*Published by SL Advisors, LLC*

# In Pursuit of Value

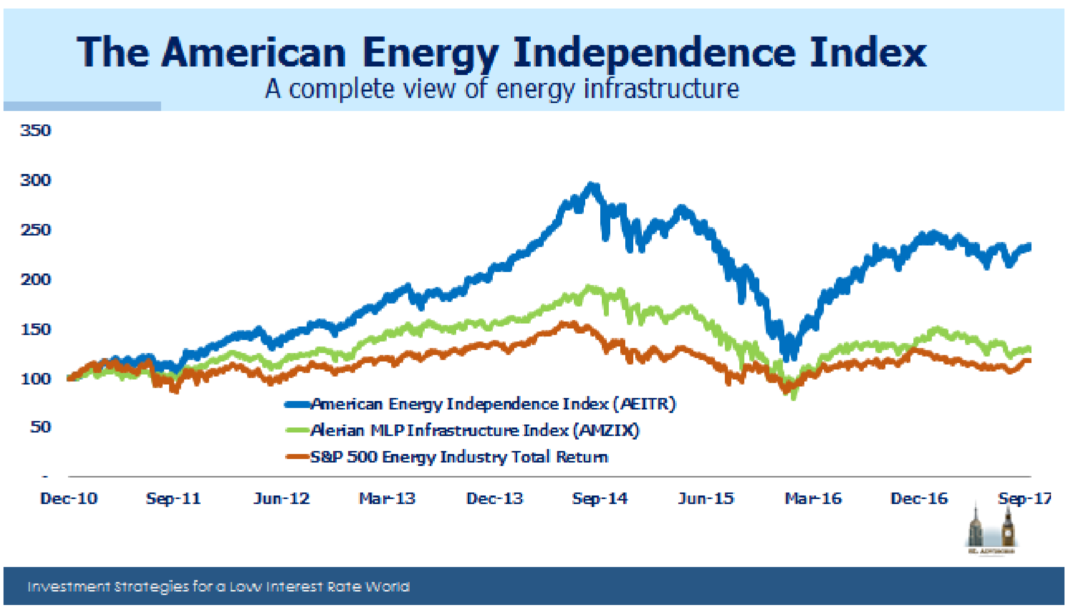
November, 2017

AMERICAN ENERGY INDEPENDENCE

**The American Energy Independence Index**

The U.S. energy sector has undergone dramatic changes over the past five years. Hydraulic fracturing ("fracking") and horizontal drilling have roiled global energy markets. America has shifted from planning to import Liquefied Natural Gas (LNG) to exporting it, with LNG exports expected to more than quadruple over the next three years. Cheap domestic methane has made natural gas the biggest single source of electricity in the U.S., in the process supplanting coal and unexpectedly helping reduce $CO_2$ emissions. Increasing production of Natural Gas Liquids (NGLs) such as ethane are behind close to $200BN of investments in new petrochemical facilities. Propane exports are up five-fold in five years.

In late 2016 OPEC was forced to abandon its strategy of trying to bankrupt U.S. shale oil producers with low prices, because production fell less than needed and many OPEC countries faced gaping budget holes with little to show for it (see OPEC Blinks). Almost 40% of the world's oil producing nations had tried and failed to kill off the Shale Revolution. American free enterprise triumphed.



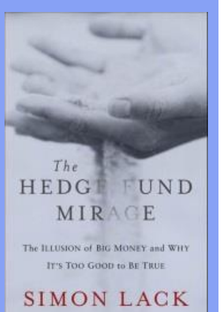

The dramatic increase in hydrocarbon production represents one of the greatest examples in recent years of the power of American private sector capitalism. Technological ingenuity and constantly improving productivity allowed costs of production to keep falling. The world's biggest capital markets provided funding to support a culture of entrepreneurialism and new business formation. Highly developed energy infrastructure networks and a skilled energy labor force were already in place, and other natural resources such as water were conveniently available. Lastly, privately owned mineral rights, a global rarity, allowed individual landowners to profit from the Shale Revolution by signing drilling leases with energy companies. In short, the Shale Revolution leveraged all that's great about America's form of capitalism (see America Is Great!).

The changes have been so dramatic that they're leading us to American Energy Independence. Among the many changes are the positioning of the energy infrastructure business. For years, pipelines were synonymous with reliably stable cashflows that grew modestly and required minimal reinvestment. An entire class of investment, Master Limited Partnerships (MLPs), evolved to provide tax-advantaged exposure for those willing to handle K-1s at tax time rather than 1099s. Over $50BN was raised for deeply flawed mutual funds and ETFs that provide 1099-type MLP exposure while incurring a heavy additional tax burden (see Some MLP Investors Get Taxed Twice).

Energy infrastructure is key to American Energy Independence. Steadily increasing volumes of hydrocarbons are leading to increased investment in infrastructure. Traditional sources of crude oil, such as the Permian in West Texas, are producing more than ever even after almost a century of output. More recent discoveries such as the Marcellus Shale in Pennsylvania are producing substantial volumes of natural gas where little production existed a decade ago. Although the "toll-model" of pipelines, storage assets and processing facilities still thrives, the long-term growth opportunities in infrastructure are attracting investors willing to reinvest cashflows back into accretive projects.

As a result, energy infrastructure businesses are evolving beyond MLPs, as their need for capital has not always aligned with traditional, yield-oriented MLP investors. Simplification, in which an MLP and its General Partner merge into a single corporate entity, has broadened the investor base. MLPs are nowadays an important but shrinking portion of the opportunity set.

The secular theme of American Energy Independence reaches beyond MLPs, and this is why we're launching the American Energy Independence Index. It's designed to incorporate those infrastructure businesses that are critical to supporting our growing energy needs. It includes both MLPs and corporations; some large Canadian companies as well as American ones, since infrastructure is highly integrated between the U.S. and Canada. In fact, the market capitalization of the corporations in the index is $300BN, approximately the same as the Alerian MLP Index. Those investors who seek energy infrastructure exposure via MLPs are limiting themselves to a steadily shrinking subset of the relevant companies. Energy infrastructure today is about growth, and many large businesses have adopted a traditional corporate structure so as to attract global investors, rather than simply those wealthy Americans who will accept the complexity of K-1 tax reporting.




Moreover, investing in MLPs via mutual funds or ETFs usually comes with the substantial tax drag noted above (see Are You in the Wrong MLP Fund?).

The American Energy Independence Index is designed to track the companies of our energy future. The Shale Revolution is bringing the U.S. closer to energy independence. Increasing volumes of hydrocarbons need to be gathered, processed, transported and stored, all of which requires additional infrastructure.

Today the index is almost fully infrastructure supporting oil, natural gas, refined products and NGL, because those reflect our energy mix and offer reliable cashflows. Hydrocarbons will remain the dominant source of our energy for the foreseeable future, and the index consists of energy infrastructure offering consistent economic returns over the long term. This excludes coal, since it moves by rail and ship where barriers to entry are lower, and so it is not included in the index. Although the transportation and storage of renewable energy isn't a business today, as these technologies mature and their infrastructure begins supporting similarly stable cashflows, their place in the index will grow. The American Energy Independence Index is designed to evolve with America's changing energy needs. It is biased towards energy infrastructure that provides reliable cashflows growing over the long term.

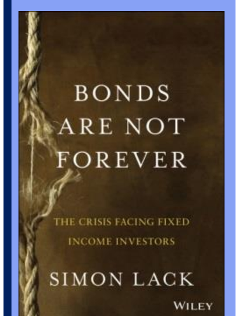
Since 2010 the American Energy Independence Index has reflected the performance of the broader energy infrastructure sector. It has moved with the Alerian Infrastructure Index but has performed better because it's not limited to MLPs. It better reflects the future of financing infrastructure, which still uses the MLP vehicle but relies on it less than in the past. Almost all the ETFs and mutual funds in the sector focus too narrowly on MLPs, instead of covering the entire universe of energy infrastructure opportunities.

In a few weeks we will be making available an opportunity to invest in the index. We think it represents a superior way to participate in our energy future, as America heads towards Energy Independence.

# Performance Tables

## Midstream Energy Infrastructure

## (General Partner Focused)




| MLP Strategy (K-1s) | | | | | | | Since Inception 141% | | | | *Index* | *74%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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** | **6.1** | **-8.2** | **-14.3** | **-39.0** |
| *Index* | *-3.1* | *2.1* | *-4.2* | *6.2* | *-3.6* | *-8.3* | *-3.2* | *-5.0* | *-15.3* | *9.7* | *-8.1* | *-3.6* | *-32.6* |
| **2016** | **-11.9** | **1.0** | **8.5** | **14.8** | **4.5** | **4.8** | **1.0** | **3.5** | **5.6** | **-6.8** | **7.4** | **5.1** | **40.8** |
| *Index* | *-11.1* | *-0.5* | *8.3* | *11.0* | *2.5* | *5.1* | *0.6* | *-1.3* | *1.9* | *-4.5* | *2.3* | *4.4* | *18.3* |
| **2017** | **0.7** | **0.2** | **0.9** | **-2.9** | **-5.7** | **1.2** | **0.8** | **-3.4** | **2.1** | **-5.7** | | | **-11.7** |
| *Index* | *4.9* | *0.4* | *-1.3* | *-1.3* | *-4.5* | *-0.6* | *1.3* | *-4.9* | *0.7* | *-4.1* | | | *-9.5* |

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.

| Energy Infrastructure Strategy (1099s) | | | | | | | Since Inception | | -7% | | *Index* | *-19%* |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **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** | **-15.5** | **5.4** | **-12.8** | **-18.3** | **-48.3** |
| *Index* | *-3.1* | *2.1* | *-4.2* | *6.2* | *-3.6* | *-8.3* | *-3.2* | *-5.0* | *-15.3* | *9.7* | *-8.1* | *-3.6* | *-32.6* |
| **2016** | **-4.5** | **-0.7** | **10.8** | **12.2** | **5.7** | **6.9** | **0.1** | **6.1** | **10.6** | **-5.4** | **6.2** | **2.1** | **60.5** |
| *Index* | *-11.1* | *-0.5* | *8.3* | *11.0* | *2.5* | *5.1* | *0.6* | *-1.3* | *1.9* | *-4.5* | *2.3* | *4.4* | *18.3* |
| **2017** | **-1.6** | **-1.0** | **0.8** | **-3.2** | **-6.7** | **1.9** | **3.7** | **-4.3** | **2.8** | **-6.1** | | | **-13.5** |
| *Index* | *4.9* | *0.4* | *-1.3* | *-1.3* | *-4.5* | *-0.6* | *1.3* | *-4.9* | *0.7* | *-4.1* | | | *-9.5* |

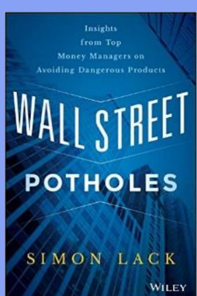
The Index is the Alerian MLP Index, AMZX. August 2013 was a partial month. Past performance is not indicative of future returns

## Performance Tables (Continued)

## Low Volatility Strategies

| Low Vol Long Only | | | | | | | Since Inception | | 83% | Index | | 91% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **-1.0** | **6.0** | **-2.1** | **-0.4** | **-0.2** |
| *Index* | *-0.4* | *1.5* | *-0.3* | *-2.0* | *0.9* | *-1.8* | *4.3* | *-4.9* | *-0.4* | *6.8* | *1.1* | *-0.1* | *4.3* |
| **2016** | **1.5** | **1.6** | **5.4** | **0.1** | **2.4** | **7.5** | **-0.7** | **-2.0** | **0.5** | **-2.4** | **1.4** | **2.7** | **19.1** |
| *Index* | *-1.7* | *1.0* | *6.0* | *-0.7* | *1.7* | *5.7* | *0.3* | *-1.9* | *-1.0* | *-2.2* | *0.5* | *2.6* | *10.4* |
| **2017** | **0.8** | **3.7** | **0.5** | **-0.5** | **0.9** | **-0.5** | **2.2** | **-1.6** | **0.5** | **-0.6** | | | **5.3** |
| *Index* | *0.7* | *4.5* | *-0.1* | *1.1* | *2.7* | *-0.3* | *1.4* | *0.9* | *0.8* | *1.9* | | | *14.3* |

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




| Low Vol Hedged | | | | | | Since Inception | | | 34% | Index 4% | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **1.0** | **1.6** | **-1.9** | **1.5** | **1.3** |
| *Index* | *0.1* | *0.5* | *1.0* | *-1.5* | *-0.4* | *1.1* | *1.4* | *0.2* | *2.0* | *1.1* | *-0.5* | *0.3* | *5.5* |
| **2016** | **3.6** | **1.4** | **2.2** | **-0.6** | **1.2** | **7.5** | **-2.7** | **-2.5** | **-0.1** | **-1.4** | **-0.9** | **2.3** | **9.9** |
| *Index* | *-0.2* | *-1.5* | *-0.8* | *-1.9* | *0.4* | *-1.0* | *1.2* | *-0.4* | *0.4* | *-0.1* | *0.0* | *-1.1* | *-5.1* |
| **2017** | **-0.4** | **2.3** | **0.5** | **-1.0** | **0.1** | **-1.0** | **0.7** | **-1.9** | **-0.6** | **-1.8** | | | **-3.5** |
| *Index* | *0.7* | *0.0* | *0.7* | *0.1* | *-1.5* | *0.6* | *0.5* | *0.9* | *0.6* | *-0.4* | | | *2.4* |

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

| Low Vol Best Ideas | | | | | | | Since Inception | | 97% | Index | | 2% |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 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** | **0.0** | **2.1** | **-1.2** | **-2.9** | **-2.8** | **0.3** | **-0.4** | **-2.7** | **-3.4** | **-6.6** | **-0.2** | **-17.7** |
| *Index* | *-0.3* | *2.0* | *0.3* | *0.2* | *0.3* | *-1.3* | *0.0* | *-2.2* | *-2.1* | *1.5* | *-0.7* | *-1.3* | *-3.6* |
| **2016** | **2.1** | **3.5** | **2.9** | **1.2** | **2.1** | **7.4** | **-1.5** | **-0.1** | **-3.2** | **0.4** | **-1.5** | **2.6** | **16.5** |
| *Index* | *-2.8* | *-0.3* | *1.8* | *-0.1* | *0.5* | *0.2* | *1.5* | *0.2* | *0.6* | *-0.6* | *0.9* | *0.9* | *2.5* |
| **2017** | **0.4** | **1.7** | **-1.1** | **-1.7** | **1.0** | **-2.6** | **-0.7** | **-3.4** | **-0.9** | **-2.9** | | | **-9.9** |
| *Index* | *0.5* | *1.2* | *0.0* | *0.4* | *0.2* | *0.2* | *0.9* | *0.3* | *0.5* | *0.4* | | | *4.9* |

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

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 Low Vol Long Only Strategy**
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. 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 Low Vol Hedged Strategy**
An alternative to bonds, this strategy combines the Low Vol Long Only Strategy 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 Low Vol Best Ideas Strategy**
Low Beta Long-Short is more concentrated than Low Vol Hedged with added leverage and is not restricted to dividend paying stocks. It includes our best ideas from Low Vol 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.

***The Hedge Fund Mirage; The Illusion of Big Money and Why It's Too Good To Be True***

***Bonds Are Not Forever; The Crisis Facing Fixed Income Investors***

***and***

***Wall Street Potholes: Insights from Top Money Managers on Avoiding Dangerous Products***

**are all available at [Amazon.com](Amazon.com).**

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

Follow us on **Twitter** @SimonLack


*Contact info:*

*SL Advisors, LLC*
*210 Elmer Street*
*Westfield, NJ 07090-2128*
*908-232-0830*
*sl@sl-advisors.com*
*www.sl-advisors.com*

## 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.

**Low Vol Long Only Strategy**

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 Low Vol Long Only 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 Low Vol Long Only strategy invests. Past performance is no guarantee of future results. You cannot invest directly in an index.

**Low Vol Hedged Strategy**

Returns for the Low Vol Hedged 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 Low Vol Hedged 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 Low Vol Hedged which seeks to generate returns while remaining uncorrelated with equities. The DJ Corporate Bond Index is presented as the manager believes Low Vol Hedged 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.

**Low Vol Best Ideas**

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 Vol Best Ideas 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 Low Vol Best Ideas 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.