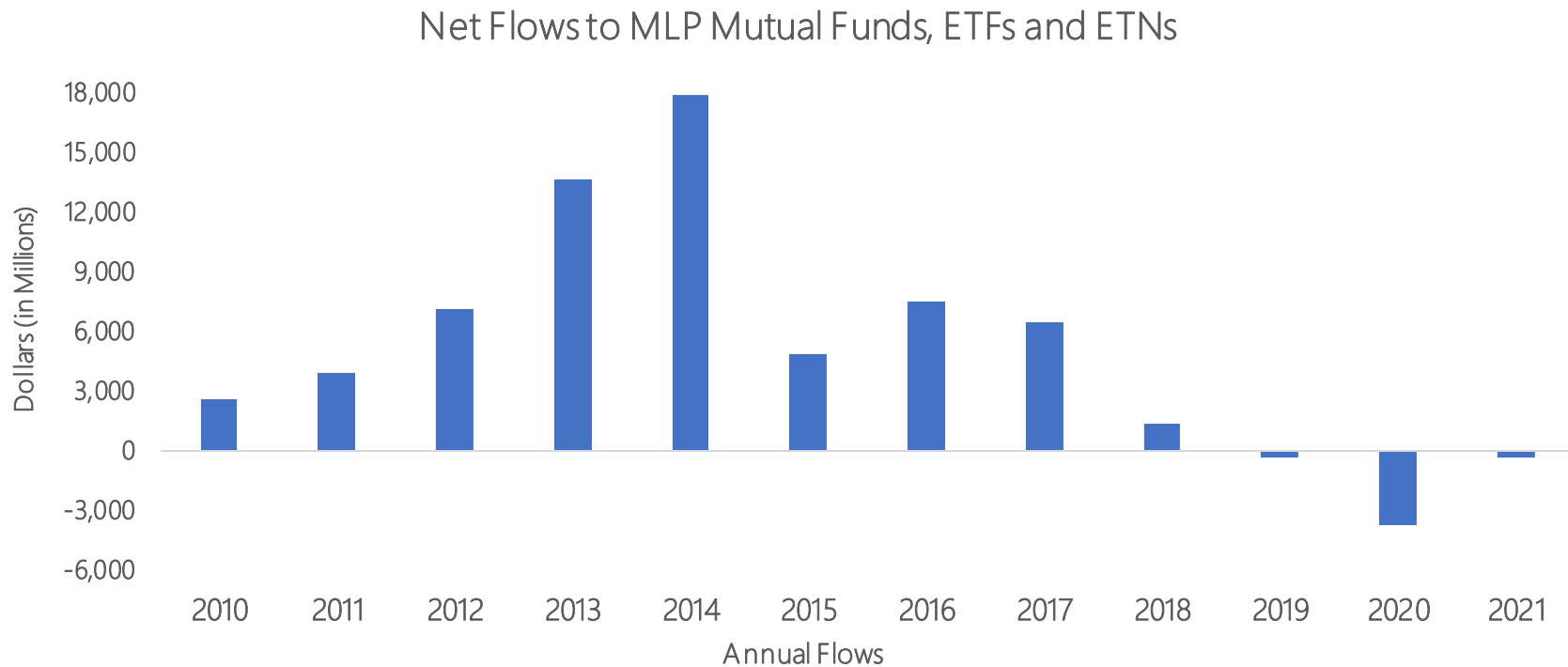


- 5% increase from summer 2020 trough.
- EIA forecasts 3% growth by H2 '22 with a return to pre-pandemic volume highs



- 6% increase from summer 2020 trough.
- EIA forecasts a 15% increase by H2 '22, reaching pre-pandemic highs

Fund Flows: Retail Investors Still On Sidelines



- Midstream outperformed broad markets during Q4 '20 and Q1 '21 in spite of retail outflows.
- Generalist investors appear attracted to improving fundamentals and low valuations.

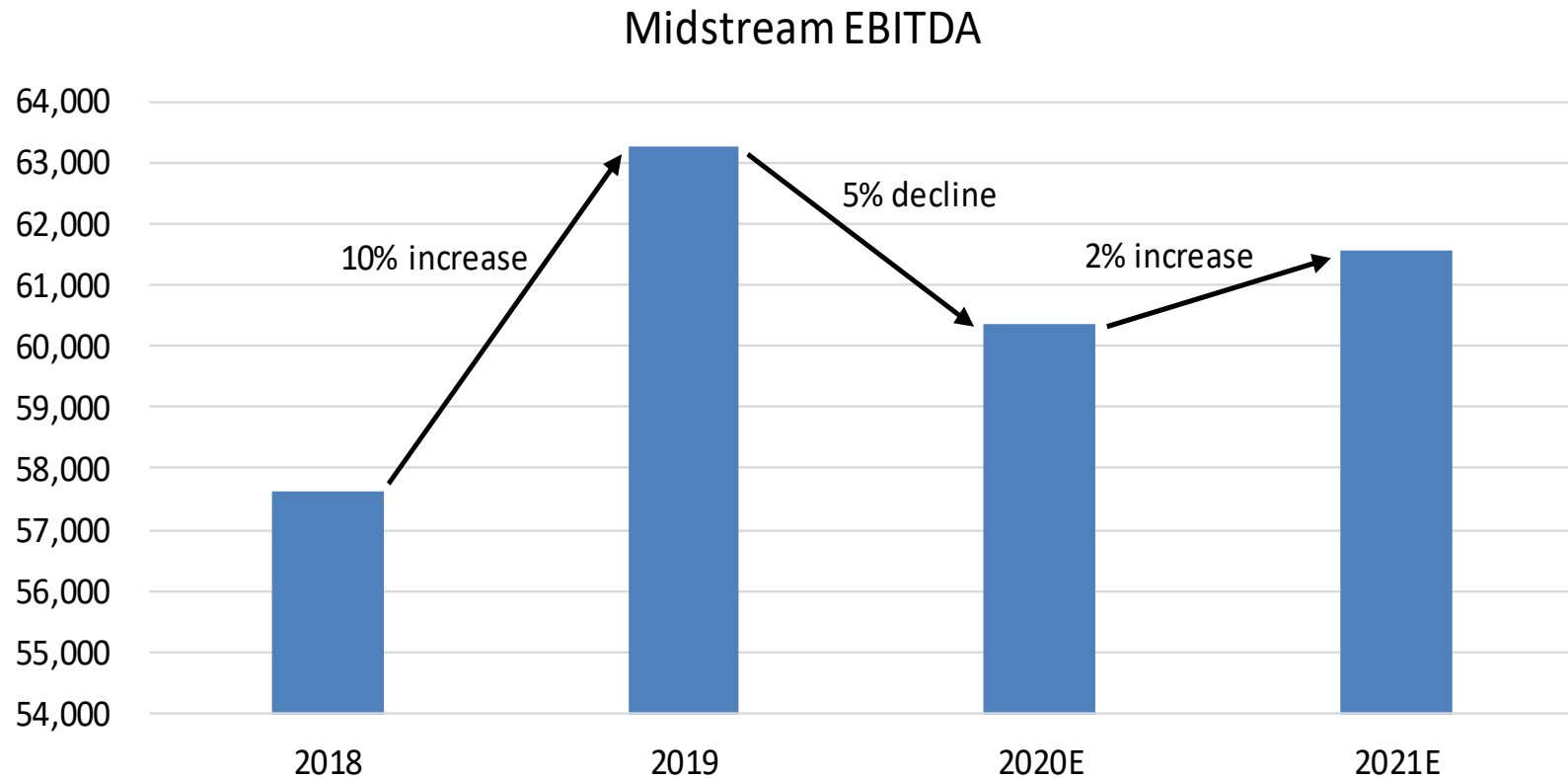
Energy Infrastructure Path Forward

2021 Outlook

- EBITDA troughed in 2020. EGA forecasts a 2% increase in 2021. Upside to that forecast is from a vaccine-led economic recovery in the second half of 2021.
- Capital spending continues to decline as shale production has matured.
- Sector free cash flow yields will eclipse the S&P 500 in 2021 for the first time in over a decade.
- Double digit free cash flow yields will result in accelerated deleveraging and increased adoption of share buy-back programs to return value to equity holders.
- In spite of an ongoing price recovery, Midstream valuations remain low relative to history and other yield-oriented asset classes, creating the opportunity for a further re-rating of the sector.

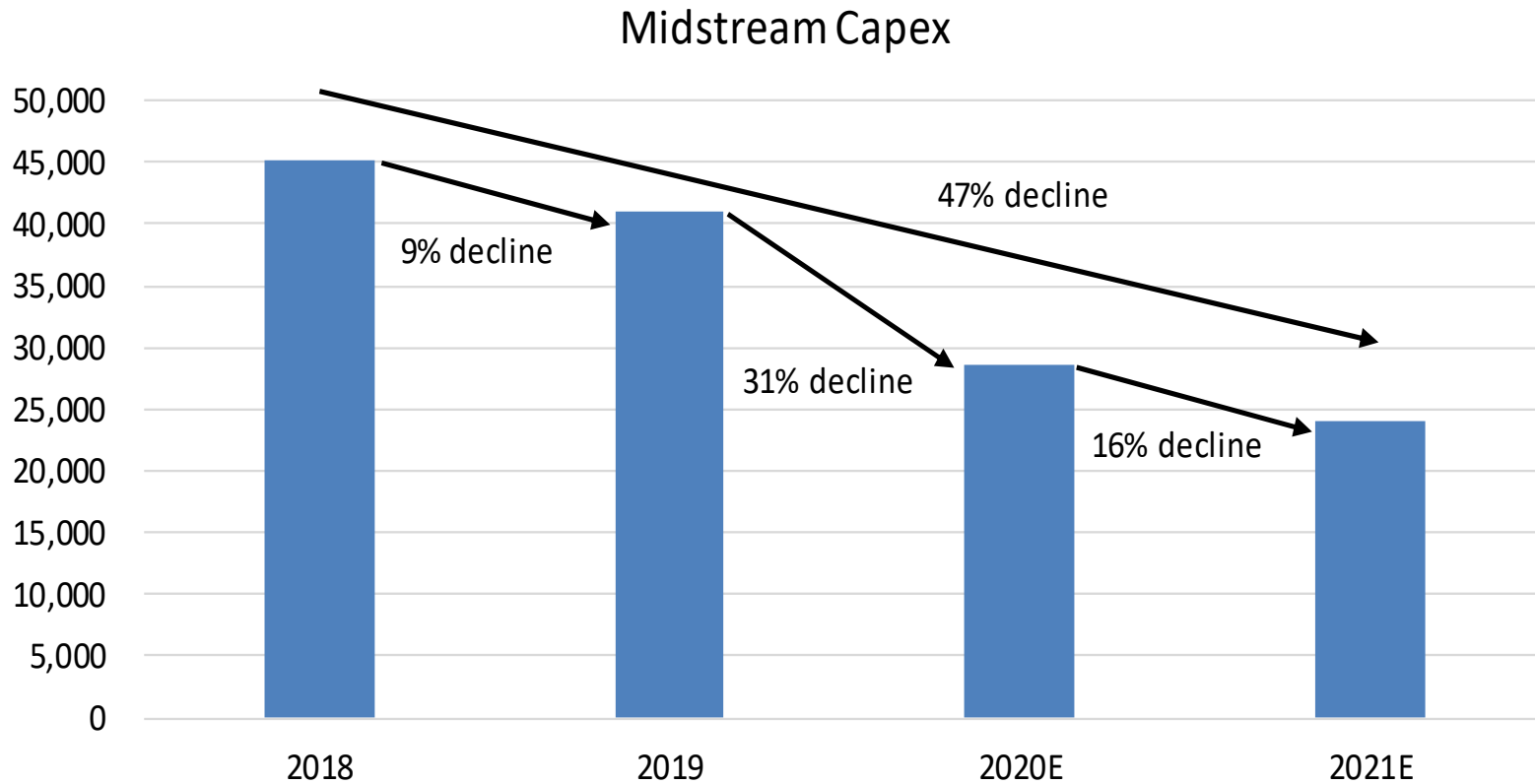
EBITDA Has Troughed And Will Bounce Back

EGA forecasts a 2% increase in 2021



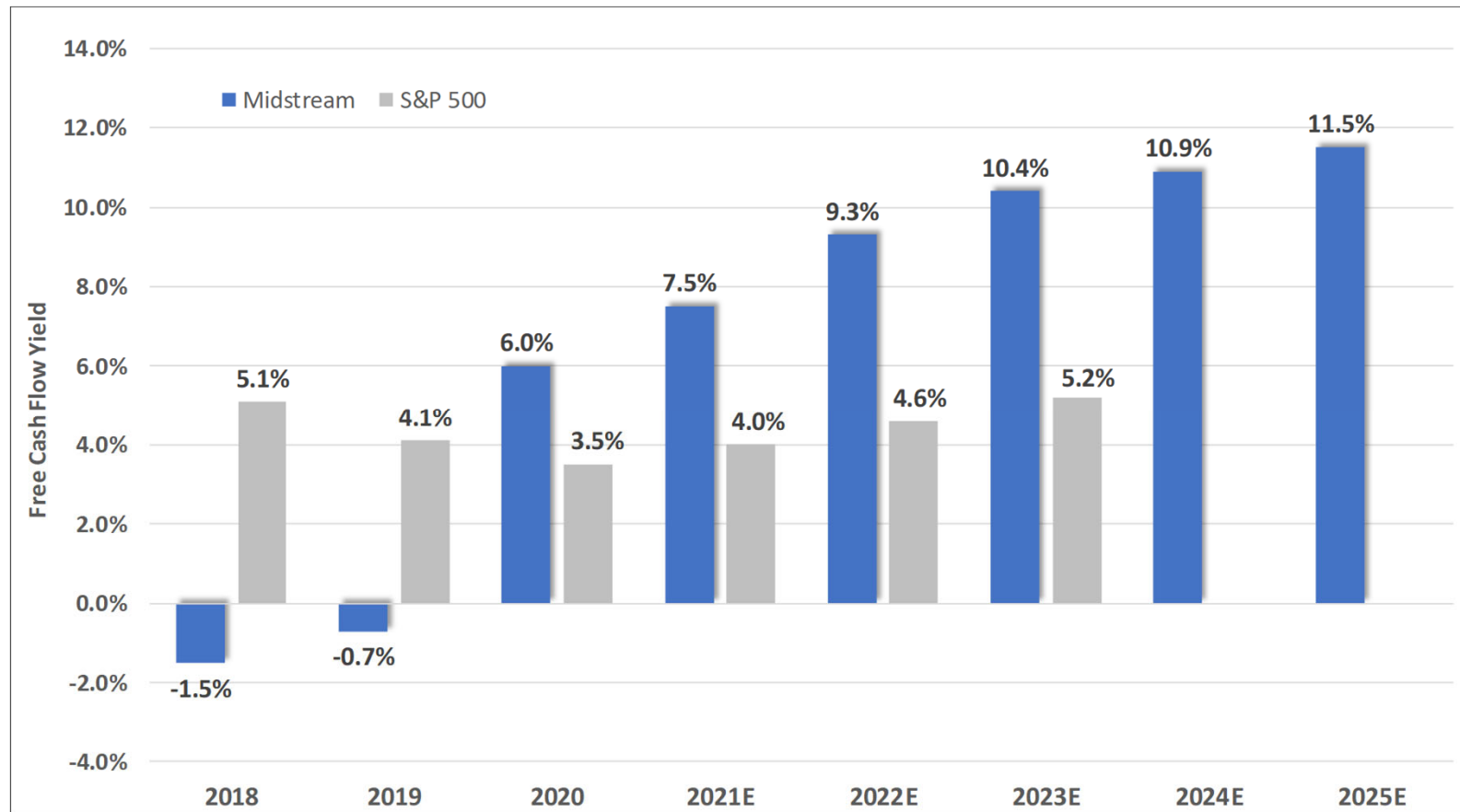
Capex Spending Remains On The Decline

Down 47% since 2018

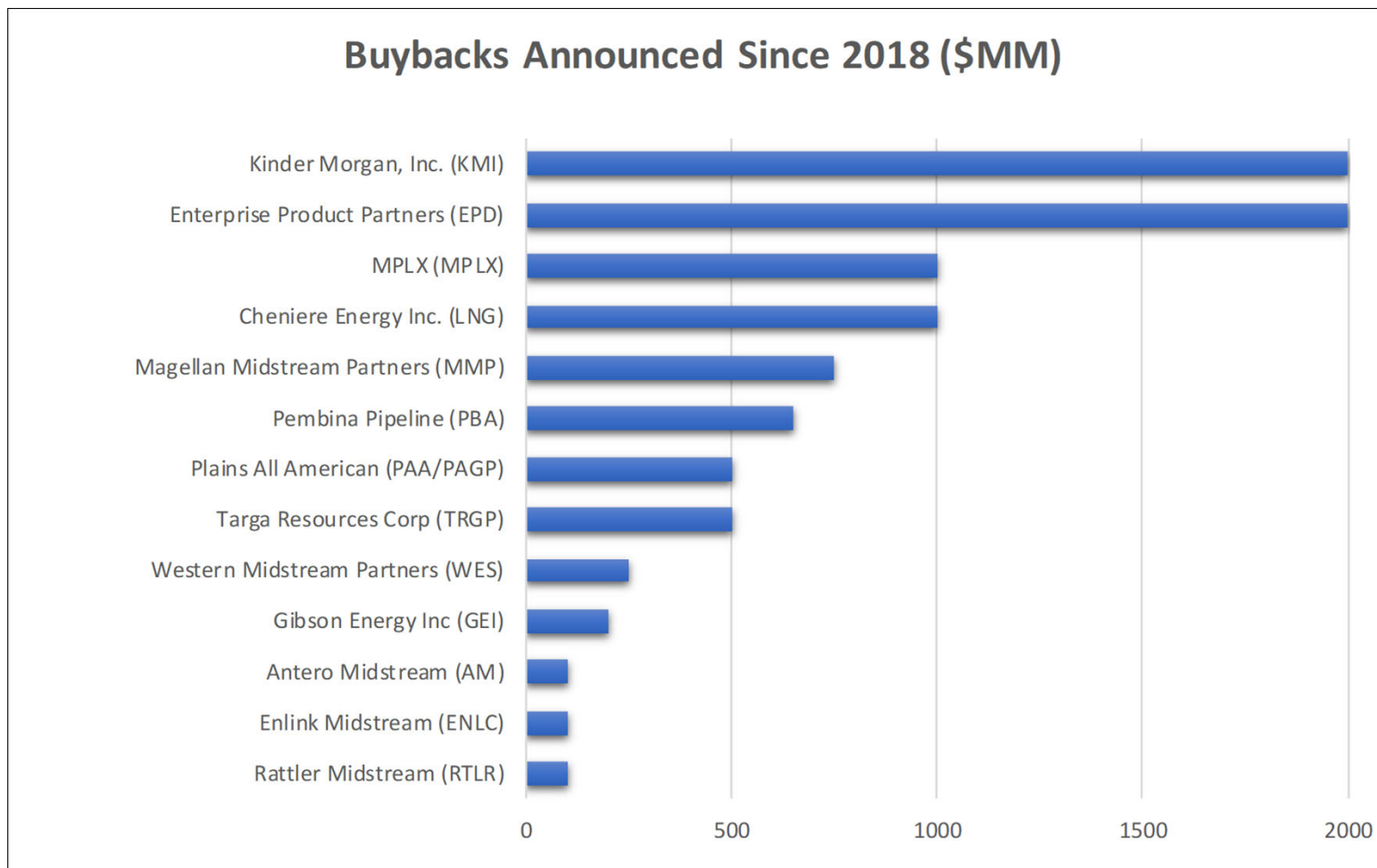


Higher EBITDA + Lower Spending = Free Cash Flow

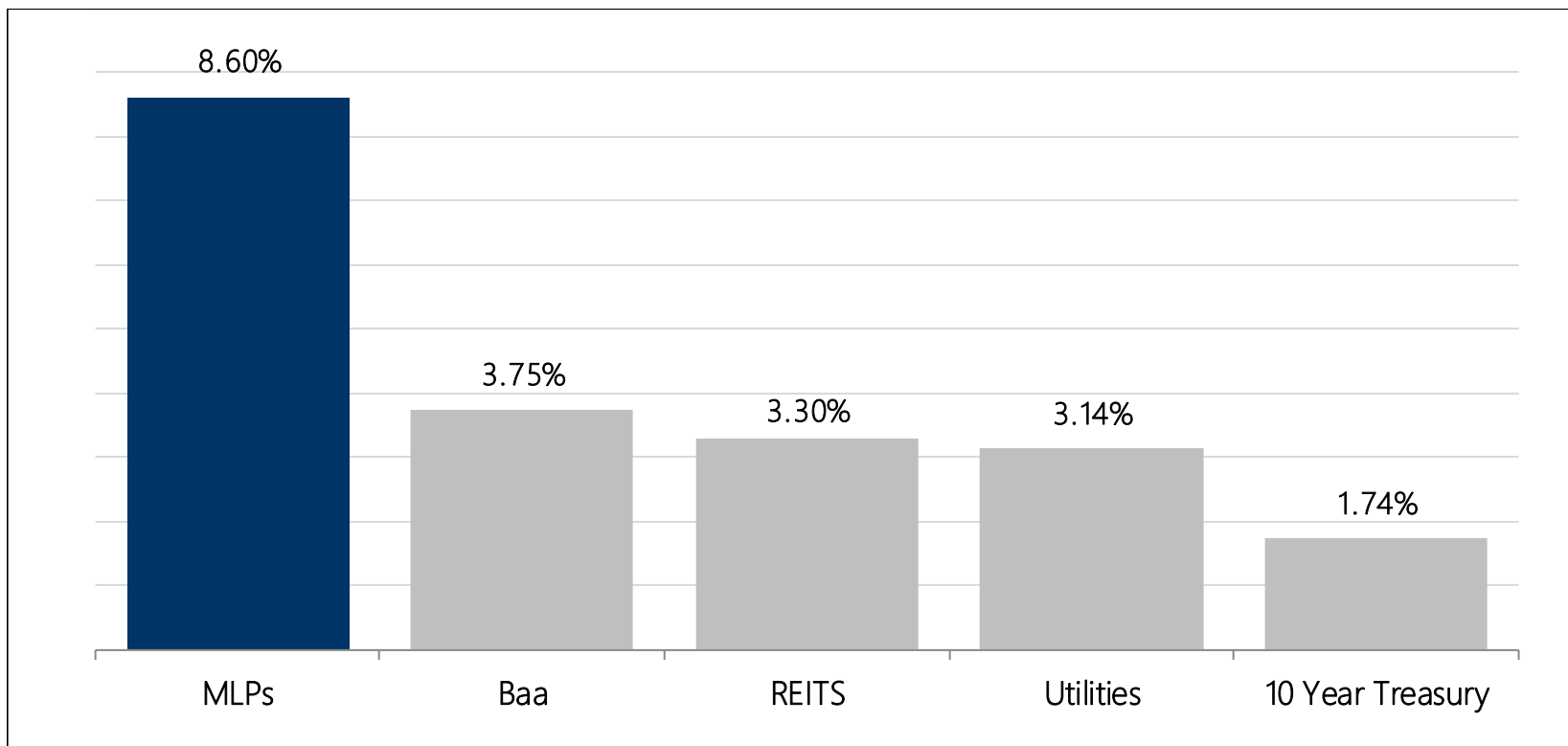
Management Teams Are Focused On Free Cash Flow And Reduced Leverage



Midstream Share Buybacks



Current Yield Comparison as of 3/31/2021



Valuations Remain Cheap To History

Midstream Is Discounted To Other Energy And Other Yield-Oriented Securities

EV-to-EBITDA Multiples	Current	5-year Average	Premium (Discount)	10-year Average	Premium (Discount)
MLPs	8.4X	10.4X	-19%	12.5X	-32%
Midstream C-Corps	10.0X	12.5X	-21%	13.1X	-24%
Exploration & Production	5.0X	5.4X	-7%	5.3X	-6%
Refiners	7.4X	6.3X	17%	5.6X	32%
Oilfield Services	8.9X	10.5X	-15%	8.8X	1%
Utilities	10.9X	11.1X	-2%	9.9X	10%
REITS	17.6X	18.2X	-3%	17.0X	3%
S&P 500	14.6X	10.9X	34%	9.5X	54%

- Midstream remains cheap relative to five- and ten-year historical averages, in spite of the recent rally.
- S&P 500 continues to expand a record-setting valuation multiple as investors cheer a vaccine-led recovery.

Portfolio Positioning

Own Emerging Winners

- Overweight stable, predictable cash flows capable of benefitting from improving economic activity (e.g., ENB, LNG, MMP).
- Tactically own beta to capture “reopening” trade (e.g., DCP, PAA, WES).
- Focus on free cash flow and share buybacks (e.g., EPD, MPLX, TRGP).
- Own vertically integrated assets that touch the molecule from the well head to the consumer (e.g., EPD, PBA, TRGP).
- Underweight stocks facing idiosyncratic risks (e.g., PSXP, SHLX).
- Own select renewable infrastructure companies (e.g., NEP, CWEN).