

**THE RUSSIANS ARE COMING, THE RUSSIANS ARE COMING!**

March 19, 2014

Recent investor attention focused on the escalating Russian/Ukraine crisis, therefore, we believe this chain of events reinforces the importance of “energy independence.” The Obama administration would hardly be considered a friend to the U.S. energy industry, however, politics can make strange bedfellows. Russia’s strategic stranglehold over Europe lies in its significant position as a supplier of hydrocarbons, especially natural gas. Russia accounts for approximately 40% of its energy. As such, with shale gas production in the United States booming, Russia’s intervention in Crimea has given a boost to those calling for the United States to expedite natural gas exports (LNG) to Europe to help it cut its reliance on Russian energy. Although the prospects for exporting U.S. gas in a meaningful way, are a couple of years away, it sends a clear message that the global gas market is changing

The positive ramifications of even a small shift in the Obama Administration’s view towards natural gas exports could ripple through the “Energy Value Chain”. First of all, the greater the number of export facilities (Cheniere), and the higher expected natural gas price floor, should encourage companies to accelerate their natural gas directed drilling programs. This would of course encourage greater utilization of energy services companies like Halliburton, with their drilling services, well completion, and intervention. At the same time, companies such as Chicago Bridge and Iron and Fluor Corp should be major beneficiaries of the LNG infrastructure growth. It should also benefit large pipeline companies like Williams, Markwest, Energy Transfer and other Master Limited Partnerships (MLPs) that would need to connect supply basins to coastal export facilities. Lastly, the increase exportation of natural gas or other refined products should significantly benefit waterborne shipping companies such as Stealth Gas, a recent addition to the Fund. These events are material to our portfolio and our strategy and we will follow this situation very closely.

Prioritizing energy independence and protecting infrastructure investments will be a common theme going forward. Whether its pipelines, electricity transmission and distribution, electric generation, rail transport, export facilities, shipping, oil and gas gathering and processing, we believe that North America is “short” these crucial energy infrastructure assets. We have used the term “game-changer” several times in our monthly communications and we believe, with the recent events in Russia, the game continues to change and accelerate. Securing and protecting our highly valuable resources and becoming a reliable supplier of energy domestically and globally, is the new focus. Our investment universe is ripe with opportunities. Companies like Mastec, Quanta, the aforementioned Chicago Bridge and Iron, Fluor, and Williams just to name a few, have abundant growth potential which is highly visible. Hundreds of billions of dollars could be spent over the next several decades on new infrastructure required to gather, transport, generate, and distribute energy to markets throughout North America alone.

In summary, the Russian/Ukraine crisis could be the global crisis catalyst that puts political pressure on the Obama Administration. We believe, if done correctly, President Obama has an opportunity to support our European allies, while pressuring Russia, and importantly, increasing focus on investing in the future of U.S. energy.

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