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October 9, 2024

The NXG Cushing® Midstream Strategy Market and Performance Update

For the third quarter of 2024, the NXG Cushing® Midstream Strategy gained 6.66% gross of fees and 6.39% net of fees. The Strategy underperformed its benchmark, the Alerian Midstream Energy Index ("AMNA"), which produced a total return of 9.69% for the quarter. However, the Strategy has maintained its year-to-date outperformance relative to the benchmark.

	Total Return as of 09/30/2024 (Annualized if greater than 1 year)					
	3Q 2024	YTD 2024	1 Year	5 Years	10 Years	Since Inception[4]
The NXG Cushing Midstream Strategy (gross of fees)[1]	6.66%	28.35%	34.77%	14.55%	3.93%	10.81%
The NXG Cushing Midstream Strategy (net of 1% fees)[1]	6.39%	27.39%	33.43%	13.42%	2.88%	9.70%
Blended Midstream Index Total Return[2]	9.69%	27.37%	35.58%	11.08%	0.74%	6.56%
Alerian Midstream Energy Index Total Return[3]	9.69%	27.37%	33.58%	13.84%	N/A	N/A

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.
Note: Indicative return, individual investors may have different returns.

(1) "Gross of fees" returns are gross of fees and expenses. "Net of fees" returns are calculated using a 1% model investment fee. Both gross and net returns are unaudited. Returns greater than one year are annualized. The Strategy's returns shown are preliminary and are subject to further revision.
(2) The Strategy has selected a blended benchmark as its benchmark. The returns for the blended benchmark represent the returns of the Alerian MLP Index prior to January 1, 2022 and the returns of the Alerian Midstream Energy Index thereafter. The Alerian MLP Index (AMZ) is a capitalization weighted index of the most prominent energy master limited partnerships. The Alerian Midstream Energy Index (AMNA) is a broad-based composite of North American energy infrastructure companies. Index results assume the reinvestment of all capital gain and dividend distributions. It is not possible to invest directly in an index. Index performance does not reflect the deduction of fees and expenses.
(3) AMNA inception was June 25, 2018.
(4) Strategy inception was June 2010.

As noted above, both the Strategy and its benchmark performed well during the quarter, extending their record streak of quarterly gains to eight. This performance not only surpassed the S&P 500's total return of +5.89% but also significantly outpaced the broader energy indices, which posted negative returns for the period. The S&P 500 Energy Sector GICS Level 1 Index, for one, recorded a total return of -2.32% for the quarter, making it the worst-performing sector in the S&P 500 this year. The energy sector struggled due to declining commodity prices, notably with crude oil prices falling by over $13 to under $70 per barrel.

Several factors contributed to the decline in crude oil prices. Softening economic data and leading indicators—such as nonfarm payrolls and labor conditions—not only signaled a slowdown but also heightened fears of an impending economic downturn. Concerns over demand weakness, particularly from China, added to the negative outlook, as did oversupply issues stemming from expectations of non-OPEC supply growth and uncertainties about OPEC's support.

In contrast to the challenges in the energy sector, the broader equity markets recorded gains, with the S&P 500 reaching new all-time highs during the quarter. This positive performance was fueled by the Federal Reserve's recent 50 basis point rate cut—the first since the start of the pandemic in March 2020, following an unprecedented rate hiking cycle that began in early 2022—and significant stimulus measures announced in China.

Remarkably, despite the challenges facing the energy sector, the midstream energy sector outperformed the broader market, even as the latter reached new highs. We believe this outperformance was driven by midstream's strong free cash flow (FCF) generation, which is enabling a multi-faceted return of capital to investors. As we stated earlier this year in our 2024 outlook:

"With the transformation to a regime of capital discipline and internal funding complete, the midstream sector has evolved into a robust generator of free cash flow. Midstream management teams are now well-positioned to direct these cash flows to drive positive, uncorrelated returns for shareholders—with less dependence on macroeconomic forces, commodity prices, or multiple expansion."

Natural gas infrastructure companies continued to benefit from the tailwinds of investor enthusiasm for new power demand sources, spurred by the rapid expansion of data centers supporting artificial intelligence (AI) technology. These data centers are expected to become another "leg of the stool" supporting natural gas demand, alongside liquefied natural gas (LNG) exports and coal-to-gas power generation switching. While the near-term materiality of these factors remains an open question, we believe recent positive performance reflects improved perceptions of terminal values for natural gas assets, largely unwinding the multiple compression that occurred from 2020 through 2022.

2024 continues to be an incredibly active year for merger and acquisition (M&A) activity, including Enterprise Products Partners L.P.'s (NYSE: EPD) acquisition of Pinon Midstream and ONEOK, Inc.'s (NYSE: OKE) acquisition of GIP's interests in EnLink Midstream, LLC (NYSE: ENLC) and Medallion Midstream. While ENLC has not yet been fully consolidated into OKE as of this letter, we expect these remaining interests to be consolidated in the near term. We believe further consolidation could reinforce the value proposition of the midstream sector and support a sector re-rating to higher valuations as investor interest concentrates on a smaller number of high-quality companies with diverse, synergistic assets and sustainable growth.

Portfolio Highlights

The NXG Cushing® Midstream Strategy's holdings generating the largest contributions to overall returns included those in the Large Cap Diversified C-Corps, Natural Gas Gatherers & Processors, and Canadian Midstream subsectors (contributions take relative weighting and total returns into account). Performance was generally positive to flat across all subsectors except for Refiners, which experienced challenges due to weaker refining margins. However, the two refining companies in the Strategy continue to generate solid FCF and are leading the sector in share buyback programs.

Relative to the AMNA, the Strategy benefited from overweight positions in the Natural Gas Gatherers & Processors, Natural Gas Transportation & Storage, and Exploration & Production subsectors, all of which performed well during the period. Conversely, an underweight in Large Cap Diversified C-Corps and Canadian Midstream, despite strong absolute returns, detracted from relative performance. The overweight in Refiners also negatively impacted results.

The following table highlights the Strategy's positions generating the most positive and negative contributions to the portfolio relative to those companies' contributions to AMNA.

Strategy Contribution vs. AMNA for the Quarter Ending 09/30/2024						
	Company Name	Contribution to Portfolio Return (Net)	Contribution to AMNA Index Return	Average Weight in Portfolio	Average Weight in AMNA Index	Relative Net Attribution (% points)
Largest Contributors						
1)	Targa Resources Corp.	+1.50%	+0.93%	10.22%	6.25%	+0.57%
2)	DT Midstream, Inc.	+0.65%	+0.17%	4.94%	1.47%	+0.47%
3)	Viper Energy, Inc.	+0.39%	+0.00%	2.02%	0.00%	+0.39%
4)	MPLX LP	+0.39%	+0.20%	6.21%	3.08%	+0.19%
5)	EnLink Midstream, LLC	+0.23%	+0.05%	3.51%	0.68%	+0.18%
					Top 5 Total	**+1.80%**
Largest Detractors						
1)	Enbridge Inc.	+0.19%	+1.59%	1.39%	10.16%	-1.41%
2)	TC Energy Corporation	+0.95%	+2.29%	3.69%	9.16%	-1.33%
3)	ONEOK, Inc.	+0.83%	+1.34%	6.68%	10.25%	-0.52%
4)	The Williams Companies, Inc.	+0.35%	+0.86%	4.45%	9.93%	-0.51%
5)	Kinder Morgan Inc.	+0.60%	+1.03%	4.88%	8.29%	-0.43%
					Bottom 5 Total	**-4.20%**

The Natural Gas Gatherers & Processors subsector remained the Strategy's largest overweight position versus the benchmark at the period's end. The Strategy also remained overweight the Large Cap Diversified MLPs, Refiners, and Natural Gas Transportation & Storage subsectors. During the period, the Strategy increased its exposure to natural gas-focused companies, including TC Energy Corporation (TSX/NYSE: TRP) and DT Midstream, Inc (NYSE: DTM). We believe these companies will benefit from secular tailwinds in natural gas markets, driven by both growing LNG export demand and increased power demand from AI and data centers.

The Strategy incrementally reduced exposure to other natural gas midstream companies, including Equitrans Midstream Corporation (NYSE: ETRN) and The Williams Companies, Inc. (NYSE: WMB), as well as to Marathon Petroleum Corporation (NYSE: MPC). As noted in a prior quarter, Equitrans Midstream was acquired by EQT Corporation (NYSE: EQT). The Large Cap Diversified C-Corps subsector remained the Strategy's largest underweight position relative to the benchmark at the end of the period.

What Helped (Contributors)

- Relative to the AMNA, the Strategy's top contributors for the period were Targa Resources Corp. (NYSE: TRGP), DT Midstream, Inc., and Viper Energy, Inc (NASDAQ: VNOM). Overweight positioning in all three companies positively impacted performance, both in absolute terms and relative to the benchmark. Notably, this is the third consecutive quarter where Targa ranked among the top three contributors to the Strategy's performance, and it remains one of the top-performing benchmark stocks year-to-date. While Targa was a top position at quarter-end, we have incrementally reduced exposure due to recent strength.
- DT Midstream continued to benefit from rising expectations of increased power demand driven by AI data centers. The company disclosed it is in discussions with various partners to supply natural gas to these projects, leveraging its extensive transmission network.
- Viper Energy announced three acquisitions during the quarter and continued to benefit from a strong earnings growth profile. The company also saw a positive impact from its addition to the S&P MidCap 400 index during the quarter.

What Hurt (Detractors)

- Relative to the AMNA, the Strategy's biggest detractors for the period were Enbridge Inc. (TSX/NYSE: ENB), TC Energy Corp., and ONEOK, Inc. All three companies positively impacted performance, but detracted from performance on a relative basis, ranking among the top four underweight positions.

- Both Enbridge and TC Energy benefited from falling interest rates during the quarter, lightening the burden of their elevated debt-to-EBITDA ratios and capital-intensive growth backlogs. Additionally, TC Energy completed the spinoff of its liquids business, South Bow Corporation (TSX/NYSE: SOBO), on October 1st, just after the period ended.
- As previously mentioned, ONEOK acquired GIP's interests in EnLink Midstream and Medallion Midstream during the quarter, adding scale and diversification to its already expansive crude oil and liquids infrastructure.

All contributors and detractors mentioned above remained in the portfolio at the end of the period.

Outlook

The midstream energy sector, as represented by the AMNA, has delivered strong absolute and relative (to the broader market) performance for nearly four consecutive years. This outperformance is even more impressive when compared to peers across both the energy and infrastructure sectors, including other energy subsectors (upstream, refining, etc.), as well as utilities and REITs.

Even without the tailwinds from commodity prices, the current strength of the midstream sector's balance sheets is unparalleled in recent history. With less need to allocate FCF toward reducing leverage, the prospects for enhanced cash returns to equityholders—through growth in dividends/distributions and buybacks—are clear and increasingly being realized. This strategy offers potential protection against future market volatility.

The financial outlook for midstream has improved significantly in recent years. The sector's average return on invested capital has risen, driven by a focus on higher-return brownfield expansions. Furthermore, recent discipline in the M&A space has likely enhanced investor confidence in midstream companies' capital allocation decisions. In short, we believe midstream is starting to gain recognition for delivering a more consistent and reliable investment proposition.

Despite these positives, the sector continues to trade at discounted valuation multiples compared to its historical norms and the broader market. We think that factors such as a low energy weighting in the S&P 500, concerns around inflation, global demand uncertainties, and the upcoming U.S. presidential election have all contributed to limited generalist interest in the energy sector, including midstream.

For longer-term investors, current valuations remain appealing, with underlying fundamentals pointing to overlooked growth opportunities. Looking ahead, key secular trends—such as growth in Permian-associated gas and NGL production, along with sustained natural gas demand to support AI and data center development—are likely to lead to upward revisions in EBITDA forecasts for the midstream sector through the end of the decade. We believe the sector is broadly undervalued, with both near-term growth potential and long-term asset value (i.e., terminal values) underappreciated. We expect a balance of growth (through positive EBITDA revisions) and capital returns (via share buybacks and dividend growth) to drive positive future total returns for investors. While not a core component of our investment thesis, we anticipate that these factors could contribute to a re-rating of the sector toward more historical valuation levels as investors reengage.

We appreciate your continued trust and support.

Kind regards,

The NXG Cushing Midstream Team

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Performance information included in this presentation represents composite returns for the NXG Cushing Midstream Energy Strategy (the "Strategy"). Actual account performance for a separately managed account invested in accordance with the Strategy will vary from these returns based upon account cash flows and investment timing.

	Total Assets ($ millions)				*Composite Performance (%)*			*Annualized 3-Year Standard Deviation (%)* [3]		
Year End	*Firm*	*Composite*	**% of Composite Assets from Wrap Program**	*Number of Accounts*	*Gross*	*Net*	*Benchmark (%)* [5]	*Composite*	*Benchmark* [5]	*Internal Composite Dispersion (%)* [4]
2024[1]	1,267	20	N.A.	12	28.35	27.39	27.37	18.34	18.77	N.A.
2023	1,013	16	N.A.	12	18.26	17.09	14.02	19.14	20.31	0.68
2022	1,039	12	N.A.	9	25.16	23.91	21.53	41.26	48.74	0.22
2021	972	17	N.A	11	43.22	41.80	40.17	39.80	47.52	0.44
2020	829	11	N.A.	7	-26.77	-27.50	-28.69	40.54	47.85	N.A.
2019	1,807	35	33.41	9	11.09	9.97	-6.56	18.03	17.95	0.37
2018	2,712	43	46.93	13	-12.42	-13.29	-12.42	19.36	18.35	0.56
2017	3,608	75	31.87	12	-6.81	-7.72	-6.52	20.28	19.33	0.19
2016	3,722	150	0.80	7	25.30	24.04	18.31	21.40	20.23	N.A.
2015	2,961	51	N.A.	4	-30.64	-31.38	-32.59	19.16	18.76	N.A.
2014	4,601	39	N.A.	2	22.40	21.06	4.80	13.50	13.73	N.A.
2013	3,343	31	N.A.	2	42.00	40.57	27.58	13.06	13.63	N.A.
2012	2,197	19	N.A.	1	8.44	7.36	4.80	-	-	N.A.
2011	1,503	13	N.A.	1	16.92	15.76	13.88	-	-	N.A.
2010[2]	1,115	13	N.A.	1	29.48	28.39	29.11	-	-	N.A.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
1) Performance reflects the un-annualized performance from 1/1/2024 to 09/30/2024.
2) Performance reflects the un-annualized performance from March 1, 2010 to December 31, 2010.
3) For periods with less than 36 months of composite performance, no 3-year ex-post standard deviation measurement is available.
4) Dispersion is the asset-weighted standard deviation of annual returns of all portfolios in the composite for the entire year. If dispersion is N.A., the composite did not hold 6 or more accounts for the entire year or the period is a partial year.
5) The Strategy has selected a blended benchmark as its benchmark. The returns for the blended benchmark represent the returns of the Alerian MLP Index prior to January 1, 2022 and the returns of the Alerian Midstream Energy Index thereafter

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