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The NXG Cushing® Midstream Strategy Market and Performance Update

For the fourth quarter of 2023, the NXG Cushing® Midstream Strategy gained 5.00% gross of fees, and 4.74% net of fees. The strategy underperformed its benchmark, the Alerian Midstream Energy Index ("AMNA"), which produced a total return of 6.45% for the quarter.

	Total Return as of 12/31/2023 (Annualized if greater than 1 year)					
	4Q 2023	**1 Year**	**3 Years**	**5 Years**	**10 Years**	**Since Inception[4]**
The NXG Cushing Midstream Strategy (gross of fees)[1]	5.00%	18.26%	28.46%	11.51%	4.12%	9.45%
The NXG Cushing Midstream Strategy (net of 1% fees)[1]	4.74%	17.09%	27.18%	10.40%	3.06%	8.34%
Blended Midstream Index Total Return[2]	6.45%	14.02%	24.77%	8.09%	0.10%	5.08%
Alerian Midstream Energy Index Total Return[3]	6.45%	14.02%	24.25%	12.76%	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 Select 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.

In the fourth quarter, the midstream energy sector demonstrated resilience amidst year-end commodity price weakness and volatility to end the year positive. The benchmark recorded its fifth consecutive positive quarter with a notable +6.45% total return. This performance is particularly impressive given the more than 21% decline in crude oil prices from around $90 at the start of the quarter to below $70 by mid-December. This decline was due to persistent strength in Russian supply, ineffective OPEC+ production policy, and a tepid Chinese recovery. These factors, combined with strong US domestic production, led to inventory builds. Other energy commodity prices, including natural gas and natural gas liquids, also experienced weakness during this period.

The midstream sector's resilience in the face of commodity price volatility was encouraging. Against this commodity market backdrop, we maintain our belief that midstream energy offers a distinct investment opportunity. This conviction is based on the sector's ability to deliver consistent cash flows, execute meaningful shareholder returns, grow margins during inflationary periods, and achieve steady earnings growth—especially for companies with integrated footprints and financial flexibility.

Easing rates in the fourth quarter drove risk assets higher as the 10-year treasury yield, which was nearly 5% in October, fell below 3.9% by quarter-end. The Federal Reserve's influence on markets persisted, with scrutiny on whether Chairman Powell would push back on expectations of easing financial conditions seen in November. Not only did he not push back, but he suggested that the Fed is done hiking and is likely to cut rates next year, marking a significant shift in messaging from prior signaling. The market now expects rate cuts in 2024 as the Fed adopts a "pause and pivot" mode and appears to be poised to address the potential challenges arising from disinflation and slowing growth.

Merger and acquisition (M&A) activity surged in the energy sector during 2023, particularly in the fourth quarter. Consolidation among Exploration and Production (E&P) companies took center stage with two major transactions: Exxon Mobil Corporation's (NYSE: XOM) acquisition of Pioneer Natural Resources Company (NYSE: PXD) and Chevron Corporation's (NYSE: CVX) acquisition of Hess Corporation (NYSE: HES). As highlighted in previous quarterly updates, we think midstream consolidation will persist as well. Midstream companies are keen on building scale to uphold pricing power, especially with upstream producers pursuing similar strategies.

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 and Processors, and Natural Gas Transportation and Storage (contributions take relative weighting and total returns into account). The strategy's holdings generating the largest detractions from overall returns included those in the Refiners and Renewable YieldCos subsectors.

Relative to the AMNA, the strategy benefited from overweight positions in the Natural Gas Transportation and Storage, Natural Gas Gatherers and Processors, and Large Cap Diversified MLPs subsectors. Importantly, stock selection within the Natural Gas Transportation and Storage subsector greatly benefited the Strategy. The strategy was negatively impacted by underweight positioning and stock selection within the Large Cap C-Corps subsector. All subsectors aside from the Refiners subsector delivered positive absolute returns during the period.

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

Strategy Contribution vs. AMNA for the Quarter Ending 12/31/2023

	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)	Equitrans Midstream Corp.	+0.61%	+0.11%	4.83%	1.04%	+0.51%
2)	Western Midstream Partners, LP	+0.37%	+0.13%	4.05%	1.29%	+0.25%
3)	Viper Energy, Inc.	+0.24%	0.00%	1.75%	0.00%	+0.24%
4)	MPLX LP	+0.36%	+0.17%	6.66%	3.03%	+0.19%
5)	Hess Midstream LP	+0.20%	+0.05%	2.04%	0.49%	+0.15%
					Top 5 Total	**+1.33%**
Largest Detractors						
1)	TC Energy Corp.	+0.25%	+1.33%	1.71%	8.98%	-1.07%
2)	Enbridge, Inc.	+0.32%	+1.05%	3.02%	9.88%	-0.73%
3)	ONEOK, Inc.	+0.74%	+1.17%	6.58%	10.32%	-0.43%
4)	Kinder Morgan, Inc.	+0.28%	+0.64%	3.64%	7.92%	-0.36%
5)	The Williams Companies, Inc.	+0.25%	+0.48%	5.86%	10.03%	-0.24%
					Bottom 5 Total	**-2.83%**

Relative to the AMNA, the strategy remained overweight to companies with higher direct and indirect energy commodity price exposure (including production volumes). These companies, typically Natural Gas Gatherers and Processors, exhibit elevated exposure to wellhead economics. The strategy also remained overweight Large Cap Diversified MLPs and increased its overweight allocation to Natural Gas Transportation & Storage at the end of the fourth quarter.

What Helped (Contributors)

- Relative to the AMNA, the strategy's top contributors for the period were Equitrans Midstream Corporation, Western Midstream Partners, LP, and Viper Energy, Inc. All three companies made positive contributions on both an absolute and relative basis due to overweight positioning. Equitrans Midstream represented the third largest overweight position relative to the benchmark.
- Equitrans Midstream saw notable progress in the quarter on their Mountain Valley Pipeline (MVP) project. Despite facing challenges, the project is on track for completion in early 2024, with construction and costs progressing as planned. In response to the evolving landscape, the company is rumored to be actively considering strategic options, including a sale. This move aims to unlock additional opportunities by integrating with a larger player in the midstream sector, as standalone growth options for the company are perceived to be limited.
- After announcing their acquisition of Meritage Midstream earlier in the year, Western Midstream Partners closed the transaction during the fourth quarter. The acquisition will expand the geographic scope of Western's system and allow them to greatly expand operations in a basin they had not previously focused on. Despite the costly acquisition, Western Midstream remains on track to meet their longer-term financial goals.
- Viper Energy, Inc. announced strong quarterly results well above consensus estimates while outlining a strong growth forecast for their operated assets for the coming year. The company also benefited from positive investor reception to their conversion from a limited partnership to a c-corp.

What Hurt (Detractors)

- Relative to the AMNA, the strategy's biggest detractors for the period were TC Energy Corp., Enbridge, Inc., and ONEOK, Inc. While each company made positive absolute contributions to the strategy, underweight positioning in all three caused relative underperformance. Notably, ONEOK, Inc. was the top absolute contributor to the strategy, despite it having a negative impact on a relative basis.
- TC Energy staged a recovery in the fourth quarter, propelled by declining interest rates. While the company maintains an elevated debt-to-EBITDA ratio and faces negative free cash flow (FCF) generation, the early and successful mechanical completion of their burdensome Coastal GasLink project, coupled with investor confidence in their decision to spin off the liquids pipeline business, contributed to the stock's strong performance during the quarter.
- Enbridge Inc. benefited from similar positive developments to TC Energy. This turnaround followed lackluster performance in the preceding three quarters, attributed to apprehensions about their overleveraged balance sheet, ongoing capital market requirements in the prevailing elevated interest rate environment, and their acquisition of three gas utilities and a concurrent equity offering.
- With shareholder approval secured late in the third quarter for ONEOK's acquisition of Magellan Midstream Partners, L.P., investor sentiment is notably positive toward the newly merged company. This strategic move enhances diversification, unlocks synergies, and positions the combined entity for greater value creation across its extensive portfolio of assets in crude oil, natural gas, and natural gas liquids.

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

Outlook

While crude oil concluded the year on a weak note, we see potential upside risks for energy prices in 2024. Factors such as regional military and economic tensions in the Middle East, OPEC+ cuts, the necessity to refill the Strategic Petroleum Reserve (SPR), persistent underinvestment in US energy development, and the continued decline in the US rig count, collectively present upside risks for energy prices. These factors could skew commodity volatility to the upside, providing a favorable tailwind for energy equities like midstream energy.

Despite the aforementioned factors, we believe the oil and gas markets are currently well-supplied. Looking ahead, the coming year is expected to be primarily influenced by supply-side factors, such as ongoing OPEC+ supply cuts, sustained geopolitical uncertainty, and domestic producer discipline, rather than by robust demand. Positively, 2024 is anticipated to be a promising year due to reduced recessionary concerns, thanks to the Federal Reserve's efforts to combat inflation and achieve a "soft landing." On a less optimistic note, this year marks the first in three years where the oil markets won't benefit from pent-up demand caused by a post-COVID reopening surge. Instead, markets are expected to shift back to a more traditional, supply-driven model resembling pre-COVID market dynamics, rather than the more unpredictable demand-driven market observed since the pandemic. With a decreased focus on the macroeconomic environment, a clearer distinction between winners and losers in the midstream energy sector is anticipated, as investors will likely prioritize fundamentals and company-specific factors.

Despite the volatility of underlying commodities, the largest midstream energy companies have reestablished themselves as premier income investments within the energy industry. This is demonstrated by their growing distributions and share buyback programs. Companies in the sector have strengthened their balance sheets, and it is expected that they will continue to generate attractive and increasing FCF yields. In the current environment, we continue to view midstream energy infrastructure names as well-positioned given their low commodity exposure and reduced reliance on interest-rate sensitive external capital markets.

Opportunities for North American energy infrastructure persist, even as the sector prioritizes maximizing shareholder returns. Given its robust fundamentals, appealing valuations, and defensive nature in an environment of high interest rates and inflation, combined with strong FCF generation, we believe the midstream sector is well-positioned to potentially outperform the broader market.

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]***
2023[1]	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 annualized performance from 1/1/2023 to 12/31/2023.
2) Performance reflects the un-annualized performance from June 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 Select Index thereafter

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