MAINGATE MLP FUND

# MLP UPDATE

October 8, 2019

THIRD QUARTER 2019

## The recent attack on Saudi oil assets appears to be a ‘game changer’. Oil has long traded without a meaningful risk premium; why doesn’t it now? U.S. producers and Midstream Energy companies should benefit from this likely more certain and growing U.S. volumes.

The recent attack on Saudi oil assets was a strong reminder to oil producers and markets of the risks that exist to the global oil supply when, as sources suggest, there is so little excess oil producing capacity in the world (less than 5%) and it is concentrated in a few countries, mostly in the Middle East. We believe that there are important takeaways as a result of the attack:

1. Oil markets will likely remain adequately supplied in the absence of further attacks or escalation of hostilities to other countries, as Saudi Arabia and other countries use their inventories and strategic reserves to meet current demand. On September 25th, Saudi Aramco[1] announced that output had been fully restored; however, this involved several engineering workarounds with their capacity to utilize their reserves, and large portions of the damaged facilities remain offline until at least later this year.
2. The regional rhetoric between Saudi Arabia, Iran and the Houthi rebels in Yemen, and the continued strong sanctions on Iran by the United States leave us believing that risks to supply in the region are enhanced.
3. Previously, there was little-to-no risk premium in the oil price for potential supply loss despite the seemingly obvious risks and the very limited excess producing capacity in the world to match demand. While oil was immediately bid higher following the attack, the price is now below where it was prior to September 14th due largely to a combination of the Saudis’ output restoration comments and increased fears of a global economic slowdown. We are skeptical that there will be a quick return to the *status quo* production level that existed previously, and we also believe it is unlikely that the level of tension between Iran and Saudi Arabia will reduce in the near term, yet seemingly no meaningful risk premium exists. Maybe a premium won’t return, but it should and U.S. hydrocarbons should be viewed more favorably on the global stage.

(1) Saudi Aramco, officially the Saudi Arabian Oil Company, is a Saudi Arabian national petroleum and natural gas company based in Dhahran, Saudi Arabia.

### FUND PERFORMANCE

**A Shares – AMLPX (as of 9/30/19)**

| | | |
|---|---|---|
| **NAV per Share** | | $6.56 |
| **POP per Share** | | $6.96 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -6.35% | -11.77% |
| **Calendar YTD** | 10.12% | 3.76% |
| **1 Year** | -12.96% | -17.96% |
| **3 Year** | -6.53% | -8.35% |
| **5 Year** | -8.16% | -9.24% |
| **Since Inception (2/17/11)** | 1.24% | 0.55% |

**C Shares – MLCPX (as of 9/30/19)**

| | | |
|---|---|---|
| **NAV/POP per Share** | | $6.32 |
| **Returns:** | **Without Load** | **With Load** |
| **3 Month** | -6.58% | -7.49% |
| **Calendar YTD** | 9.41% | 8.41% |
| **1 Year** | -13.71% | -14.50% |
| **3 Year** | -7.25% | -7.25% |
| **5 Year** | -8.85% | -8.85% |
| **Since Inception (3/31/14)** | -6.14% | -6.14% |

**I Shares – IMLPX (as of 9/30/19)**

| | |
|---|---|
| **NAV per Share** | $6.76 |
| **Returns:** | |
| **3 Month** | -6.31% |
| **Calendar YTD** | 10.32% |
| **1 Year** | -12.75% |
| **3 Year** | -6.31% |
| **5 Year** | -7.93% |
| **Since Inception (2/17/11)** | 1.50% |

*Gross Expense Ratio A Shares = 1.66% | Net Expense Ratio = 1.66%*
*Gross Expense Ratio C Shares = 2.41% | Net Expense Ratio = 2.41%*
*Gross Expense Ratio I Shares = 1.41% | Net Expense Ratio = 1.41%*

*The Fund’s adviser has contractually agreed to cap the Fund’s total annual operating expenses (excluding brokerage fees and commissions; borrowing costs; taxes, such as Deferred Income Tax Expense; Class A 12b-1 fees; and extraordinary expenses) at 1.50% through March 31, 2020. Deferred income tax expense/(benefit) represents an estimate of the Fund’s potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) depends upon the Fund’s net investment income/(loss) and realized and unrealized gains/(losses) on its portfolio, which may vary greatly on a daily, monthly and annual basis depending on the nature of the Fund’s investments and their performance. An estimate of deferred income tax expenses/(benefit) cannot be reliably predicted from year to year. Net expense ratios represent the percentages paid by investors and reflect a 0.00% Deferred Income Tax Expense which represents the performance impact of accrued deferred tax liabilities across the Fund, not individual share classes, for the fiscal year ended November 30, 2018 (the Fund did not have a current tax expense or benefit due to a valuation allowance).*

*The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain performance data current to the most recent month-end please call 855.MLP.FUND (855.657.3863). Performance data shown for Class A shares with load reflects the maximum sales charge of 5.75%. Performance data shown for Class C shares with load reflects the maximum deferred sales charge of 1.00%. Performance data shown for Class I shares does not reflect the deduction of a sales load or fee. Performance data shown “Without Load” does not reflect the deduction of the sales load or fee. If reflected, the load or fee would reduce the performance quoted.*

4. We believe the implications for U.S. producers are favorable. Oil, natural gas and Natural Gas Liquids (NGL) prices briefly strengthened after the attack, and many producers, based on available market sources, have increased their hedging to lock in these higher prices, even as they appear to be continuing their recent conservative operating practices. There is no sign of a rush to drill more to capture the higher prices based on rig count data, which continue to move down in weekly reported numbers.
5. We believe the implications for Midstream companies are favorable, too. A number of major new oil, natural gas, and NGL pipelines are soon to be completed primarily from the Permian Basin[2] These will connect to new and expanded export facilities along the U.S. Gulf Coast, which should allow the U.S. to even more reliably serve global demand. The world is awaiting these incremental millions of barrels of oil and NGLs, and many Bcf/d[3] of natural gas to meet future years' demand growth. Companies including Enterprise Products Partners LP (EPD, $27.94), Plains All American Pipeline LP (PAA, $19.81), Kinder Morgan Inc. (KMI, $20.30), Targa Resources Corp. (TRGP, $39.43) and Phillips 66 Partners LP (PSXP, $55.31), to name a few, all stand to soon potentially benefit from major and well-contracted pipeline and related projects that the world needs in order to balance energy markets. These projects, and many others from other basins linking to downstream and export projects, fill out a very impressive slate of attractive return projects from the U.S. Equally as important, virtually all of these companies are well-prepared as the continued transition to Midstream 2.0 has provided excess cash flow[4] to fund the equity component of many of these investments.

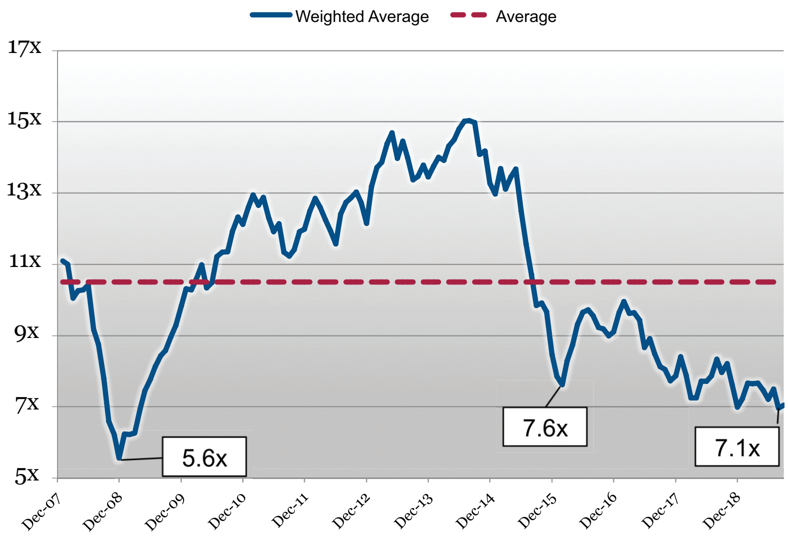
## It should be all about fundamentals and valuation[5] and we think Midstream Energy has both in spades.

At the risk of sounding like a broken record from past Investor Letters (for those of you who are old enough to remember what a broken or scratched record sounds like), we will reiterate some of the current attractive valuation metrics of Midstream Energy companies and the major disconnect between fundamentals and valuation.

- The Alerian MLP Total Return Index (AMZX)[6], as of September 30, 2019 yields[7] 8.7%, and has an impressive 1.5x coverage ratio of the dividends/distributions[8] providing sufficient hedging to current payouts while also funding the equity portions of attractive, high-returning growth projects for the preponderance of companies. Certain companies have instituted or are talking about instituting unit or share buyback programs.
- The two-year distributable cash flow[9] per unit (DCF/u) growth rate in 2019 and 2020 of the AMZX is 5.2%, based on consensus numbers. If price-to-DCF[10] valuation remains unchanged at current, depressed levels, total return potential could be 13.7% assuming the principal grows at the rate of cash flow growth plus a full year of distributions are received.
- Valuation metrics remain attractive, with current price-to-DCF/u for the AMZX at 7.1x, offering 48% potential appreciation to the 10.5x long-term average since 2008. Enterprise Value-to-Earnings Before Interest Depreciation Amortization (EV/EBITDA[11]) sits at 9.8x, a 21.8% discount to the ten-year historic level of 12.5x[12]. See the valuation chart on next page.

(2) Permian Basin: A sedimentary basin largely contained in the western part of the U.S. state of Texas and the southeastern part of the U.S. state of New Mexico. (3) Bcf/d: Abbreviation for billion cubic feet per day, a unit of measurement for large production rates of natural gas. (4) Cash Flow: A measurement of the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax incom. (5) Valuation: The process of determining the current worth of an asset or a company. (6) Alerian MLP Index: A capitalization-weighted index of the 50 most prominent energy Master Limited Partnerships. Visit http://www.alerian.com/indices/amz-index for more information, including performance. You cannot invest directly in an index. (7) Yield: Refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value. (8) Distribution Coverage Ratio: An MLP's distributable cash flow divided by the total amount of distributions it paid out. (9) Distributable Cash Flow: Measured as earnings before interest, taxes, depreciation and amortization (EBITDA) available to pay unitholders after reserving for maintenance capital expenditures and payment of interest expense. (10) Price to Distributable Cash Flow (P/DCF): Market cap of the MLP divided by a full year of distributable cash flow, which is measured as earnings before interest, taxes, depreciation and amortization (EBITDA) available to pay unitholders after reserving for maintenance capital expenditures and payment of interest expense. (11) Enterprise Value to EBITDA (EV/EBITDA): A measurement of value, calculated as a company's market value, divided by its Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). (12) Wells Fargo Securities, "Midstream Monthly October 2019", 10/4/19October 2019", 10/4/19.

## Alerian Weighted P/DCF



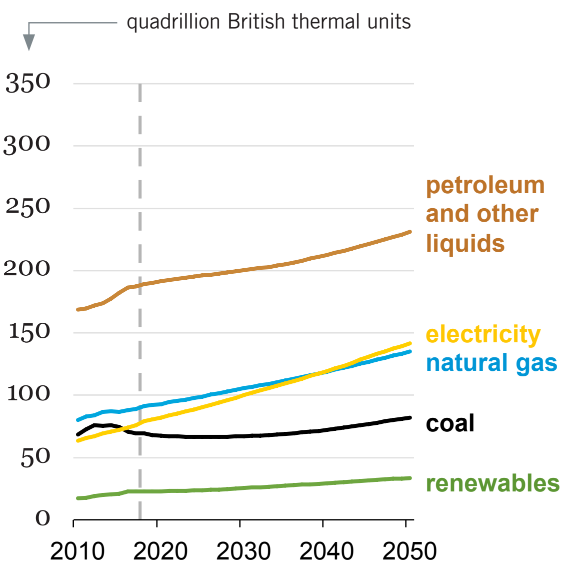

Average = 10.5x | Current = 7.1x | Minimum = 5.6x

Bloomberg, Chickasaw

### However, we believe the climate debate has distracted many investors from the facts and created a major opportunity for investors.

We believe there are climate and pollution issues needing to be addressed, and support efforts to be energy efficient, to reduce pollution and waste, and to find new forms of energy to help meet projected increases in consumption due to a rise in global living standards. We also strongly believe that we are being intellectually honest and accurate in refuting an increasingly mainstream position that asserts hydrocarbons will soon be moving into their twilight. Our opinion is many of the loudest voices embrace narrow viewpoints and do not attempt to comprehend the global picture. To us, this has created an incredible opportunity, albeit with an increasingly uphill battle in sentiment, for investors who can see long term. We have seen no credible forecasts to support this hydrocarbon extinction view. In fact, in conjunction with the 2019 UN Climate Change Summit held in late September, the Energy Information Agency (EIA)[13] released its 2019 International Energy Outlook[14] which shows strong growth in global demand requiring *increases* in petroleum and natural gas consumption through 2050.

## End-Use Energy Consumption by Fuel, World




U.S. Energy Information Administration, www.eia.gov/ieo

(13) Energy Information Administration (EIA): The EIA collects, analyzes, and disseminates independent and impartial energy information to promote sound policymaking, efficient markets, and public understanding of energy and its interaction with the economy and the environment. (14) The *International Energy Outlook* presents an assessment by the U.S. Energy Information Administration of the outlook for international energy markets through 2050.

With more than 50% of the world's population living in non-OECD[15] Asia, there is a very large portion of the global population that is actively seeking to move from a frontier economy to an emerging economy and eventually into a developed economy. One of the major steps in that process is embracing and utilizing lower-cost energy sources for necessary items, such as transportation, heating, and cooking. As these populations grow there will be a greater demand for transportation fuel. Even if alternative energy substitutions for trucking and shipping become viable and take greater share, there currently is no technology to fly airplanes, transport or passenger, by any means other than jet fuel. Asia's increased demand for packaging, building and construction materials, textiles and other uses, currently a small fraction of the demand in the West, and produced from ethane, propane, butane and naphtha, is exploding and likely to continue to grow at a high rate for many years. The U.S. produces over 4 million barrels per day (mm bbls/d) of ethane, propane and butane, and EPD's Fundamentals group forecasts this production to increase greater than 50% by 2025 thus allowing the U.S. to be the predominant supplier to a global appetite. Natural gas demand, both directly for domestic consumption, and in the form of LNG[16], mostly for export to Asia and Europe, appears likely to be strong for decades to meet electricity and heating demand, and eventually replace coal in energy-short Asian countries.

We are not ignoring or dismissing the strong push in Western Europe and the United States to focus efforts on wind farms/solar energy to generate electricity, and we support these efforts. However, the total portion of U.S. electricity generation from wind and solar is currently 8.2% (EIA for 2018). The magnitude of the challenge to dramatically increase this figure is hindered by the difficulty to site these facilities, particularly in populated regions which are ironically the areas where there is the strongest push to increase electricity use from these sources. New York State currently has no sited and approved wind projects, as the NIMBY (Not In My BackYard) phenomenon can be powerful even in more progressive states. The Cape Wind Project, some 5 miles offshore Cape Cod was arguably one of the best locations for a wind project in the U.S. because of the strength and steadiness of the winds in those federal waters, its close proximity to major population centers, and its relatively limited footprint, only comprising 24 square miles of ocean. However, after many years, this project too was stopped because of local opposition. The bulk of wind generation assets are being built in the oil and natural gas production corridor from North Dakota to Texas, in many cases side by side with oil and natural gas wells. In our frequent visits to the Permian Basin, we sometimes see as many wind turbines as oil wells, as utilities in these areas have big backyards.

Given the increasingly strong support for wind and solar projects by the broad population, we do expect to see projects approved and built around the country, both offshore and onshore. However, we point to a recent AP poll showing that as the percentage of Americans who believe climate change is happening rose to 73%, only 57% are willing to absorb a $1/month increase in their bill to offset its effects, and only 28% support an increase of $10/month. What if they were told the current cost to bring onshore wind to the electric grid versus natural gas would at least *double* their monthly bill, and would *triple* for offshore wind? Federal, state and local governments cannot afford the subsidies required to make this palatable for the consuming population.

Investors need to appreciate that coal currently represents 27% of U.S. electricity generation and nuclear energy is 19%. These two sources of electricity generation are the most challenged by activists to be shut down, and we are not ready with fuel replacements. Natural gas emits only about half the $CO_2$ of coal, and with much less in the way of other pollutants such as mercury at that emission level than coal; however, most of the switching in electricity generation from coal to gas has been economic rather than "green" due to natural gas's lower costs. The economic and environmental logic of shutting down non-polluting nuclear power plants escapes us, but this type of action has made it onto policy agendas. It appears to be a tall challenge for wind and solar to replace the number of coal and nuclear plants already announced for shutdown, and many more appear likely to follow, given the pressures being placed on utilities to take these units out of service. There is a reason why natural gas combined-cycle electric generation plants continue to be ordered and installed by many utilities, both as replacement units and to meet growing electricity demand. There just does not appear to be other viable options, and natural gas with its low $CO_2$ emissions has helped the U.S. to reduce total $CO_2$ emissions by more than 10% over the past 13 years. It is more than interesting that certain states in the Northeast are not relicensing nuclear power plants, even as no plan for replacing them exists. There are already moratoriums on new natural gas hook-ups in New York State and risks of blackouts appear to

(15) The Organization for Economic Co-operation and Development is an intergovernmental economic organization with 36 member countries, founded in 1961 to stimulate economic progress and world trade. (16) LNG: Liquefied natural gas is natural gas that has been cooled down to liquid form for ease and safety of non-pressurized storage or transport.

be enhanced if not imminent.

The call by some political candidates to eliminate fracking[17] is troubling and shows a lack of knowledge and/or thoughtfulness. By and large, "drilling" and "fracking" are synonymous. It has been horizontal drilling, hydraulic fracturing[18] and improved well completion techniques which have slashed costs in the shale deposits to make the U.S. so cost competitive on a worldwide basis, and taken oil production from 5 mm bbls/d in 2008 to the current 12.4 mm bbls/d and facilitated the equally impressive growth in NGLs and natural gas production in the U.S. One of the stated concerns of these candidates is water supplies are being impacted. As a point of reference, the water table goes down only several hundred feet, whereas hydraulic fracturing is being done at 8,000 or 10,000 feet of depth in most instances. In between the water table and oil/natural gas deposits are thousands of feet of very solid rock. Where there have occasionally been issues related to the water table, it's from the improper disposal of water after it is used in the 'fracking' process, not from new wells drilled. As an industry, strong efforts have been made to recycle water, deliver fresh water, and lessen the need for disposal wells. Most of this is done by pipeline.

A few facts as to the magnitude of U.S. energy production might prove instructive. The U.S., as the world's largest oil producer, is currently producing 12.4 million barrels per day of oil, with over 13 million barrels expected in 2020. This represents some 13% of the 101 mm bbls/d that the world is currently consuming. Any reduction imposed on U.S. producers would have a major upward impact on prices, as oil demand is quite inelastic and excess producing capacity in the world is quite modest. Also, the U.S. represented 21.5% of world natural gas production in 2018 and forecasts are for U.S. domestic consumption and exports to increase significantly over the next decade to help in the battle to reduce $CO_2$ emissions. If we were to pull back from domestic production, this would not only be a domestic "tax" as price increases, but would be a more severe global tax as the U.S. is the incremental supplier to the world. Somehow that story just doesn't get the publicity it might receive. All hydrocarbons are not the same; it's not as simple as 'green' or 'not green' as comparisons try to make. Natural gas has replaced many coal-fired plants in the U.S. in electricity generation, and the country has benefited, both economically and from an emissions standpoint. In 2018 the U.S. produced some 4.3 mm bbls/d of NGLs. This represented a mammoth 37.6% of world NGL production. However, EPD estimates total U.S. NGL production should rise to about 8 mm bbls/d by 2025, given the major chemical plant build out, mostly along the U.S. Gulf coast, and this will represent close to 60% of world capacity, with the bulk of this incremental production heading to Asia to meet their demand.

## U.S. oil, natural gas and NGL production and growth appear to be essential to a stable and growing world. This is not inconsistent with a move to wind and solar and a cleaner environment. The disconnect is current pricing of Midstream Energy securities.

It is more than interesting to see that Midstream Energy shares currently being priced not only as if they have no future growth, but as if they are shrinking and declining from current levels of profits and cash flow, and not at a modest rate. Looking at the AMZX, we estimate it trades at a 30% discount to the current value of its cash flow, implying that oil, natural gas and NGLs are, or very soon will be, in sharp decline. This is in sharp contrast to the facts, as we have presented. Another recent EIA report does not see U.S. oil production topping out over the next 20 years, and if global petroleum use is growing through 2050, price will incent production to meet the demand. The global chemical industry is investing greater than $200 billion dollars in the U.S., mostly along the U.S. Gulf Coast. All the facts we've outlined above do not appear to describe an industry in its 'twilight', even though the shares are currently being priced as if this is the situation. Having read this far, investors can well appreciate why we remain so optimistic about Midstream Energy shares.

## Thank you to our clients.

Thank you, as always, to our investors. We have thoughtfully tried to provide our insights to some of the biggest issues facing Midstream as a sector from an increasingly loud chorus. We look forward to engaging with you this quarter regarding these issues and any others which we have not yet sufficiently answered.

David Fleischer, CFA     Geoffrey Mavar     Matt Mead     Robert Walker     Bryan Bulawa

(17) Fractionation: Once natural gas liquids (NGLs) have been separated from a natural gas stream, they are broken down into their component parts, or fractions, using a distillation process known as fractionation. (18) Hydraulic fracturing: The forcing open of fissures in subterranean rocks by introducing liquid at high pressure, especially to extract oil or gas.

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The AlerianMLP Index is a composite of the most prominent energy Master Limited Partnerships that provides investors with an unbiased, comprehensive benchmark for this emerging asset class. The index, which is calculated using a float-adjusted, capitalization-weighted methodology, is disseminated real-time on a price-return basis (NYSE: AMZ), and the corresponding total-return index is disseminated daily (NYSE: AMZX). Relevant data points such as dividend yield are also published daily. For index values, constituents, and announcements regarding constituent changes, please visit www.alerian.com.

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Distributable Cash Flow (DCF) is calculated as net income plus depreciation and other noncash items, less maintenance capital expenditure requirements. Distributable cash flow (DCF) data is CCM calculated consensus of Wall Street estimates. The estimated consensus weighted average distributable cash flow (DCF) per unit growth rate for the AMZ and the MainGate MLP Fund incorporates market expectations by using the average annual growth rate using rolling-forward 24-month data. DCF growth rate is not a forecast of the portfolio's future performance. DCF growth rate for the portfolio's holdings does not guarantee a corresponding increase in the market value of the holding or the portfolio.

Distributions are quarterly payments, similar to dividends, made to Limited Partner (LP) and General Partner (GP) investors. These amounts are set by the GP and are supported by an MLP's operating cash flows.

Distribution Coverage Ratio is calculated as cash available to limited partners divided by cash distributed to limited partners. It gives an indication of an MLP's ability to make dividend payments to limited partner investors from operating cash flows. MLPs with a coverage ratio of in excess of 1.0 times are able to meet their dividend payments without external financing.

EBITDA is earnings before interest rates taxes depreciation and amortization.

Leverage is net debt divided by EBITDA.

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**PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**

S&P 500: A free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

References to market or composite indices, benchmarks or other measures of relative market performance over a specified period of time (each, an "index") are provided for your information only. References to an index does not imply that the portfolio will achieve returns, volatility or other results similar to the index. The composition of the index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. It is not possible to invest directly in an index.

***Earnings Growth is not a measure of the Fund's future performance.***

Distributed by Quasar Distributors, LLC.

MAINGATE
MLP FUND

| | |
|---|---|
| **Net Assets (as of 9/30/19)** | $1,254,407,325 |
| **Investment Style** | MLP Total Return |

| **A Shares: General Information** | |
|---|---|
| Ticker | AMLPX |
| CUSIP | 560599102 |
| Minimum Initial Investment | $2,500 |
| Number of Holdings | Generally 20-30 |
| Maximum Front-End Load | 5.75% |
| Redemption Fee | NONE |
| Management Fee | 1.25% |
| 12b-1 Fee | 0.25% |
| Contingent Deferred Sales Charge | NONE |
| Expense Ratio before Deferred Taxes *(after fee waivers/reimbursements)*[1] | 1.66% |
| Deferred Income Tax Expense[2] | 0.00% |
| Gross Expense Ratio | 1.66% |
| Net Expense Ratio[2] | 1.66% |

| **C Shares: General Information** | |
|---|---|
| Ticker | MLCPX |
| CUSIP | 560599300 |
| Minimum Initial Investment | $2,500 |
| Number of Holdings | Generally 20-30 |
| Maximum Front-End Load | NONE |
| Redemption Fee | NONE |
| Management Fee | 1.25% |
| 12b-1 Fee | 1.00% |
| Contingent Deferred Sales Charge | 1.00% |
| Expense Ratio before Deferred Taxes *(after fee waivers/reimbursements)*[1] | 2.41% |
| Deferred Income Tax Expense[2] | 0.00% |
| Gross Expense Ratio | 2.41% |
| Net Expense Ratio[2] | 2.41% |

| **I Shares: General Information** | |
|---|---|
| Ticker | IMLPX |
| CUSIP | 560599201 |
| Minimum Initial Investment | $1,000,000 |
| Number of Holdings | Generally 20-30 |
| Maximum Front-End Load | NONE |
| Redemption Fee | NONE |
| Management Fee | 1.25% |
| 12b-1 Fee | NONE |
| Contingent Deferred Sales Charge | NONE |
| Expense Ratio before Deferred Taxes *(after fee waivers/reimbursements)*[1] | 1.41% |
| Deferred Income Tax Expense[2] | 0.00% |
| Gross Expense Ratio | 1.41% |
| Net Expense Ratio[2] | 1.41% |

| | |
|---|---|
| **Last Quarterly Distribution (7/24/19)** | **$0.1575** |

| **Top 10 Holdings (as of 9/30/19)** | **% of Fund** |
|---|---|
| Energy Transfer LP | 11.98% |
| Enterprise Prods Partners LP Com | 11.48% |
| Williams Cos Inc Del | 9.47% |
| Targa Res Corp | 8.07% |
| MPLX LP | 6.97% |
| Magellan Midstream Partners LP | 6.39% |
| Plains GP Holdings LP | 5.80% |
| Genesis Energy LP | 5.69% |
| Plains All Amern Pipeline LP | 5.67% |
| ENLINK Midstream LLC | 5.53% |

| **Top Sectors (as of 9/30/19)** | **% of Fund** |
|---|---|
| Natural Gas Pipe/Storage | 41.21% |
| Crude/Refined Prod. Pipe/Storage | 38.13% |
| Natural Gas Gather/Process | 20.66% |

*Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security.*

| **Performance: A Shares (as of 9/30/19)** | | |
|---|---|---|
| NAV per Share | | $6.56 |
| POP per Share | | $6.96 |
| **Returns:** | **Without Load** | **With Load** |
| 3 Month | -6.35% | -11.77% |
| Calendar YTD | 10.12% | 3.76% |
| 1 Year | -12.96% | -17.96% |
| 3 Year | -6.53% | -8.35% |
| 5 Year | -8.16% | -9.24% |
| Since Inception (2/17/11) | 1.24% | 0.55% |

| **Performance: C Shares (as of 9/30/19)** | | |
|---|---|---|
| NAV/POP per Share | | $6.32 |
| **Returns:** | **Without Load** | **With Load** |
| 3 Month | -6.58% | -7.49% |
| Calendar YTD | 9.41% | 8.41% |
| 1 Year | -13.71% | -14.50% |
| 3 Year | -7.25% | -7.25% |
| 5 Year | -8.85% | -8.85% |
| Since Inception (3/31/14) | -6.14% | -6.14% |

| **Performance: I Shares (as of 9/30/19)** | |
|---|---|
| NAV per Share | $6.76 |
| **Returns:** | |
| 3 Month | -6.31% |
| Calendar YTD | 10.32% |
| 1 Year | -12.75% |
| 3 Year | -6.31% |
| 5 Year | -7.93% |
| Since Inception (2/17/11) | 1.50% |

*The performance data quoted represents past performance. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. To obtain performance data current to the most recent month-end please call 855.MLP.FUND (855.657.3863). Performance data shown for Class A shares with load reflects the maximum sales charge of 5.75%. Performance data shown for Class C shares with load reflects the maximum deferred sales charge of 1.00%. Performance data shown for Class I shares does not reflect the deduction of a sales load or fee. If reflected, the load or fee would reduce the performance quoted.*

**The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contains this and other important information about the investment company, and it may be obtained by calling 855.MLP.FUND (855.657.3863). Read it carefully before investing.**

Opinions expressed are subject to change at any time, are not guaranteed and should not be considered investment advice.



## INVESTMENT ADVISOR

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## PORTFOLIO MANAGERS

| | |
|---|---|
| Geoffrey P. Mavar | Principal |
| Matthew G. Mead | Principal |
| David N. Fleischer, CFA | Principal |

*Mutual fund investing involves risk. Principal loss is possible. The Fund is nondiversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund will invest in Master Limited Partnerships (MLPs) which concentrate investments in the natural resource sector and are subject to the risks of energy prices and demand and the volatility of commodity investments. Damage to facilities and infrastructure of MLPs may significantly affect the value of an investment and may incur environmental costs and liabilities due to the nature of their business. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment. Investments in smaller companies involve additional risks, such as limited liquidity and greater volatility. Investments in foreign securities involve greater volatility and political, economic and currency risks and differences in accounting methods. MLPs are subject to certain risks inherent in the structure of MLPs, including complex tax structure risks, limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. When the Fund invests in MLPs that operate energy-related businesses, its return on investment will be highly dependent on energy prices, which can be highly volatile.*

*An investment in the Fund does not receive the same tax advantages as a direct investment in the MLP. The Fund is treated as a regular corporation or "C" corporation and is therefore subject to U.S. federal income tax on its taxable income at rates applicable to corporations (currently at a rate of 21%) as well as state and local income taxes. MLP Funds accrue deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments. This deferred tax liability is reflected in the daily NAV and as a result the MLP Fund's after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked. The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund's value.*

*[1] The Fund's adviser has contractually agreed to cap the Fund's total annual operating expenses (excluding brokerage fees and commissions; borrowing costs; taxes, such as Deferred Income Tax Expense; acquired fund fees and expenses; 12b-1 fees; and extraordinary expenses) at 1.50% of the average daily net assets of each class through March 31, 2020, subject to possible recoupment by the adviser within three years from the date of reimbursement to the extent that recoupment would not cause the Fund to exceed the expense cap. The Board of Trustees has sole authority to terminate the expense cap prior to its expiration and to approve recoupment payments.*

*[2] The Fund's accrued deferred tax liability is reflected in its net asset value per share on a daily basis. Deferred income tax expense/(benefit) represents an estimate of the Fund's potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) depends upon the Fund's net investment income/(loss) and realized and unrealized gains/(losses) on its portfolio, which may vary greatly on a daily, monthly and annual basis depending on the nature of the Fund's investments and their performance. An estimate of deferred income tax expenses/(benefit) cannot be reliably predicted from year to year. Net expense ratios represent the percentages paid by investors and reflect a 0.00% Deferred Income Tax Expense which represents the performance impact of accrued deferred tax liabilities across the Fund, not individual share classes, for the fiscal year ended November 30, 2018 (the Fund did not have a current tax expense or benefit due to a valuation allowance). Total annual Fund operating expenses before deferred taxes (after fee waivers/reimbursements) were 1.65% for Class A shares, 2.40% for Class C shares, 1.40% for Class I shares.*