



Index Total Returns

Source: NBW Capital

	Three Months Ended 3/31/2024	Twelve Months Ended 3/31/2024
Alerian Total Return	13.89%	38.46%
S&P 500	10.56%	29.88%
Russell 2000	5.18%	19.71%
Bloomberg U.S. Aggregate Bond	-0.78%	1.70%
Alerian U.S. Midstream Energy	13.76%	33.48%

*March 31, 2024 quarter end point in time data. The above returns are industry index benchmark returns, your actual portfolio return can be located on the "Performance Overview" page of your reporting package.

Yields

Source: Bloomberg

	Ended 3/31/2024
Alerian Total Return	7.80%
Ten-Year U.S. Treasury	4.20%
One-Year U.S. Treasury	5.03%
Bloomberg U.S. Aggregate Bond	4.85%
S&P 500	1.42%
Dow Jones REIT	4.09%

First Quarter Review

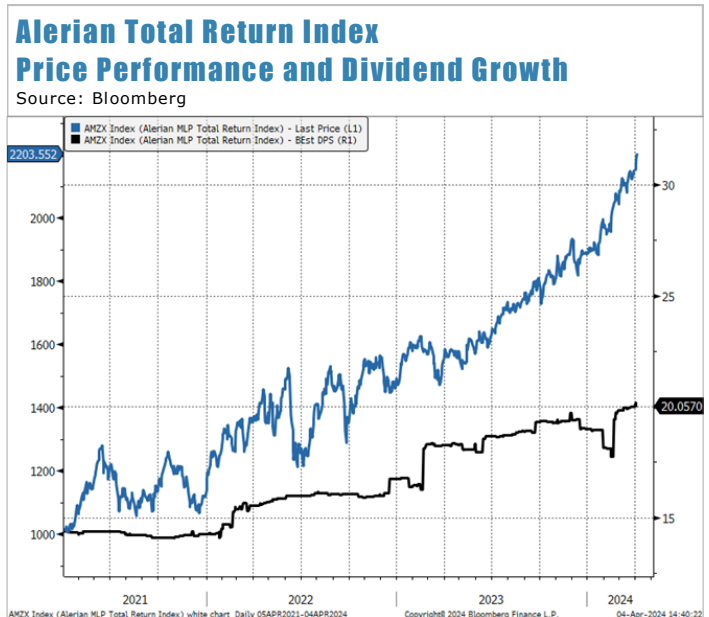
The first quarter of 2024 has been a strong start for the MLP industry, marked by positive market trends and continued earnings growth. The Alerian Total Return Index delivered double-digit returns, and we are pleased to announce that NBW Capital has outperformed the Index during this period. As we have met with companies over the course of the first quarter 2024, we continue to be impressed by their business outlook and also their adherence to a capital discipline story that we believe is a key driver of future returns.

One important component of industry trends is that oil and gas volumes in the U.S. reached record levels, contributing to favorable cash flow and forward guidance for most companies. Dividend announcements were also positive with a year-over-year increase of 6.9% in distributions for our portfolio.

Outlook

Looking ahead, we remain optimistic about the outlook for the MLP industry. Capital expenditures are in a slow growth path and midstream companies continue to demonstrate capital discipline; generating healthy free cash flow after capital expenditures. Balance sheets are strong, with leverage targets being met.

Dividend increases are accelerating, reflecting the industry's commitment to returning free cash flow to shareholders. Western Midstream, a long standing holding, announced a significant dividend increase of 16% in February 2024, with an additional 51% increase expected by year-end. This exemplifies the industry's ability to fund higher distributions, a trend we anticipate will continue.



Energy Demand

We have observed a notable increase in electricity demand over the past year, driven by the adoption of electric vehicles and growth in data centers supporting Artificial Intelligence (AI). This growth is expected to drive electricity demand from 1% to 3%, with natural gas playing a crucial role in meeting this increased demand.

Future Returns

Our outlook for future returns remains positive with distribution yields of 6% to 7% deemed safe, given strong coverage ratios. We expect dividends to grow by 5% and anticipate modest valuation expansion, leading to a projected total return of 15% for the Alerian Total Return Index.

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