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In Pursuit of Value

October, 2015

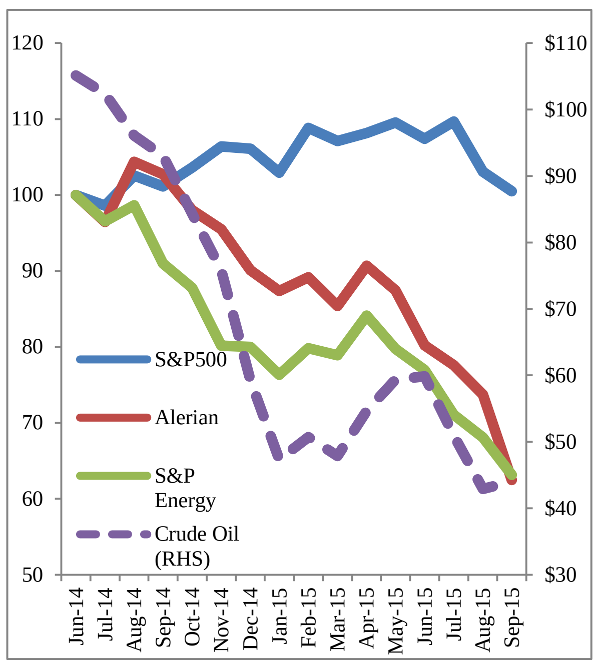
Quarterly Outlook

The third quarter saw the continued weakness in the Energy sector joined by the wider market. The S&P500 fell -6.4%. The Energy sector (as defined by the sector ETF, XLE) was down -18.0% and the Alerian Index, the benchmark for Master Limited Partnerships was -22.1%. Superlatives are in order; September was the worst month in the history of MLPs until a strong rally on the last day of the month but was still -15.3%. So far, 2015's -30.7% performance on the Alerian Index is alarmingly close to 2008's -36.9%. What is going on?

Fed policy remains accommodative. If news of tightening was to be brought by Godot, his friends would have long since left the area. If Janet Yellen was running the Fed at a different time, the bond vigilantes would be castigating her for a complete absence of the "inflation-fighting credentials" routinely required of her predecessors. While the Fed chair's job is "to take away the punchbowl just as the party gets going" you know that Ms Yellen would offer repeated unfulfilled warnings of such before finally doing so with an abject apology.

But inflation is clearly not today's problem, and so "dovish" is not a relevant epithet to toss in the direction of the FOMC. Fed projections continue to indicate that rates will rise slowly and won't need to be raised that far. As I noted in a recent blog (Bonds Are Dead Money), the steady fall in FOMC long term expectations of interest rates has accelerated quite dramatically over the past 18 months. All indications are that bond yields are unlikely to reach levels to justify a commercially driven investment anytime soon.

The S&P500 Finally Notices a Bear Market



U.S. GDP looks set to continue growing at 2.5% or so. The labor force is approaching full employment with the headline unemployment rate at 5.1%. One of the Fed's twin goals (maximizing employment consistent with stable prices) is close to being achieved.

S&P500 consensus earnings for 2016 are at $131 according to Factset, down by around 3.5% compared with six months earlier. Nonetheless, this still represents 10% expected earnings growth. Current valuations are a P/E of around 14.7X on 2016 EPS. Put another way, given the relative pricing of stocks and bonds, it remains the case that the after-tax return on $100 invested in ten year U.S. treasuries can be achieved with only $24 invested in equities[1]. The dividend growth of stocks and the modestly better tax treatment of their returns combine to create this outcome. So a ten year note can be replaced with a 24/76 barbell divided between stocks and cash. While stocks can fall, a 50% drop would reduce this barbell's value by close to 12.5%, about the same loss as would occur with a 1.5% jump in bond yields. These outcomes are not equally likely.

Of course holders of treasury securities are not concerned with an attractive return, as they are mostly central banks. Commercially driven bond investors are more likely to be considering investment grade corporate

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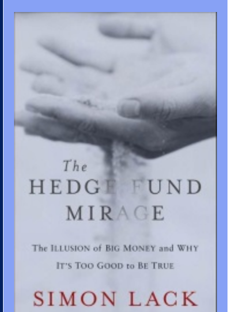

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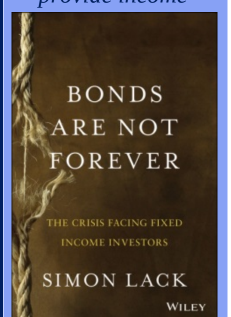
[1] The assumptions are: 2.16% dividend yield on S&P500; 2.15% yield on ten year treasury notes; 5% annual dividend growth on equities; current tax rates prevail for ten years; 0% return on cash portion for ten years; yield on S&P 500 in ten years is unchanged.

bonds. The Math is similar when comparing a 3.5% yielding corporate bond with the barbell above relying on the same assumptions, using a 40% equity allocation as opposed to 24%. Since investing is about relative choices, favoring stocks over bonds still looks to offer the best chance of achieving positive after-tax real returns for the long term investor.

Regular readers know we spend a good amount of our time researching investments in energy infrastructure. The Alerian Index doesn't cover the whole universe but a good portion of it. It finished 3Q15 down -30.7% for the year, challenging your writer to find ever more creative ways to say the same thing, which is that the sector is cheap. In fact, we think it's very cheap and if current trends persist we'll confront an inadequacy of adjectives with which to articulate this view.

The Alerian Index yields over 8.5%, and midstream MLPs where we focus continue to pay their distributions and generally forecast consistent growth. To acknowledge the bear case first, since it's clearly been the more profitable side: lower crude oil will moderate the need for some new energy infrastructure because of reduced U.S. oil production. Accordingly, MLPs with substantial crude oil businesses such as Plains All America (PAA) and large Natural Gas Liquids (NGLs) exposure like Oneok Partners (OKS) are now expected to see little or no distribution growth over the next couple of years. However, crude pipelines comprise only 8% of midstream pipelines with the majority focused on natural gas whose domestic supply and demand prospects remain bright. Year-on-year distribution growth rates through 3Q15 were 7-8%, demonstrating that the operating performance of the businesses tends to be substantially less dramatic than their stock price movements. Moreover, MLPs are structured like hedge funds and therefore MLP General Partners (where we invest) look like hedge fund managers, which as everyone knows is where most hedge fund profits wind up. The yield on our MLP Strategy, which is GP focused, is 6.6% and has grown distributions at 16.5% year-on-year. This is the best investment theme we know.

SL Advisors, LLC focuses on investment strategies that provide income



without relying on fixed income securities

At the risk of sounding presumptuous, the problem with MLPs isn't so much the underlying businesses but the behavior of the investors. A sector still largely supported by retail investors incorporates some dramatically inefficient behavior, and outflows from mutual funds, ETFs and the like have represented a significant source of selling. Data on fund flows shows steady liquidations for the first half of 2015 with a notable increase in July and August. September is sure to show even greater outflows. Moreover, many of the funds are poorly structured, the result of attempting to meet the desire of investors to access the sector while avoiding the K-1s that can complicate tax reporting. Consequently, $60BN of funds in various forms exist, more than 10% of the sector's market cap, and many of them deliver the alchemy of MLP exposure with a 1099 through the decidedly unmagical embrace of a corporate tax liability which eats up 35% of the returns.

I have written on this topic before (see The Sky High Expenses of MLP Funds) so I won't bore regular readers by repeating the detail. Suffice it to say however, that investors who willingly hold funds with expense ratios of over 9% (as with the MainStay Cushing MLP Premier Fund) are probably not the most discerning. The taxes paid by the fund (the primary source of the expense ratio) are deducted from the fund's NAV so as to not disturb the 8%+ yield.

Furthermore, while the taxes act as a drag on upside performance they similarly cushion downside results (since a falling market reduces the taxable gains). It's an odd sort of reduction in volatility, but an extended bear market such as we're currently experiencing can also lead to the decidedly unpleasant outcome whereby taxable gains are wiped out and the holder is now exposed to the full force of a market fall while still being constrained to only 65% of the upside. Such is the fate of many MLP funds, since the Alerian index has wiped out three years of returns and taken prices back to levels that preceded the launch of many of these vehicles.

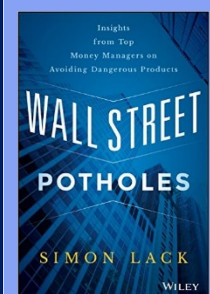
The owners of such investments are poorly advised and/or hasty in their research. Falling prices for the sector are most of the fundamental analysis they need, although the additional realization of the return asymmetry they face through the tax structure described may provide further impetus to sell.

We are therefore in a period of converting to better informed MLP investors, although I should note that at SL Advisors our investors have been without exception steadfast, and there are many cases of new clients as well as additions to existing accounts. I myself added to my MLP exposure on September 30th. The sector's valuation clearly deserves an overweight, but the process of upgrading the investor base is certainly no fun for those who understand what they own and plan to stick around. It's the best explanation we can offer for a market that is otherwise inexplicable.

To Our Clients

At SL Advisors it's important to us that your investments with us are aligned with your financial situation and objectives. If there have been any relevant changes from your perspective or any reasonable restrictions you wish to impose, please let us know and we'll be happy to discuss appropriate modifications. Of course, anytime you have any questions or concerns don't hesitate to contact us.

A book written by Wall Street insiders that reveals how unsuspecting individual investors are often steered towards high-fee investment products that deliver poor results.



Everyone who relies on others for financial advice should read this book so they can ask the tough questions that will help them achieve better investment results at less cost.

Performance Tables (Net of fees)

MLP Strategy							Since Inception 132%				Index 67%		
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	YTD
2008	-0.6	3.1	-0.7	2.0	4.2	-10.6	-1.9	0.7	-14.9	-1.0	-22.0	2.9	-35.5
Index	-0.6	-0.5	-6.3	7.3	1.0	-4.9	-1.7	1.7	-17.2	-0.1	-17.1	-3.7	-36.9
2009	15.5	-2.0	5.1	5.9	10.0	-1.0	10.2	0.2	1.1	2.3	6.3	5.1	75.0
Index	15.3	-4.2	0.7	11.0	9.3	-1.7	12.4	-3.2	4.8	2.9	6.4	6.6	76.4
2010	0.8	5.5	2.1	2.5	-4.4	5.2	5.9	-1.5	5.1	2.1	3.3	2.8	33.0
Index	0.6	4.6	2.9	3.4	-5.4	5.6	7.5	-2.5	6.1	5.4	1.9	1.7	35.9
2011	1.3	5.2	0.1	2.7	-4.2	1.9	-2.4	-0.2	-3.3	9.2	0.2	6.9	17.6
Index	3.0	3.5	-0.6	3.3	-5.0	1.1	-1.9	-1.1	-4.1	10.3	-0.2	5.8	13.9
2012	1.7	5.3	-3.6	0.9	-7.0	3.3	5.8	3.2	2.3	-0.8	0.3	-3.0	7.8
Index	1.9	4.2	-4.0	2.2	-7.5	3.3	5.1	1.6	2.0	0.5	-0.8	-3.1	4.8
2013	12.9	1.8	5.8	-0.5	-1.1	2.7	0.3	-0.3	1.4	2.4	4.1	3.5	37.3
Index	12.6	0.9	5.4	0.9	-2.0	3.1	-0.5	-2.5	2.3	2.7	0.9	1.6	27.6
2014	1.5	2.6	3.9	2.4	5.6	9.6	-4.0	7.5	-1.5	-4.0	0.4	-3.0	21.9
Index	0.6	-0.2	1.5	4.3	3.4	5.9	-3.5	8.2	-1.6	-4.6	-2.6	-5.6	4.8
2015	-3.0	5.8	-0.9	4.9	-2.5	-4.8	-4.9	-6.1	-17.4				-27.0
Index	-3.1	2.1	-4.2	6.2	-3.6	-8.3	-3.2	-5.0	-15.3				-30.7

Returns do not include cash balances prior to May 2010. The Index is the Alerian MLP Index, AMZX. Past performance is not indicative of future returns.

Hedged Dividend Capture Strategy ("DivCap")					Since Inception				25%	Index 5%		
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2011										0.3	0.3	3.6	4.3
Index										0.6	-0.2	0.2	0.6
2012	-3.5	-2.0	1.2	1.7	1.2	2.2	1.1	-1.3	0.5	0.8	0.6	-0.6	1.8
Index	0.4	-0.8	-1.2	-1.5	-0.4	-1.5	-0.1	-0.1	-0.3	0.2	0.5	0.1	-4.7
2013	2.9	3.5	4.1	0.9	-2.8	1.1	1.4	-3.0	-0.4	3.2	-0.7	-0.4	10.0
Index	0.4	0.2	0.0	0.5	0.2	-0.6	0.6	-1.6	-0.1	1.4	0.6	0.2	1.7
2014	-1.6	0.0	1.9	2.4	0.3	0.0	-2.2	3.1	0.2	0.9	1.2	0.3	6.7
Index	0.7	0.7	0.6	0.6	-1.8	0.4	0.2	0.9	0.3	1.0	-0.1	0.0	3.6
2015	-0.1	-0.1	2.8	-2.0	-1.1	-1.0	2.0	-1.2	1.2				0.4
Index	0.1	0.5	1.0	-1.5	-0.4	1.1	1.4	0.2	1.6				4.1

The Index is the HFRX Equity Market Neutral Index. Past performance is not indicative of future returns.

Energy Infrastructure Strategy							Since Inception		-11%	Index		-22%
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	YTD
2013								1.2	0.8	4.2	-0.3	6.2	12.5
Index								-0.5	2.3	2.7	0.9	1.6	5.3
2014	0.9	1.6	0.1	4.3	5.0	10.1	-2.6	6.7	-4.1	-2.2	-2.8	-1.1	16.1
Index	0.6	-0.2	1.5	4.3	3.4	5.9	-3.5	8.2	-1.6	-4.6	-2.6	-5.6	4.8
2015	-6.7	5.7	1.8	4.2	-5.3	-2.0	-6.8	-10.2	-15.4				-30.7
Index	-3.1	2.1	-4.2	6.2	-3.6	-8.3	-3.2	-5.0	-15.3				-30.1

The Index is the Alerian MLP Index, AMZX. August 2013 was a partial month. Past performance is not indicative of future returns

Performance Tables (Continued)

High Dividend Low Beta Strategy ("HighDiv")							Since Inception			42%	*Index*		*40%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2012								**0.2**	**1.9**	**0.0**	**1.0**	**-0.2**	**2.9**
Index								*-0.9*	*1.7*	*-0.1*	*-0.2*	*-0.5*	*0.0*
2013	**5.8**	**4.0**	**5.7**	**1.9**	**-2.0**	**0.2**	**4.1**	**-4.3**	**1.0**	**5.4**	**0.8**	**1.1**	**25.9**
Index	*5.0*	*2.7*	*4.9*	*3.8*	*-3.4*	*0.6*	*4.2*	*-4.8*	*2.0*	*4.6*	*1.2*	*1.1*	*23.6*
2014	**-3.5**	**2.7**	**2.0**	**2.8**	**1.4**	**0.9**	**-2.5**	**5.1**	**-0.8**	**2.2**	**2.5**	**-0.1**	**13.3**
Index	*-2.5*	*3.7*	*2.1*	*1.9*	*1.0*	*2.2*	*-3.8*	*3.8*	*-0.9*	*4.9*	*3.2*	*0.9*	*17.5*
2015	**-1.4**	**2.9**	**1.8**	**-1.2**	**-0.6**	**-2.2**	**2.7**	**-4.4**	**-1.1**				**-3.5**
Index	*-0.4*	*1.5*	*-0.3*	*-2.0*	*0.9*	*-1.8*	*4.3*	*-4.9*	*-0.4*				*-3.3*

The Index is the S&P 500 Low Volatility Index including dividends. Past performance is not indicative of future returns

Deep Value Strategy							Since Inception			108%	*Index*		*121%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2009								**1.1**	**11.3**	**0.5**	**3.5**	**9.9**	**28.8**
Index								*3.6*	*3.7*	*-1.9*	*6.0*	*1.9*	*14.0*
2010	**-1.2**	**4.0**	**4.1**	**3.1**	**-3.9**	**-4.4**	**5.1**	**7.3**	**7.9**	**2.1**	**0.1**	**2.8**	**29.5**
Index	*-3.6*	*3.1*	*6.0*	*1.6*	*-8.0*	*-5.2*	*7.0*	*-4.5*	*8.9*	*3.8*	*0.0*	*6.7*	*15.1*
2011	**0.3**	**2.3**	**2.0**	**2.5**	**-2.2**	**-2.8**	**0.5**	**-5.0**	**-9.0**	**12.1**	**-0.3**	**-0.4**	**-1.4**
Index	*2.4*	*3.4*	*0.0*	*3.0*	*-1.1*	*-1.7*	*-2.0*	*-5.4*	*-7.0*	*10.9*	*-0.2*	*1.0*	*2.1*
2012	**4.3**	**5.3**	**0.9**	**1.9**	**-8.7**	**3.9**	**0.7**	**3.6**	**3.3**	**-1.0**	**-2.5**	**1.1**	**12.7**
Index	*4.5*	*4.3*	*3.3*	*-0.6*	*-6.0*	*4.1*	*1.4*	*2.3*	*2.6*	*-1.8*	*0.6*	*0.9*	*16.0*
2013	**6.4**	**0.7**	**4.4**	**1.5**	**2.2**	**-1.5**	**4.2**	**-1.2**	**1.8**	**3.0**	**2.1**	**5.2**	**32.5**
Index	*5.2*	*1.4*	*3.8*	*1.9*	*2.3*	*-1.3*	*5.1*	*-2.9*	*3.1*	*4.6*	*3.0*	*2.5*	*32.3*
2014	**-4.8**	**5.3**	**0.3**	**2.2**	**1.4**	**4.7**	**-2.4**	**6.4**	**-5.5**	**-1.4**	**-0.6**	**-1.7**	**3.0**
Index	*-3.5*	*4.6*	*0.8*	*0.7*	*2.3*	*2.1*	*-1.4*	*4.0*	*-1.4*	*2.4*	*2.7*	*-0.3*	*13.7*
2015	**-6.1**	**9.1**	**1.2**	**0.6**	**-1.2**	**-2.6**	**-3.2**	**-4.8**	**-11.2**				**-17.8**
Index	*-3.0*	*5.7*	*-1.6*	*1.0*	*1.3*	*-1.9*	*2.1*	*-6.0*	*-2.5*				*-5.3*

Returns do not include cash balances prior to November 2009. The Index is the S&P 500 including dividends

Low Beta Long/Short Strategy ("LBLS")							Since Inception			106%	*Index*		*-5%*
	Jan	**Feb**	**Mar**	**April**	**May**	**June**	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**YTD**
2011			**-3.6**	**19.4**	**6.5**	**4.6**	**0.1**	**9.2**	**-1.0**	**6.8**	**2.0**	**1.6**	**53.6**
Index			*-0.9*	*0.5*	*-1.4*	*-1.6*	*-0.1*	*-3.5*	*-3.0*	*0.8*	*-0.9*	*-0.4*	*-10.0*
2012	**-4.9**	**-1.5**	**5.8**	**3.4**	**1.2**	**2.5**	**3.3**	**-2.1**	**0.0**	**3.1**	**0.3**	**-1.2**	**9.8**
Index	*1.7*	*1.4*	*0.0*	*0.1*	*-1.7*	*-0.3*	*0.5*	*0.5*	*0.4*	*-0.5*	*0.4*	*0.9*	*3.5*
2013	**7.9**	**6.6**	**6.6**	**3.3**	**-2.0**	**-0.6**	**3.9**	**-2.0**	**0.4**	**0.4**	**-2.7**	**2.1**	**25.7**
Index	*2.0*	*0.4*	*0.7*	*0.6*	*0.7*	*-1.3*	*1.0*	*-0.9*	*1.0*	*1.2*	*0.6*	*0.4*	*6.5*
2014	**-5.6**	**-0.5**	**1.3**	**2.9**	**-1.0**	**3.5**	**-0.7**	**5.2**	**-0.5**	**-0.9**	**2.3**	**1.5**	**7.4**
Index	*-0.1*	*1.6*	*-0.2*	*-0.7*	*0.5*	*0.9*	*-0.9*	*1.1*	*-0.8*	*-1.3*	*0.3*	*-0.8*	*-0.4*
2015	**-1.2**	**--0.8**	**2.1**	**-1.2**	**-2.9**	**-2.8**	**0.3**	**-0.4**	**-2.7**				**-9.4**
Index	*-0.3*	*2.0*	*0.3*	*0.2*	*0.3*	*-1.3*	*0.0*	*-2.2*	*-2.5*				*-3.5*

The Index is the HFRX Global Hedge Fund Index. Returns are net of fees. Past performance is not indicative of future returns.

SL Advisors runs a variety of strategies focused on generating attractive risk-adjusted returns using public equities in long-only and long-short format.
Contact us for more information, or go to our website: www.sl-advisors.com

SL Advisors offers separately managed accounts for individuals, family offices and institutions across various investment strategies. Client assets are held with Charles Schwab, the largest provider of custody services for independent registered investment advisors in the U.S. with client assets of $1.1 trillion (as of December 31, 2014). Client portfolios are completely transparent via Schwab's extensive website which provides real-time access to accounts and all supporting information. Detailed monthly statements are mailed directly to clients from Schwab.

SL Advisors MLP Strategy

This portfolio consists of approximately 15 investments in Master Limited Partnerships (MLPs) and publicly traded companies in energy infrastructure and related assets to receive a healthy and growing tax deferred income stream. MLPs are publicly traded interests primarily invested in energy infrastructure and related assets. They represent direct proportional ownership stakes in the underlying assets rather than securities in a corporation. Historically they have paid regular distributions which have steadily grown, and as such they can be suitable for investors seeking income generating investments with a tolerance for equity market exposure.

SL Energy Infrastructure Strategy

This strategy seeks to achieve its investment objective by primarily investing in the equity securities of the general partners of master limited partnerships ("MLPs") and the parent companies of general partners of MLPs (collectively, "GPs"). It holds some of the same names that are in the MLP Strategy but only invests in securities that generate 1099s for tax-reporting. As such, it may be appropriate for tax-deferred, tax-exempt and non-U.S. investors.

SL Advisors Hedged Dividend Capture Strategy

An alternative to bonds, this strategy utilizes stocks of stable companies with high dividend yields to generate income with capital appreciation by investing in a diverse, unleveraged, hedged portfolio of U.S. equities. Companies are selected that possess a history of steady earnings growth, attractive dividend yields and are less volatile than the overall market. The long positions are hedged with a short S&P500 position with the objective of making the portfolio beta neutral while still maintaining a net long equity exposure. Historically this strategy has exhibited monthly swings comparable to corporate bonds, and given the relative attractiveness of equities compared with investment grade bonds we believe it has a more attractive return outlook. This strategy may be considered as a substitute for a portion of an investor's fixed income allocation.

SL Advisors High Dividend Low Beta Strategy

This is the long-only version of our Hedged Dividend Capture Strategy (Long/Short), which has been actively managed and deployed since October 2011. Academic research has shown the Capital Asset Pricing Model (CAPM) fails to explain risk-adjusted returns. Over long periods of time, high beta stocks tend to under-perform and low beta stocks tend to out-perform, on a risk-adjusted basis, which is inconsistent with predicted performance by the CAPM. This strategy attempts to take advantage of this persistent anomaly.

SL Advisors Deep Value Equity Strategy

A portfolio of undervalued stocks of high quality businesses that aims to outperform the S&P500. Investments are in listed U.S. equities trading significantly below the intrinsic value of the underlying enterprise. Potential investments are identified both qualitatively and quantitatively following which detailed research is performed to assess fundamental value. Desired characteristics of businesses include pricing power, low leverage, low costs of production, and attractive valuation. Valuation is defined to us foremost as the net present value of cash one can extract from proportional ownership of the business, then relatively using peer multiples and finally liquidation value. The portfolio is reassessed constantly and all holdings are rated for return potential and risk against their peer group to rebalance into what we believe are the most attractive opportunities. This strategy is part of the equity allocation for balanced accounts for individuals, and is also appropriate as an alpha seeking equity strategy for institutional accounts.

SL Advisors Low Beta Long-Short Strategy

Low Beta Long-Short is more concentrated than Hedged Dividend Capture ("DivCap") with added leverage and is not restricted to dividend paying stocks. It includes our best ideas from DivCap weighted according to conviction rather than diversified, equal weight allocations. It is managed to be beta neutral and returns are driven very largely by individual stock selection. Interactive Brokers is custodian for assets in this strategy only.

Wall Street Potholes: Insights from Top Money Managers on Avoiding Dangerous Products
is available for pre-order at Amazon.com.

Our blog, ***In Pursuit of Value***, is at: http://www.sl-advisors.com/blog/

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DISCLOSURES

MLP Strategy

Returns for the MLP Strategy reflect the performance of the composite of all discretionary accounts invested in this strategy. The returns shown reflect the deduction of an annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the Alerian MLP index is shown for comparison purposes only. The Alerian MLP is a float-adjusted, capitalization-weighted index, which tracks 50 large- and mid-cap energy Master Limited Partnerships (MLPs), capturing 75% of available market capitalization. This index tracks securities which most closely correlate to the securities in which the MLP strategy invests. You cannot invest directly in an index. Past performance is no guarantee of future results.

Energy Infrastructure Strategy

The Energy Infrastructure Strategy seeks to invest in the General Partners (GPs) of Master Limited Partnerships (MLPs) and other energy infrastructure businesses solely through C-corps rather than partnerships. Consequently, the tax reporting consists of 1099s rather than the K-1s common with MLPs. Returns for the Energy Infrastructure Strategy reflect the performance of a composite comprised of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of an annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the Alerian MLP Index is shown for comparison purposes only. The Alerian MLP Index is a float-adjusted, market-capitalization weighted index of publicly traded MLPs. This index best reflects the universe of stocks from which the Energy Infrastructure Strategy seeks to invest. You cannot invest directly in an index. Past performance is no guarantee of future results.

Hedged Dividend Capture Strategy (“DivCap”)

Returns for the Hedged Dividend Capture Strategy reflects the performance of the composite of all discretionary accounts invested in this strategy. The returns shown reflect the deduction of an annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. As stated above, part of the objective of the Hedged Dividend Capture Strategy is to outperform the HFRX EM Neutral Index. The performance of the HFRX EM Neutral Index and the DJ Corporate Bond Index are shown for comparison purposes only. The HFRX EM Neutral Index consists of hedge funds that employ quantitative techniques to construct portfolios which are intended to be uncorrelated with equity markets. The DJ Corporate Bond Index is an equally weighted index of investment-grade corporate bonds. HFRX EM Neutral Index is presented as it is a reasonable comparison for DivCap which seeks to generate returns while remaining uncorrelated with equities. Thie DJ Corporate Bond Index is presented as the manager believes DivCap can be an acceptable substitute for corporate bonds given its income generating objective. index You cannot invest directly in an index. Past performance is no guarantee of future results.

High Dividend Low Beta Strategy (“HighDiv”)

The objective of this strategy is to: (1) generate equity market returns over full market cycle with lower volatility (2) outperform S&P500 during periods of significant stock market underperformance (3) generate higher dividend income than the S&P500. Returns for the High Dividend Low Beta Strategy reflect the performance of a composite comprised of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of a 1% annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the S&P 500 Low Volatility index is shown for comparison purposes only. The S&P 500 Low Volatility index measures performance of the 100 least volatile stocks in the S&P500. The index benchmarks low volatility or low variance strategies for the U.S Stocks market. This index tracks securities which most closely correlate to the securities in which the High Dividend Low Beta strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

Deep Value Strategy

The objective of this strategy is to outperform the S&P500 Index with a similar level of volatility by investing in a portfolio of undervalued publically traded securities. Returns for the Deep Value Strategy reflect the performance of a composite comprised of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of a 1% annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the S&P 500 index is shown for comparison purposes only. The S&P 500 index is comprised of stocks of large U.S companies and is widely recognized as a benchmark of U.S. stock market performance. This index tracks securities which most closely correlate to the securities in which the Deep Value strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

Low Beta Long/Short Strategy (“LBLS”)

The objective of this strategy is to deliver absolute returns that are uncorrelated to traditional asset classes. It aims to generate capital appreciation while remaining Beta neutral by maintaining a net long position in low beta equities hedged with the S&P500 (using SPY) to deliver uncorrelated returns. It deploys gross leverage of typically < 2:1 and targets volatility similar to the S&P500. Returns for the Low Beta Long/Short Strategy reflect the performance of a composite comprised of all fee-paying discretionary accounts invested in this strategy. The returns shown reflect the deduction of a 1% annual advisory fee, as well as other charges incurred by the accounts, including brokerage and custodian fees. The returns shown also include reinvestment of dividends and other earnings. The performance of the HFRX Global Hedge Fund Index is shown for comparison purposes only. The HFRX Global Hedge Fund Index is designed to be representative of the overall composition of the hedge fund universe. It is comprised of all eligible hedge fund strategies. The Strategies are asset weighted based on the distribution of assets in the hedge fund industry. HFRX Global Hedge Fund Index is presented as it is a reasonable comparison for LBLS which seeks to generate absolute returns while remaining uncorrelated with equities. You cannot invest directly in an index. Past performance is no guarantee of future results.