NBW CAPITAL LLC

MLP INVESTMENT REVIEW & OUTLOOK
(September 30, 2017)

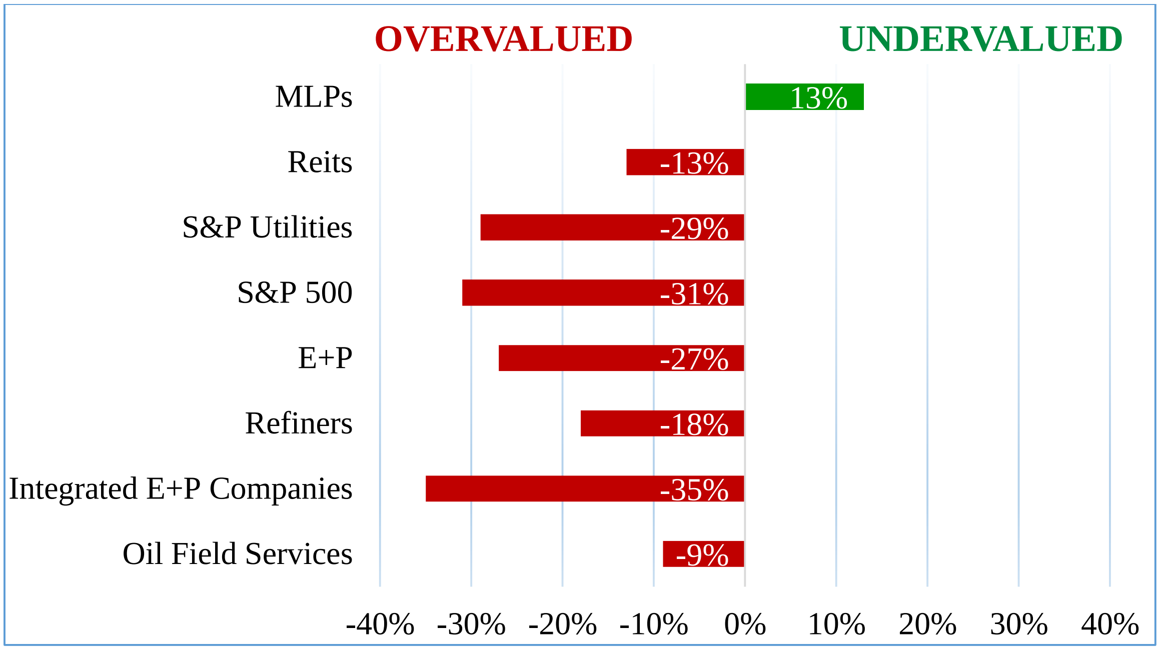
	Three Months Ended 9/30/17 Total Returns	Year-To-Date Ended 9/30/17 Total Returns
Alerian Total Return Index	-3.05%	-5.62%
Ten Year US Treasury Yield*	2.33%	2.33%
Alerian Total Return Index Yield*	7.70%	7.70%
Spread versus Ten Year Treasury*	5.37%	5.37%

*Quarter end point in time data

Master Limited Partnerships (MLPs), as represented by the Alerian Total Return Index ("MLP Index"), experienced a down third quarter. This obscured good MLP returns for NBW Capital's MLPs. Specifically, the MLP Index declined by 3.05% during 2017's third quarter while NBW Capital's MLPs had a positive return of over 2%. We view this pullback in the index as mild, and for context note that MLPs, as represented by the MLP Index, still have generated total returns of 66.7% since the low point in February of 2016 when the current bull market began. Intermittent pullbacks are expected and can be healthy in extending the length of bull markets. Corrections help to keep speculation in check and sentiment muted. We were encouraged by the third quarter distribution announcements that showed continued solid growth for both the industry and NBW Capital's MLPs. Exceeding its peer group, NBW Capital's MLPs have grown their distributions at an average rate of over 14% over the last twelve months. The industry has grown its distributions at an estimated 4.6% annual rate over the preceding 12 months.

OUTLOOK

We think that we are at an "appealing" juncture for MLP investors. We say this because we currently sit at what we consider to be one of the best entry points for MLPs in over a year. Recall that MLPs bottomed in February of 2016 and appreciated so quickly and so dramatically (i.e. 19.4% in the first five trading days) that many investors could not participate. Today, there exists a confluence of low investor sentiment and significant undervaluation versus historical norms, similar to conditions in February 2016. The table summarizes the degree of MLP undervaluation.



*In comparison to each group's 10 year to average EV/EBITDA. Source: Wells Fargo Securities, LLC. Data as of 9/7/17.

From a longevity or stage of cycle standpoint, MLPs are early in their 19-month old bull market. Equities, as represented by the S&P 500, are far along in their historic 102-month bull market, and bonds are near ancient in terms of their 36-year bull market run. Fourteen percent, long-term treasuries were in retrospect irresistible in 1981, and the decline in interest rates to current day levels has been an enormous support to equity prices over this time-period. Given today's prevailing low interest rate environment, we have a shortage of investment income. MLPs, with the 7.7% distribution yield on the MLP Index, stand out as an attractive source of investment income.

Today, MLPs are benefiting from the resurgence in U.S. energy production. While this production upswing has created a drag on the price of oil, MLP revenue has been favorably affected by the growth in volume of energy production. Recall that MLPs have fee-based, long-term contracted revenue models. These fees apply to volumes and not the price of the energy commodity being transported, processed or stored. This dynamic helps explain the dichotomy in MLP revenue and cash flow growth and lower energy prices. The frustrating "hand in glove" correlation of MLP equity prices to oil prices is finally breaking down and should return to the lower historical correlation norms. The table below summarizes:

	NBW Capital MLP Total Returns	Percentage Change Crude Oil
2016	25.1%	22.2%
2017 YTD (9/30/2017)	2.2%	-3.9%

Source: Bloomberg

While the strong rebound in U.S. oil production volume has kept oil prices from rising as fast as some had hoped, it is very beneficial to MLPs. MLPs are predominantly fee-based, and these fees apply to volume of liquids that are produced, transported, processed and stored. Energy demand continues to grow worldwide and the U.S. is becoming a large exporter of crude oil, propane, ethane and liquefied natural gas (LNG). Coal is being displaced, as is nuclear to a lesser degree, by natural gas fired electrical generating plants. Over five large, world-class petro chemical plants are nearing completion on the gulf coast over the next few years. They will use ethane (derived from natural gas) as a feedstock, and will spur the need for incremental MLP infrastructure.

It is important to note here that throughout the energy downturn, MLPs did grow their distributions to investors. The pace of growth slowed, but growth did occur. MLP distribution growth is likely to accelerate over the next few years. Coverage ratios, balance sheets and access to capital markets are much improved from where they were 16 months ago. We feel that estimated annual returns over the next several years are compelling. The combination of yield (7.7%), annual growth in distributions (5%), and reversion upward to "normal" valuations should allow for annual percent returns in the low to mid-teens. Two important valuation measures both allude to undervaluation versus historical norms. On a price to distributable cash flow basis, and using Wells Fargo's research inputs, MLPs at quarter end are trading at a 16% discount to their five-year historical average valuation. Similarly, MLPs in comparison to Ten Year U.S. Treasuries are trading at a substantial discount to where they have historically traded.

ATTRIBUTION

NBW Capital's MLP performance during the first nine months of 2017 was enhanced by its holdings of Noble Midstream, Western Refining Logistics and EQT GP Holdings. Performance was held back by the lagging year-to-date returns for SemGroup and NGL Partners. No meaningful thematic conclusions are drawn from these lagging individual security price movements. The largest five individual MLPs, representing slightly over 45% of the MLP index, are not currently owned by NBW Capital. During the first nine months of 2017, these exclusions had average total returns of -9% and significantly underperformed NBW Capital's MLP performance. NBW Capital's MLP portfolios significantly outperformed their benchmark, the Alerian Total Return Index, during the first nine months of 2017.

FEATURED INVESTMENT HOLDING

Every quarter we highlight a holding that we find particularly attractive. This quarter our selection is Oasis Midstream (Symbol: OMP). Oasis Midstream is a recent addition to our portfolios having come public in September 2017. Oasis Midstream provides oil and gas midstream services in the Williston Basin, one of North America's most prolific crude oil producing basins. Substantially, all of Oasis Midstream's revenues derive from 15 year, fixed-fee contracts which minimize direct exposure to commodity prices.

We believe Oasis Midstream will generate excellent returns over the next several years. We anticipate Oasis Midstream will grow its distribution at a 20% annual rate over the next few years. The units are undervalued and trading at an 8.8% distribution yield. Our confidence in Oasis Midstream is bolstered by its strong and essentially debt-free balance sheet in combination with the revenue visibility provided by its fee-based revenue model.