



Alerian

# Real Assets for Real Returns

Opportunities in the MLP Market

Kenny Feng, CFA  
President & CEO

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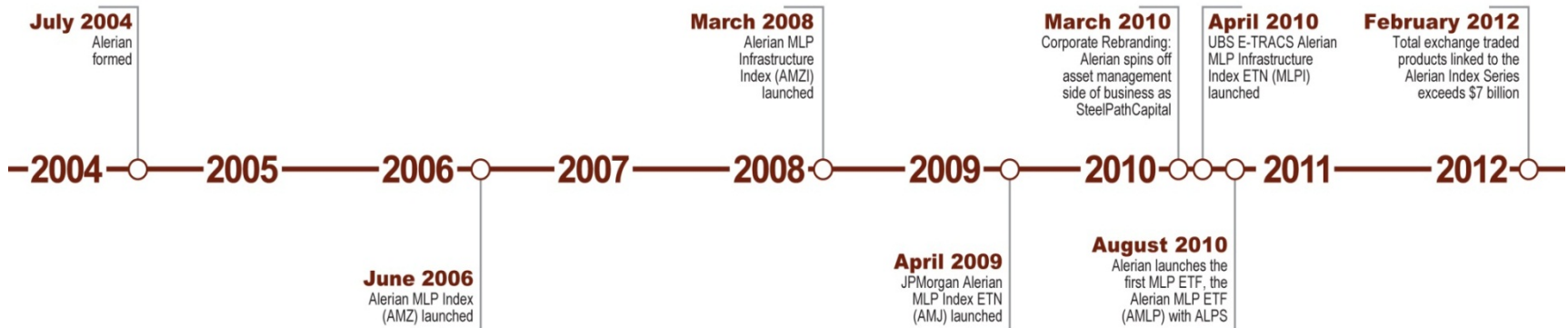
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Market intelligence provided through industry-leading benchmarks and analytics

Alerian launched the first real-time MLP index

Over \$7 billion is directly linked to the Alerian Index Series



# Why MLPs?

## Growth of US Energy Infrastructure

- MLPs build, acquire, and operate transportation assets
- MLPs build, acquire, and operate processing and storage assets

## Stable and Growing Cash Flows

- Fee-based toll-road business models
- Interstate liquid tariffs are indexed to inflation using PPI+ methodology
- Average distribution growth of ~7% over the past 10 years

## No Entity-Level Taxation

- No double taxation
- More competitive cost of capital than traditional C corporations

## Growing Asset Class

- 2002: 25 MLPs with \$27 billion in market capitalization
- 2012: 77 MLPs with \$350 billion in market capitalization

## Tax-Efficient Yield and Portfolio Diversification

- 70%-100% of income is tax-deferred return of capital
- Low correlation to broader markets (0.44 to the S&P 500)

# MLPs Have Outperformed Other Sectors

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Annualized
Commodities 32.1%	<b>MLPs</b> <b>53.0%</b>	REITs 35.0%	Commodities 25.6%	REITs 35.6%	Commodities 32.7%	Utilities -28.9%	<b>MLPs</b> <b>85.0%</b>	<b>MLPs</b> <b>35.0%</b>	Utilities 19.9%	<b>MLPs</b> <b>18.4%</b>
REITs 1.9%	Small Cap 47.3%	Utilities 24.3%	Utilities 16.8%	<b>MLPs</b> <b>34.9%</b>	Utilities 19.4%	DJIA -31.9%	Non-US 31.8%	Small Cap 26.9%	<b>MLPs</b> <b>17.0%</b>	REITs 10.4%
<b>MLPs</b> <b>-2.0%</b>	Non-US 38.6%	<b>MLPs</b> <b>23.4%</b>	REITs 13.7%	Non-US 26.3%	<b>MLPs</b> <b>11.3%</b>	Small Cap -33.7%	REITs 27.6%	REITs 26.7%	REITs 9.4%	Utilities 6.4%
DJIA -15.0%	REITs 36.3%	Non-US 20.2%	Non-US 13.5%	Utilities 21.0%	Non-US 11.2%	S&P 500 -36.9%	Small Cap 27.2%	S&P 500 15.1%	DJIA 8.4%	Commodities 5.6%
Non-US -15.9%	S&P 500 28.7%	Small Cap 18.3%	<b>MLPs</b> <b>8.9%</b>	DJIA 19.0%	DJIA 8.9%	REITs -37.3%	S&P 500 26.5%	DJIA 14.1%	S&P 500 2.1%	Small Cap 5.6%
Small Cap -20.4%	DJIA 28.3%	Commodities 17.3%	S&P 500 4.9%	Small Cap 18.4%	S&P 500 5.5%	<b>MLPs</b> <b>-38.5%</b>	DJIA 22.7%	Commodities 9.0%	Commodities -1.1%	Non-US 4.7%
S&P 500 -22.1%	Utilities 26.3%	S&P 500 10.9%	Small Cap 4.6%	S&P 500 15.8%	Small Cap -1.5%	Non-US -43.3%	Commodities 13.5%	Non-US 7.8%	Small Cap -4.1%	DJIA 4.6%
Utilities -29.9%	Commodities 20.7%	DJIA 5.3%	DJIA 1.7%	Commodities -15.0%	REITs -16.3%	Commodities -46.4%	Utilities 11.9%	Utilities 5.5%	Non-US -12.1%	S&P 500 2.9%

# Why Now?

## If you have a long-term view:

*The best time to plant a tree was yesterday.  
Chinese Proverb*

An investment in MLPs is an investment in the long-term energy infrastructure build-out of the United States

The Interstate Natural Gas Association of America estimates that ~\$240 billion will need to be invested in North American infrastructure over the next 25 years

## If you have a short-term view:

*[T]he Committee decided today to keep the target range for the federal funds rate at 0 to 1/4 percent and currently anticipates that economic conditions . . . are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014.*

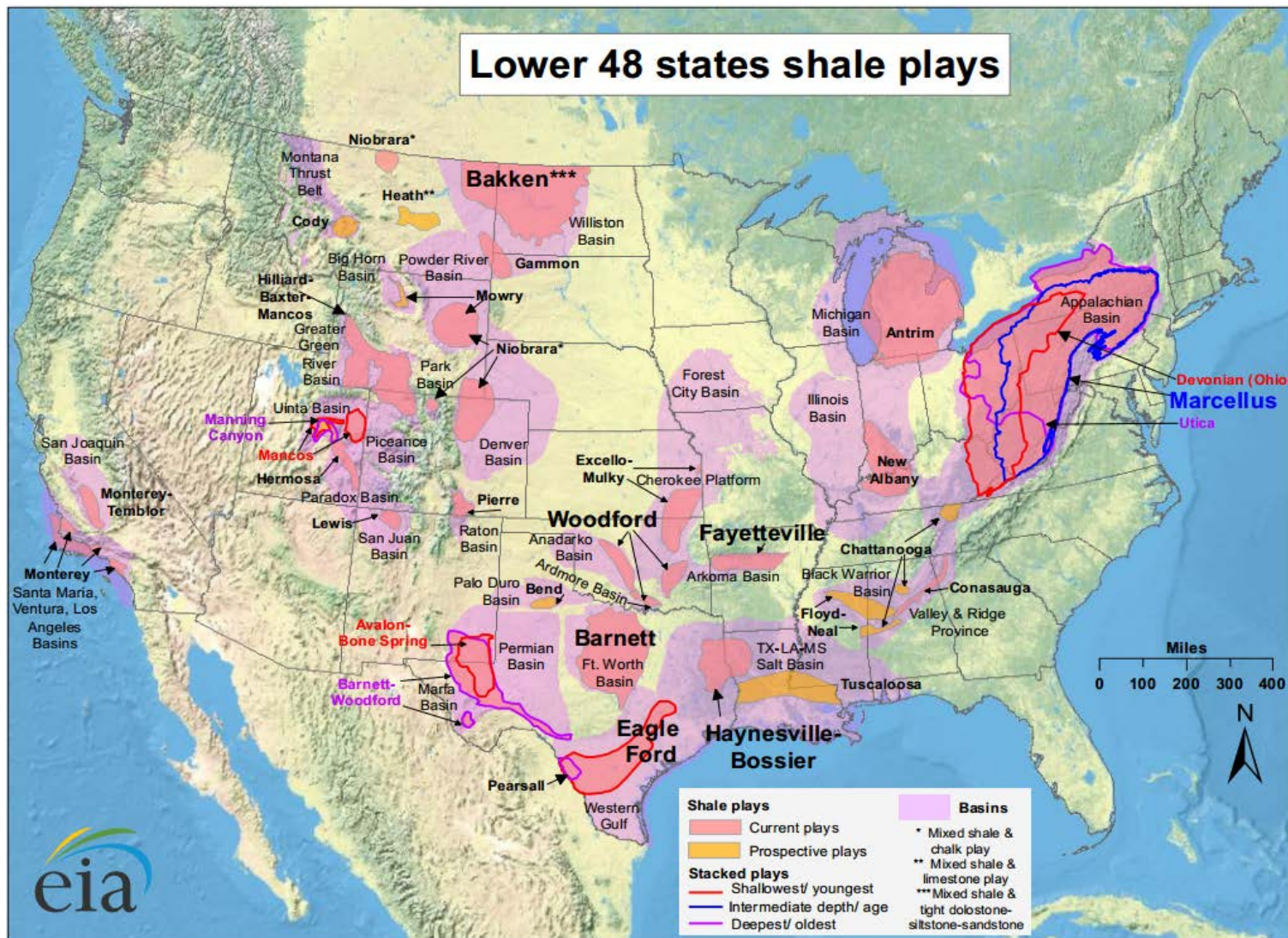
*March 13, 2012  
The Federal Reserve*

MLPs currently yield ~6% with Wall Street analysts estimating distribution increases of 3-8% annually through 2014 (excluding acquisitions), leading to double-digit total returns

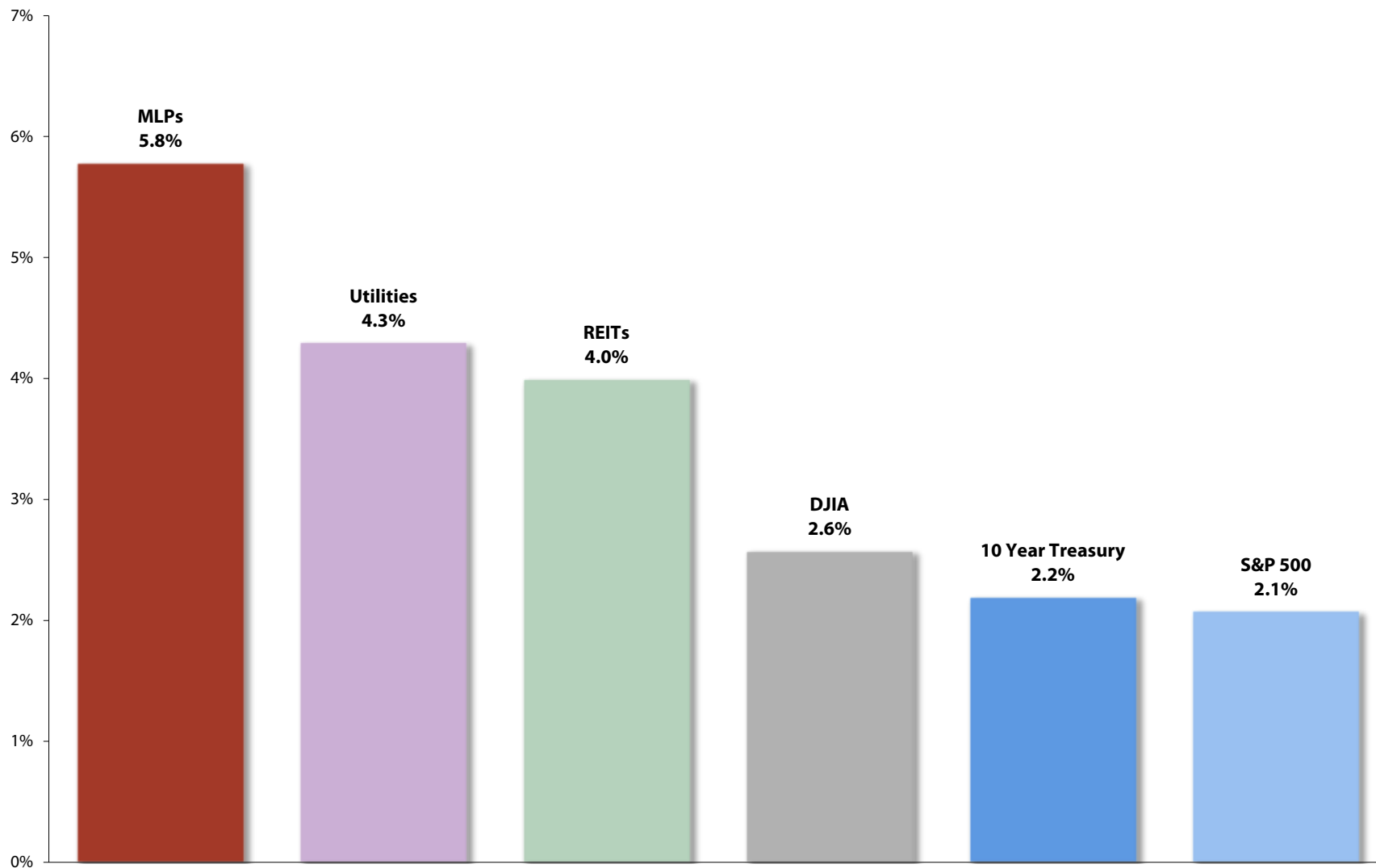
In an economic environment where investors are starved for yield, MLPs provide a compelling opportunity



# Shale Plays in the Continental United States



# MLPs Offer an Attractive Relative Yield



Source: Bloomberg as of 03/30/2012



# Different Strokes for Different Folks

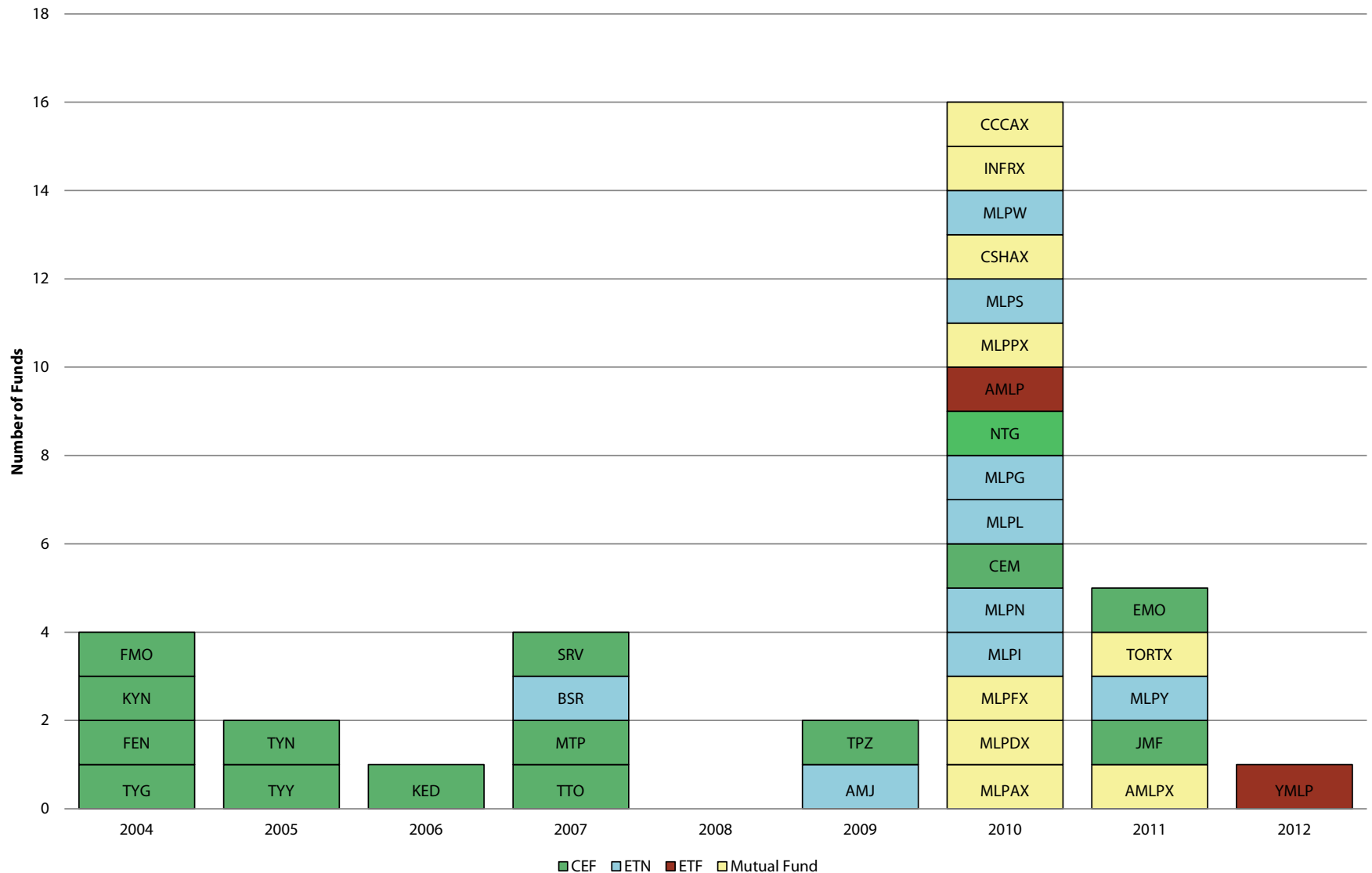
Product Type	Direct Investment	Closed End Funds	Mutual Funds	Exchange Traded Notes	Exchange Traded Funds
Tax Characteristic Flow-Through	Yes	Yes	Yes	No	Yes
Tax Treatment	Ordinary Income	Qualified Dividend	Qualified Dividend	Ordinary Income	Qualified Dividend
Tax Form	Form K-1	Form 1099	Form 1099	Form 1099	Form 1099
IRA/401k Eligible	Taxable Beyond \$1,000 in UBTI	Yes	Yes	Yes	Yes
Leverage	No	Varies	Varies	Varies	No
Annual Fee	None	Varies	Varies	0.85%	0.85%
First Fund Launched	N/A	February 2004	March 2010	July 2007	August 2010
Total Funds	N/A	15	9	8	1
AUM (\$ MM)	N/A	\$9.5B	\$2.9B	\$4.9B	\$2.8B

Exchange-Traded Products Include: AMJ, AMLP, MLPG, MLPI, MLPL, MLPN, MLPS, MLPW and MLPY

Mutual Funds Include: CCCAX, CSHAX, INFRX, MGMLPCA, MLPAX, MLPDX, MLPFX, MLPPX, and TORTX

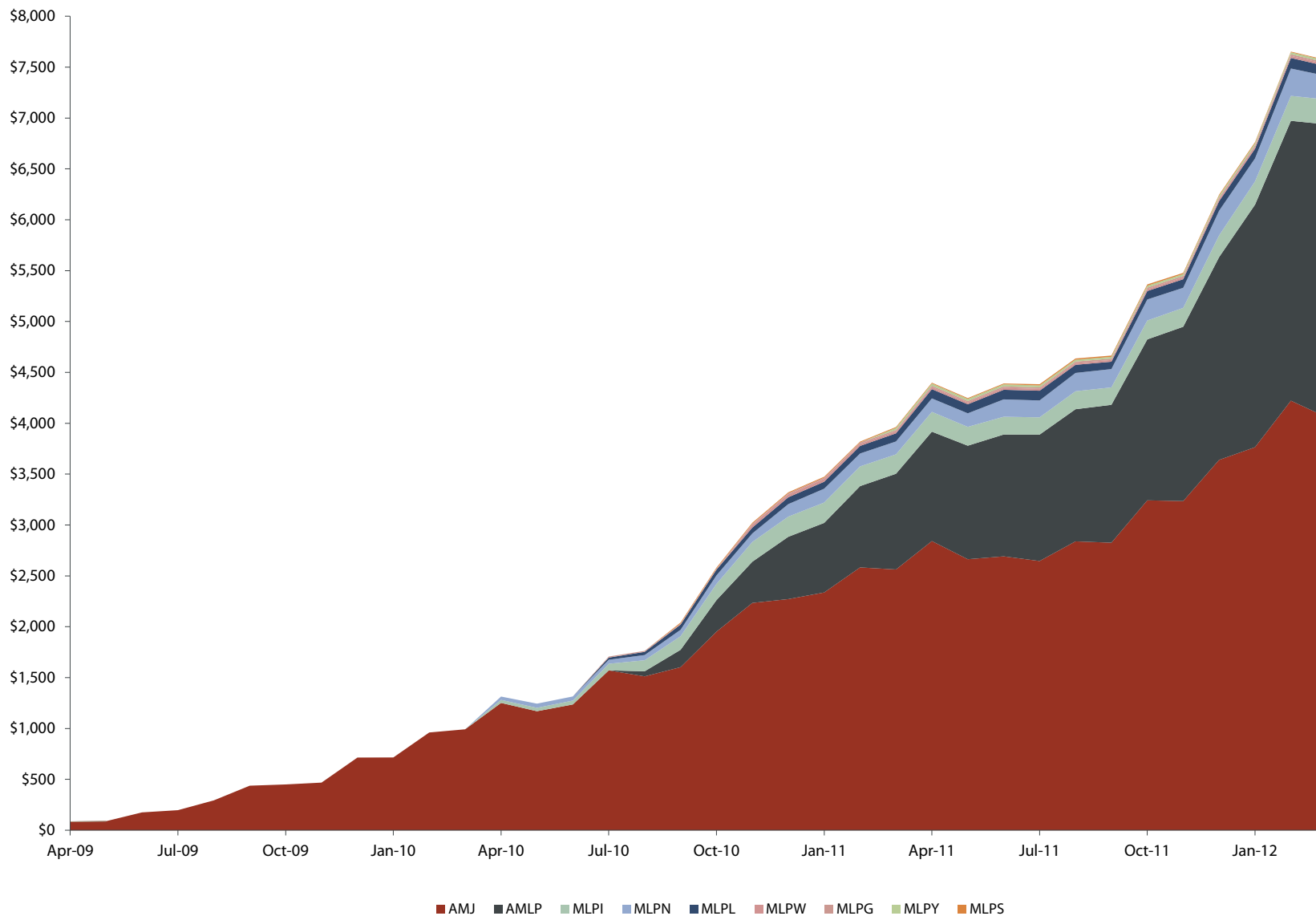
Closed-End Funds Include: CEM, EMO, FEN, FMO, JMF, KED, KYN, MTP, NTG, SRV, TPZ, TTO, TYG, TYN, and TYY

# Continued Demand for Access Products



Source: Alerian as of 03/16/2012

# MLP Exchange-Traded Product Growth (AUM)



Source: Bloomberg as of 03/30/2012

# Large Cap Bias in MLP Sector

## Alerian MLP ETF (NYSE: AMLP) as of 4/10/2012

Name	Ticker	% of Total Assets
Enterprise Products Partners L.P.	EPD	9.6%
Kinder Morgan Energy Partners L.P.	KMP	9.2%
Energy Transfer Partners, L.P.	ETP	7.2%
Magellan Midstream Partners, L.P.	MMP	7.2%
Plains All American Pipeline, L.P.	PAA	7.1%
ONEOK Partners, L.P.	OKS	6.8%
Buckeye Partners, L.P.	BPL	4.8%
Enbridge Energy Partners L.P.	EEP	4.8%
MarkWest Energy Partners LP	MWE	4.7%
Williams Partners LP	WPZ	4.5%
<b>Top 10 Holdings as a % of Total Assets</b>		<b>65.8%</b>
<b>Total Assets</b>		<b>\$2,886M</b>

## Kayne Anderson MLP Investment Co. (NYSE: KYN) as of 3/31/2012

Name	Ticker	% of Total Assets
Enterprise Products Partners L.P.	EPD	9.1%
Kinder Morgan Management, LLC	KMR	7.0%
Plains All American Pipeline, L.P.	PAA	6.4%
MarkWest Energy Partners, L.P.	MWE	5.9%
Energy Transfer Equity, L.P.	ETE	4.2%
Regency Energy Partners, LP	RGP	4.0%
Magellan Midstream Partners, L.P.	MMP	4.0%
El Paso Pipeline Partners, L.P.	EPB	3.9%
Williams Partners, L.P.	WPZ	3.7%
Buckeye Partners, LP	BPL	3.4%
<b>Top 10 Holdings as a % of Total Assets</b>		<b>47.9%</b>
<b>Total Assets</b>		<b>\$4,249M</b>

## ClearBridge Energy MLP Fund Inc. (NYSE: CEM) as of 2/29/2012

Name	Ticker	% of Total Assets
Enterprise Products Partners LP	EPD	9.7%
Linn Energy LLC	LINE	7.3%
Plains All American Pipeline LP	PAA	6.8%
Energy Transfer Equity LP	ETE	6.3%
Magellan Midstream Partners LP	MMP	5.6%
Williams Partners LP	WPZ	4.5%
Chesapeake Midstream Partners LP	CHKM	4.4%
El Paso Pipeline Partners LP	EPB	4.2%
MarkWest Energy Partners LP	MWE	4.1%
Brookfield Infrastructure Part	BIP	3.6%
<b>Top 10 Holdings as a % of Total Assets</b>		<b>56.5%</b>
<b>Total Assets</b>		<b>\$2,177M</b>

## Tortoise Energy Infrastructure Corp. (NYSE: TYG) as of 3/31/2012

Name	Ticker	% of Total Assets
Enterprise Products Partners L.P.	EPD	7.3%
Magellan Midstream Partners, L.P.	MMP	7.2%
Sunoco Logistics Partners, L.P.	SXL	6.2%
Buckeye Partners, L.P.	BPL	5.9%
Plains All American Pipeline, L.P.	PAA	5.6%
ONEOK Partners, L.P.	OKS	5.4%
Williams Partners L.P.	WPZ	5.4%
El Paso Pipeline Partners, L.P.	EPB	5.2%
Kinder Morgan Management, LLC	KMR	5.0%
Energy Transfer Partners, L.P.	ETP	4.9%
<b>Top 10 Holdings as a % of Total Assets</b>		<b>58.1%</b>
<b>Total Assets</b>		<b>\$1,683M</b>

# ♪ *Friends in MLP Places* ♪

**Blame it all on my roots**

**I showed up in boots**

**And ruined this conference affair** [sorry Capital Link!]

**The first one to go**

**The least in the know**

**I was the last one they wanted up here**

# ♪ *Friends in MLP Places* ♪

**I see the surprise**

**And the fear in your eyes**

**As I take this guitar and play**

**I promise you**

**That by the time that I'm through**

**The index will be up on the day [AMZ]**



# ♪ *Friends in MLP Places* ♪

**Cause I've got friends in Capitol places** [I grew up next to DC!]

**Where they can't trim the debt, can't tie their shoelaces**

**But they drive every day** [even if it's a hybrid!]

**So hydrocarbons will be okay** [not investment advice]

**This year we've got some election races**

**Tax reform talk will give way to some ugly language** [not tax advice]

**Cause I've got friends in Capitol places**

# ♪ *Friends in MLP Places* ♪

**Verse two of this song**

**It's just as long**

**I hope that you're not getting bored**

**Later tonight**

**We'll all catch our flights** [MLPs transport jet fuel!]

**Then jump in some cabs made by Ford** [MLPs transport gasoline too!]

# ♪ *Friends in MLP Places* ♪

**Boy's on the football team** [he needs a ride!]

**Girl's got ballet dreams** [she needs a ride!]

**Don't forget runs to the grocery store**

**When the dealership rang**

**You traded for a Mustang**

**Cause you love the sound of the engine's roar**

# ♪ *Friends in MLP Places* ♪

**And I've got friends in MLP places**

**Where the dividend flows and the yield chases**

[distribution, if you want to be technical about it]

**Treasuries away**

**Unit prices will be okay** [not a guarantee of future performance]

**Yield spreads are wide on a historical basis**

**Even Cramer's a bull, doesn't that close the cases?**

**If so I've got friends in MLP places**

# Contact Us

[www.alerian.com](http://www.alerian.com)

[index@alerian.com](mailto:index@alerian.com) // 972.957.7700

1717 McKinney Avenue // Dallas, TX 75202