



DIVIDEND ASSETS CAPITAL, LLC

INVESTMENT ADVISORS

North American Midstream Energy Strategy

DIVIDEND ASSETS CAPITAL – INVESTMENT STRATEGIES FOR RISING INCOME & GROWTH 6/30/19

PARTICIPATING IN THE ENERGY REVOLUTION

CONSISTENTLY RISING INCOME provides potential opportunities for enhancing income and to help protect purchasing power.

GROWING DEMAND FOR ENERGY and new U.S. oil and gas reserves propel MLP expansion and investors' potential.

FIND INCOME IN A LOW-YIELD UNIVERSE through the higher yields and chance for tax deferral of MLPs.

FOCUSED INVESTMENT APPROACH

Midstream energy MLPs and C Corps present the opportunity to participate in the energy sector and have historically demonstrated less volatility than the underlying commodity. Within the universe of available MLPs and C Corps, we seek companies that have historically consistent rising distributions, strong balance sheets, and significant growth potential at attractive prices.

Demand for energy is increasing and the U.S. is taking the lead in discovery and production.

Exploration and extraction of natural gas formations in vast domestic reserves are growing. Shale plays across the country include Monterey Shale (central California), Eagle Ford Shale, Granite Wash, Permian Shale (Texas, Texas-Oklahoma Panhandle), Bakken Shale (North Dakota, Williston Basin), and Marcellus Shale (Pennsylvania, Appalachian Basin).

DAC SEEKS INVESTMENTS IN HIGH-QUALITY MIDSTREAM ENERGY MASTER LIMITED PARTNERSHIPS (MLPS) AND C CORPS THAT OFFER INVESTORS THE POTENTIAL FOR HISTORICALLY HIGHER INCOME THAN TRADITIONAL SOURCES DURING CHALLENGING YIELD ENVIRONMENTS, AS WELL AS CAPITAL APPRECIATION AND DIVERSIFICATION.

THE IMPACT OF MIDSTREAM ENERGY MLPs & C CORPS

- As the U.S. moves to create and export more energy, midstream energy MLPs and C Corps are positioned to play a critical role in financing infrastructure construction and maintenance.
- Earnings of midstream energy entities tend to be stable and provide a potentially reliable source of ongoing income.
- With historically low interest rates, MLPs and C Corps have generated consistent relative yields.
- When units are sold, a portion may be taxable at ordinary tax rates.

UNITS

- MLPs are limited partnerships that trade in the form of units on public securities exchanges, much like stocks. All of the MLPs we favor pay distributions on a quarterly basis and many grow these distributions quarterly.

MIDSTREAM ENERGY ENTITIES

- Midstream energy entities tend to own the networks of storage facilities and pipelines used to transport the energy (generally oil, gas, and natural gas liquids) to and from the refineries to end-users.
- Energy MLPs and C Corps play a critical role in providing the distribution infrastructure across all states.
- We want exposure to the growth in demand for something as critical as energy, but we would prefer to avoid, as much as possible, direct exposure to the volatility of the underlying commodities.

REVENUE

- MLPs and C Corps charge fees for transporting petroleum products and the Federal Energy Regulatory Commission (FERC) regulates the transmission rates they may charge.
- FERC oversight tends to limit partnership returns on the upside, but also tends to stabilize the earnings.

COMPETITION

- Another reason we recommend midstream energy entities is the high barrier to entry that characterizes this industry.
- Because of disruptions in creating new rights-of-way, building new pipelines could prove to be prohibitively expensive and time consuming.

TAX ISSUES WITH MLPs

- The IRS considers MLPs to be pass-through entities; MLPs do not pay income tax.
- Individuals generally receive Schedule K-1 tax forms by March 15 of each year.
- For most investors, a substantial portion (typically 70-80 percent) of the cash distributions they receive as LP unit holders in a given year is considered a return of capital.

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Investments in our North American Midstream Energy Strategy are generally midstream energy MLPs and C Corps, offering the potential for greater diversification in an overall investment strategy than traditional stocks and bonds. When selecting securities, we assess the growth of the distributions, geographic footprint, credit quality, the fundamentals of the business and the attractiveness of the price of the security.

Top Ten Holdings	Portfolio	Dividend	Cap
Enterprise Products Partners LP	11.33	6.0%	63.2
Magellan Midstream Partners LP	9.91	6.2%	14.6
MPLX LP	9.67	8.0%	25.6
Energy Transfer LP	8.21	8.7%	36.9
Western Midstream Partners LP	6.84	7.8%	13.9
Cheniere Energy Partners LP	5.53	5.5%	20.4
Enable Midstream Partners LP	4.81	9.3%	6.0
Phillips 66 Partners LP	4.8	6.5%	6.2
ONEOK Inc	4.71	4.9%	28.4
Tallgrass Energy LP	4.58	9.7%	5.9

% total assets

The portfolio characteristics and Top Ten Holdings tables displayed present data from the North America Midstream Energy Strategy-MLP & C Corp composite. Top Ten Holdings are shown as a percentage of net assets and listed in order of rank. Individual holdings, statistics, and characteristics may differ from those of the composite due to size of the portfolio, client specific constraints, tax considerations, or other factors. Holdings are subject to change at any time and are not considered recommendations to buy or sell any security the reader should not assume that the securities identified was or will be profitable. A complete list of holdings is available upon request.

COMBINED PERFORMANCE OF SELECT PORTFOLIOS**

Total Returns %	Qtr	YTD	1 YR	Annualized				Incept.*
				3 YR	5 YR	10 YR		
DAC (Gross of Fees)	-1.23%	13.64%	2.09%	-1.16%	-6.70%	8.99%	8.30%	
DAC (Net of Fees)	-1.52%	13.01%	0.95%	-2.14%	-7.53%	8.09%	7.45%	
Alerian MLP Index	0.12%	16.96%	3.09%	-0.42%	-7.20%	8.17%	6.92%	

*Inception Date 4/30/2006

Calendar Year

Performance %	2018	2017	2016	2015	2014	2013	2012	2011	2010
DAC (Gross of Fees)	-11.68%	-6.92%	17.62%	-29.87%	12.14%	26.35%	8.41%	15.82%	33.86%
DAC (Net of Fees)	-12.65%	-7.86%	16.88%	-30.41%	11.28%	25.34%	7.57%	14.92%	32.95%
Alerian MLP Index	-12.42%	-6.52%	18.31%	-32.60%	4.80%	27.59%	4.35%	13.97%	35.90%

Certain performance calculations are prepared internally and have not been verified or audited by a third party. The use of a different methodology for preparing, calculating, or presenting performance returns may lead to different results and such results may be material. **Past performance is not indicative of future results.**

**HISTORICAL PERFORMANCE RETURNS. Performance calculations are time-weighted and include the reinvestment of dividends and other earnings. The MLP composite includes discretionary and non-discretionary accounts. Net performance results reflect the deduction of investment management fees. Gross performance results do not reflect the deduction of investment management fees, and are net of commissions and foreign withholding tax.

The S&P 500 Index is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation.

The Alerian MLP Index (NYSE: AMZ) is a widely recognized, unmanaged index that includes a composite of the 50 most prominent energy MLPs.

These indexes are unmanaged, and you cannot invest directly in an index. The index comparisons are provided for informational purposes only and should not be used as the basis for making an investment decision. The index returns do not reflect the deduction of fees.

PORTFOLIO CHARACTERISTICS

Average Market Capitalization	\$21.5B	Distribution Yield	7.2%	Beta	0.84
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Any third-party information contained herein was prepared by sources deemed to be reliable, but is not guaranteed. For the period April 30, 2006 to December 31, 2013, inclusion in the North American Midstream Energy Strategy - MLP & C Corp composite was based on portfolios with an initial target allocation of 90% holdings in MLPs. Based on customization of client accounts that occurred over time, not all accounts in the portfolio held investments meeting the target allocation. As of January 2014, the following composite methodology was used: No Fixed Income, target 90% or greater in MLPs and 10% in cash. In November 2018, the composite was changed and the target is now 90% midstream energy MLP & C Corps, each individual portfolio in the composite is customized to the client's investment objectives. This also contributes to a wide dispersion of performance returns for portfolios in the composite.

OWNERSHIP IN MASTER LIMITED PARTNERSHIPS. Master Limited Partnerships (MLPs) are limited partnerships that trade as units on public securities exchanges. MLPs are generally held in an investor's account to generate income. A substantial portion of the cash distributions made are considered a return of capital, tax-deferred until the units are sold. Investors should consult a tax advisor regarding individual circumstances. Investors in MLPs should determine the tax consequences of investing in MLPs based on their specific circumstances and should consult with their tax advisor regarding the tax consequences of an investment strategy of investing in MLPs. Investors in MLPs should be aware that any changes in the current tax law could potentially result in future and retroactive tax consequences and should consult their tax advisors regarding any tax law changes. Investors in MLPs may be required to file tax returns and pay tax in each state in which the MLP operates. Individual retirement accounts and retirement plans investing in MLPs may be required to report unrelated business taxable income (UBTI) and pay unrelated business income tax (UBIT). Tax reporting information for MLPs is provided to investors on an annual Schedule K-1 issued by an MLP. Investors may be required to request an extension of time to file their tax returns if an MLP has not issued a Schedule K-1 by April 15.

Dividend Assets Capital, LLC (DAC) is a Registered Investment Adviser with the U.S. Securities and Exchange Commission. Registration does not imply any certain level of skill or training. The risk of substantial loss exists in equity and MLP trading and equity and MLP investments are not suitable for all investors. You should carefully assess your objectives and risk tolerance before investing. Data is deemed to be reliable, but DAC does not guarantee reliability or accuracy. Information provided is as of the date of this report and subject to change at any time.

ADDITIONAL INFORMATION. You should carefully consider the investment objectives, potential risks, management fees, and charges and expenses before investing. The Firm's Investment Adviser Brochure, Form ADV Part 2, contains this and other information about the Firm, and should be read carefully before investing. You may obtain a current copy of DAC's Form ADV Part 2 by visiting our website at www.DACapitalSC.com, emailing info@DACapitalSC.com, or by calling us at (866) 348-4769. Additional information about Dividend Assets Capital, LLC is also available on the United States Securities and Exchange Commission's website at www.adviserinfo.sec.gov. You may search this site using a unique identifying number known as a CRD. DAC's CRD is 129973. DAC-19-12



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58 RIVERWALK BLVD · RIDGELAND, SC 29936 · USA · 866.348.4769 · DACAPITALSC.COM