PARKER GLOBAL STRATEGIES, LLC

OCTOBER MLP MARKET INSIGHTS

A very compelling buying opportunity for MLPs is emerging. The market usually presents small to moderate drawdown windows about once in a 12 month period. Over the past 18 years, there have been 3 periods with AMZX Index (Alerian Total Return) drawdowns greater than 10%. We are experiencing the fourth now. Over this same time, there have been 7 drawdowns of 7% and 5 drawdowns of 5%. Currently, we are seeing the steepest drawdown since 2012, -15.4% through October 14, 2014 before bouncing approximately 5% the next day. Over the past 10 years, there have been 10 drawdowns for the AMX Index (Alerian price only index) greater than 10%. Historically, the faster an MLP market drawdown has occurred, the faster the downturn has ended and the AMZ and AMZX have achieved new highs. The MLP growth story is still solid.

Since September 1, the MLP market began entering a period of a nearly perfect storm, sparking a correction in MLPs, more as a reaction to other markets than any material change in MLP fundamentals. And the market is ignoring some of the very positive recent news in the MLP sector. For investors who were waiting for better valuations, this sell off may be attractive. Yields are up (since prices are down) to 6.13% (as of October 14, 2014 close) for the AMZ. Earnings season and distribution increase announcements are at our doorstep. With yields in other asset classes plummeting again, we believe it is just a matter of time before MLPs regain their luster as investors once again seek the attractive and growing yields.

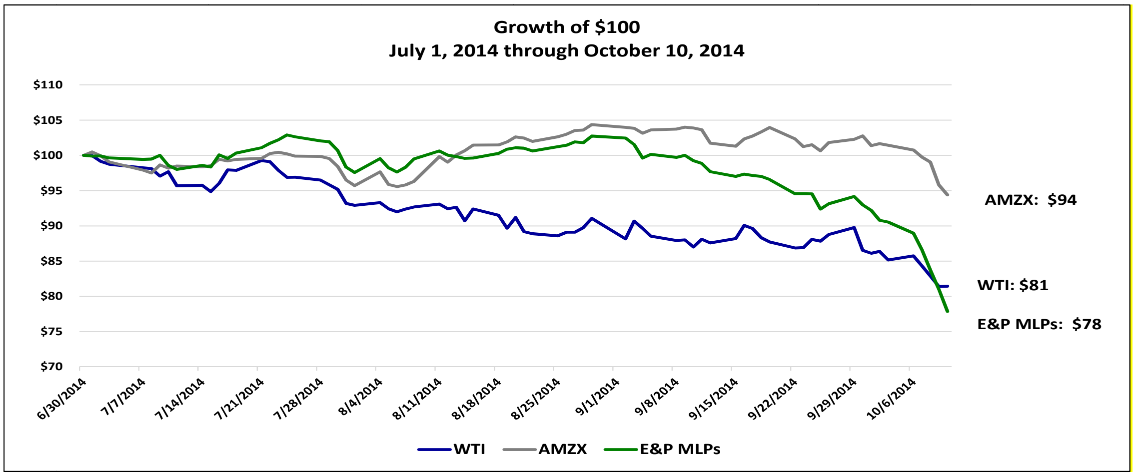
We have many reasons to believe that most MLPs will have positive earnings and distribution growth. Enterprise Products Partners L.P. (EPD) and Plains All American, L.P. (PAA) have both announced their quarterly distribution increases, 5.8% and 10%, respectively, year over year. MLP M&A activity remains busy. Two weeks ago, EPD announced its planned acquisition of Oiltanking Partners LP (OILT). Last week, Global Partners LP (GLP) announced its acquisition of Warren Equities Inc, expected to be 12-15% accretive during year two. October 13, Targa Resources Partners LP (NGLS) announced its planned acquisition of the midstream business of Atlas Pipeline Partners (APL) and its general partner Atlas Energy LP (ATLS) for $5.87 billion. ATLS will spin-off its general partner for ARP and its other business. Vanguard Natural Resources LLC (an MLP E&P) has just announced a share buyback given the cheap price of the equity. ETE mentioned if their shares stay so low, they would consider repurchasing units in 2015.

Let's first analyze the recent influences that have had a significant impact on recent MLP performance.

The Sharp Fall in the Price of WTI and Brent. Recent oil price weakness reflects broad concerns about a strengthening US dollar, a dimmer global growth outlook, robust US oil production growth, and seasonal demand declines from refineries undergoing fall maintenance season. The fall in crude oil (20.73% from its June high through October 10, 2014) has had the greatest impact on E&P equities and E&P MLPs which are down 30.16 % and 30.8%, respectively, from their highs (see Exhibit 1).

Exhibit 1

PERFORMANCE OF EQUITIES AND WTI



Year to date, the correlation between WTI and MLPs is 0.29; last year the correlation was 0.16. In prior years, although there was a wide swing in the price of WTI throughout the year, MLPs exhibited strong performance year over year as shown in the Exhibit 2 below.

Exhibit 2

YEAR	CORRELATION	MINIMUM OIL PRICE	MAXIMUM OIL PRICE	AMZX(%)
2009	0.27	$33.98	$81.01	76.41
2010	0.66	65.96	91.49	35.85
2011	0.57	75.67	113.93	13.88
2012	0.51	77.69	109.49	4.8
2013	0.16	86.68	110.53	27.58
2014 YTD*	0.29	85.77	107.62	9.74

Source: Barclays and PGS ***Through October 10, 2014**

Exhibit 3 shows the correlation of the AMZX to the S&P, energy equities, utilities, crude oil and natural gas over various time periods. Over the past month, correlations have increased significantly compared to historical norms, with the exception of utilities, which have been defensive during the downturn.

Exhibit 3

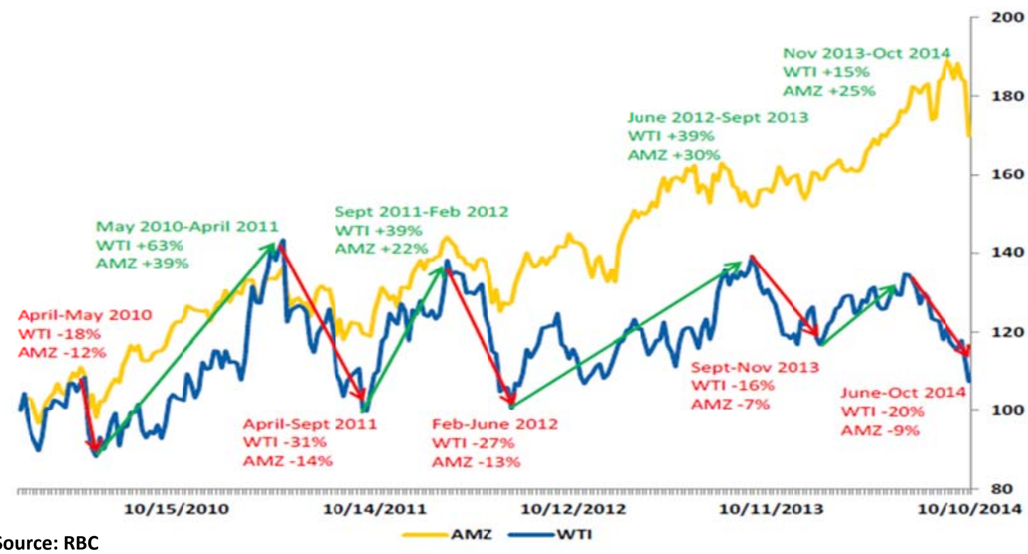
Correlation Period	S&P TR Index	S&P Energy Index	S&P Utilities Index	Front Month Crude	Front Month NatGas
AMZX 10 Year	0.67	0.66	0.58	0.39	0.14
AMZX 5 Year	0.63	0.64	0.44	0.48	0.11
AMZX 3 Year	0.62	0.60	0.43	0.38	0.03
AMZX 1 Year	0.56	0.54	0.27	0.25	0.02
AMZX 1 Month	0.98	0.82	0.21	0.51	0.54

Source: Credit Suisse *One sees in Exhibit 3 the correlation of the AMXZ to other equity sectors, crude oil and natural gas over various time periods from 10 years to the most recent month.*

The AMZX under-performance is in line with past pullbacks in crude of a similar magnitude. Since 2010, WTI has had five pullbacks of greater than 15% (average 22% decline), during which the AMZX declined by an average of 11% each time. But, we have seen in the past that when WTI slides, the AMZX has often followed suit, and then gone on to recover (Exhibit 4).

Exhibit 4

AMZ vs. WTI

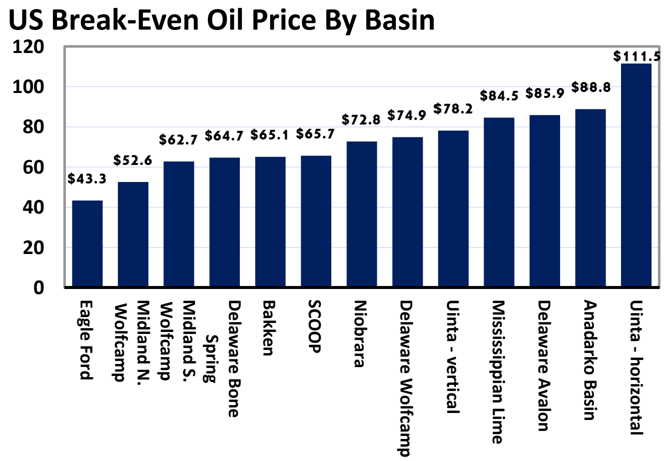


Source: RBC

Another key perception in the current sell-off in oil is that OPEC might want to crowd out alternative supplies by keeping oil prices relatively low (~$80/Bbl over a 1-2 year period). The rationale behind this potential move by OPEC would be to preserve their global market share of the oil market. The thought goes: as oil prices fall, the economics of global production—including US shale plays—become challenged, resulting in a decline in production. Theoretically this would pose volumetric risk to US midstream MLPs. Long-term, fee-based volume agreements with upstream producers could be put at risk, given the production and growth outlooks underpinning these contracts could become less certain. However, we believe there are compelling reasons why these concerns will abate. First, the marginal cost of production for global upstream projects is still in the low-$90s/Bbl. This means that in a normalized demand growth environment the last barrel of oil required to satisfy global demand is produced from fields that require a price well above today's level. Additionally, most OPEC states require a $100/Bbl oil price to balance country level budgets. As such, the next OPEC meeting in November will be one of the most interesting and crucial in recent years. In our view, both of these factors suggest oil prices will eventually gravitate back to the $90-$100/Bbl range.

Some solace for investors comes from reports suggesting that midstream crude oil and refined product pipeline and storage MLPs are well positioned to navigate $80 WTI. According to the International Energy Agency (IEA) Executive Director, "Some 98% of crude oil and condensates from the United States have a breakeven price below $80 and 82% have a breakeven price of $60, or lower." If crude oil is flowing, it must be transported, refined, and delivered to end markets. As mentioned above, the midstream MLPs have long term contracts that are not dependent upon the spot price of crude oil. US production growth has been driving demand for infrastructure. Sustained (multi-year) crude prices under $65 may lead to slower demand for new infrastructure, but the US has significant buildout requirements over the next few years to respond to the current scarcity of infrastructure in the largest shale areas. Additionally, the US has been decreasing oil imports. North American demand for US crude oil and refined products will help support domestic crude prices over the long term. Exhibit 5 below summarizes the breakeven price for crude oil at various US shale basins.

Exhibit 5



Source: UBS

Concern That US interest Rates Will Increase. MLPs have sold off twice this year when the market became concerned about rising interest rates. With strong economic data, the market became concerned in September that the rise may be earlier in 2015 than originally expected. Given the following recent developments: increased economic weakness in China and Europe, several FED members mentioning over the October 10th weekend that a rate rise may be delayed if global weakness continues, and falling rates in recent weeks, clearly rising interest rate fears are not part of this sell off (see Exhibit 6). Over the past few weeks, equities markets have returned to higher levels of volatility, as measured by the VIX Index. The US 10 year rates have retreated. The dollar remains strong, probably as a flight to quality. REITS and Utilities, popular in low interest rate environments, are up (see Exhibit 7). The fall in MLPs does not sync with the fall in interest rates. This dichotomy is clear value creation for MLPs. The spread between the AMZX and US 10 Year Government Bonds have widened considerably over the past few weeks, accentuating the relative value of MLPs.

Exhibit 6 **AMZX INDEX vs. US 10 Year Government Bond Yield**

October 14, 2013 through October 15, 2014

Exhibit 7 **2014 THROUGH October 10, 2014**

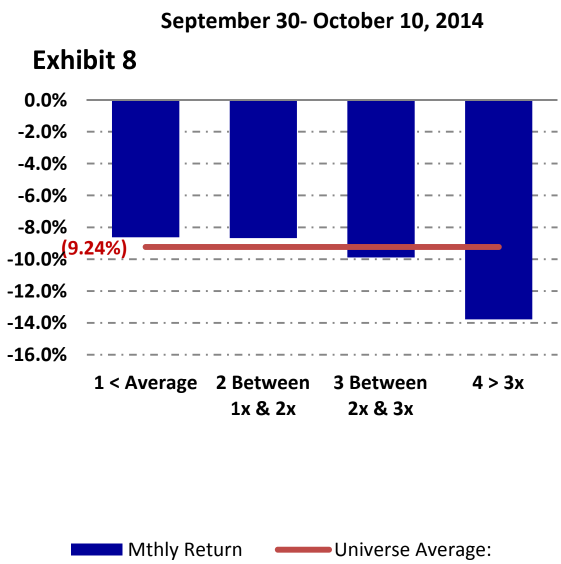
INDICES	WEEK (%)	FROM HIGH (%)	YEAR TO DATE (%)
S&P 500	-3.14	-5.60	3.13
AMZ	-6.26	-9.68	5.16
EPX	-8.95	-30.16	-16.48
REIT	1.62	-5.37	13.17
UTY	1.12	-2.88	12.26
WTI	-4.95	-20.73	-10.33

Indiscriminant Selling of MLPs. In our view, this partly reflects performance preservation and risk officers forcing firms to take exposure lower. Additional pressure has come from heavy retail selling, as retail investors have likely been spooked by the extreme volatility in the sector. No doubt, MLP ETFs, ETNs and mutual funds (primarily retail holders) are being sold as well. Another material consideration must be paid to liquidity: while the liquidity of MLP equities has improved in recent years, it has not matched the dramatic increase in institutional ownership. Consequently, sector moves (in either direction) tend to be exaggerated.

Through October 14, the AMZ was down 15.4% from its August peak. Historically, when we have seen 4 large down days in a row, we have tended to see a significant bounce. On the 14th, we saw a strong rally fade. On the 15th, we saw a strong bounce. It is always hard to know the exact moment that a market capitulates, but MLPs are showing some signs. We have watched major blue chip midstream MLPs, with little to no midstream crude oil exposure and no negative news, down as much as 23% in October. MLP liquidity has increased over the past few years, but when there is a market sell-off, it takes big price drops to attract buyers. For October month to date through the 10th, the fastest growing MLPs are down the most (See Exhibit 8), and the most liquid MLPs (trading greater than $50 million a day) are down more than the least liquid MLPs. We have seen weakness across sectors, market caps, distribution growth rates and liquidity.

Most core infrastructure MLPs possess limited direct commodity price exposure. Long-term, fee-based contracts comprise a high percentage of overall revenue streams. A few Gathering & Processing (G&P) MLPs have a portion of contracts that participate in the spread between crude oil and natural gas, but most of the G&Ps are from 70% to nearly 100%+ fee based. Most of the E&P MLPs are close to 100% hedged for the price of their production. Over the past few weeks, nearly all MLPs, both crude oil and natural gas focused, regardless of sector, sold off. E&P have sold off the most. Interestingly, natural gas prices have been range bound over recent months, but we are seeing weakness in the MLP natural gas midstream space as well.

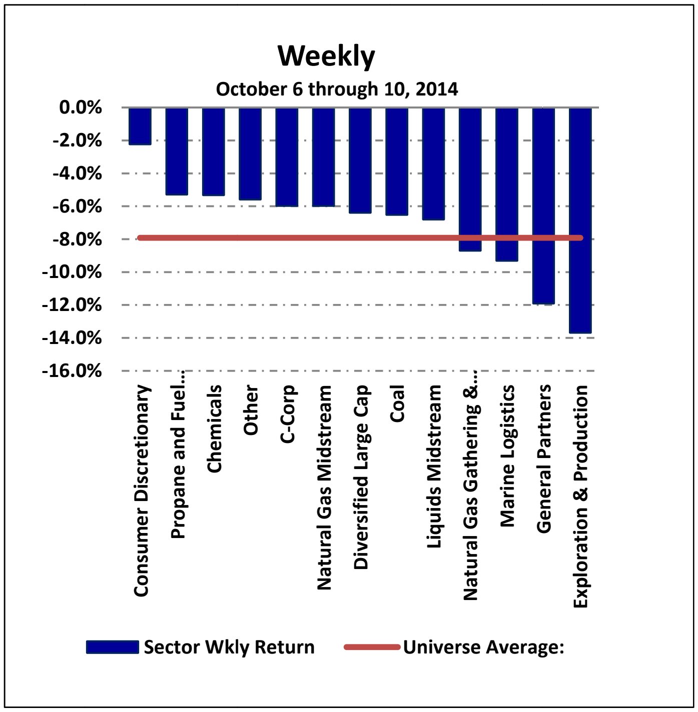
PERFORMANCE RANKED ACCORDING TO DISTRIBUTION GROWTH

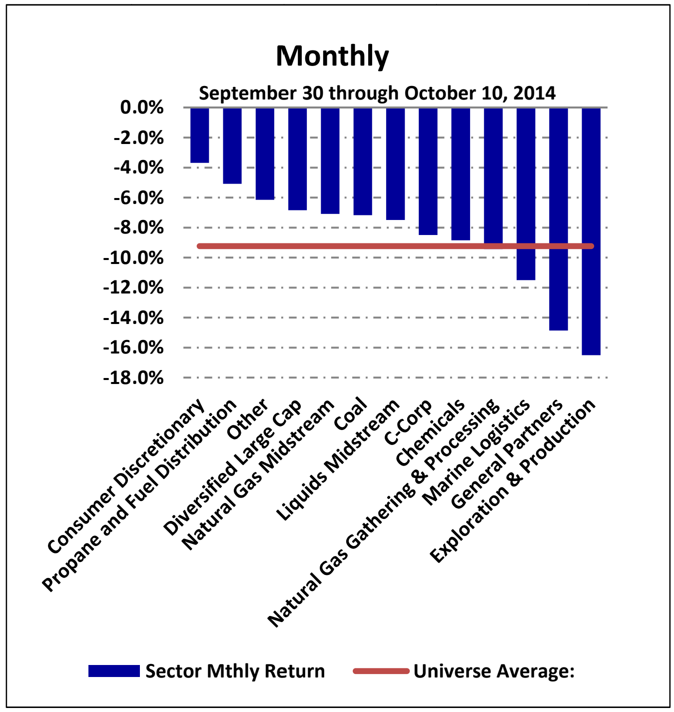


General Partner (GP) MLPs which manage the assets of one or more MLPs have sold off nearly as much as E&P MLPs. The GPs earn incentive distribution rights which grow exponentially as the GP grows distributions to the MLPs' unitholders. Successful GPs have the fastest growth rate of any MLP sector. There are also corporate general partners (C-corps). Performance has been down over the past few weeks, but most have outperformed the GP MLPs. We believe liquidity has played a role. GP values appear rather compelling now.

Performance by MLP Sub-Sector

Exhibit 9





Unwind of Large Long AMZX (MLP Index) Short UTY Trade. One of the very crowded trades among macro hedge funds was long AMZX and short utilities as way to play rising rates. The week of October 6th, this trade went terribly wrong forcing significant unwinding, putting further pressure on MLPs.

Exhibit 9

Source: UBS

Where do we see the best opportunities? If we consider past MLP major corrections and rebounds, we find historically that Large Cap Diversified and Growth MLPs have performed best. Given the magnitude of the selloff, we see some very attractive valuations. While investors wait for the rebound, they will earn much more attractive yields than just a few weeks ago. Exhibit 10 shows the range of one year yields on the left column and the range of distribution growth along the top row. We believe that 2015's distribution growth for the AMZX should be in the 7.5 to 8.5% range. With a yield of 5.5% in 12 months and 7.5% growth, the suggested upside is 23 to 24%; if yields drop back to 5%, returns may be 35-36%. This is in line with previous rebounds, and may prove conservative. In the event that global growth is slowing and interest rates remain low, current yields on MLPs are too high on a relative basis. Although "fast money" has been liquidating, MLPs have very dedicated, long term investors. Investors will target yield and growth again.

Exhibit 10

Assumed Forward Trading Yield	Assumed 12-Month Distribution Growth										
	0.0%	*1.0%*	*2.0%*	*3.0%*	*4.0%*	*5.0%*	*6.0%*	*7.0%*	*8.0%*	*9.0%*	*10.0%*
2.5%	146%	149%	151%	154%	156%	158%	161%	163%	166%	168%	170%
3.0%	106%	108%	110%	112%	114%	116%	118%	120%	122%	124%	126%
3.5%	78%	79%	81%	83%	85%	86%	88%	90%	91%	93%	95%
4.0%	56%	58%	59%	**61%**	**62%**	**64%**	**65%**	**67%**	68%	70%	71%
4.5%	40%	41%	42%	**44%**	**45%**	**46%**	**48%**	**49%**	50%	52%	53%
5.0%	26%	28%	29%	**30%**	**31%**	**32%**	**34%**	**35%**	36%	37%	38%
5.5%	15%	16%	18%	**19%**	**20%**	**21%**	**22%**	**23%**	24%	25%	26%
6.0%	6%	7%	8%	**9%**	**10%**	**11%**	**12%**	**13%**	14%	15%	16%
6.5%	-1%	0%	0%	1%	2%	3%	4%	5%	6%	7%	8%
7.0%	-8%	-7%	-6%	-5%	-5%	-4%	-3%	-2%	-1%	0%	1%
7.5%	-14%	-13%	-12%	-11%	-10%	-10%	-9%	-8%	-7%	-6%	-6%

Source: Morgan Stanley