Miller/Howard INVESTMENTS

Valuation in an Age of Disruption

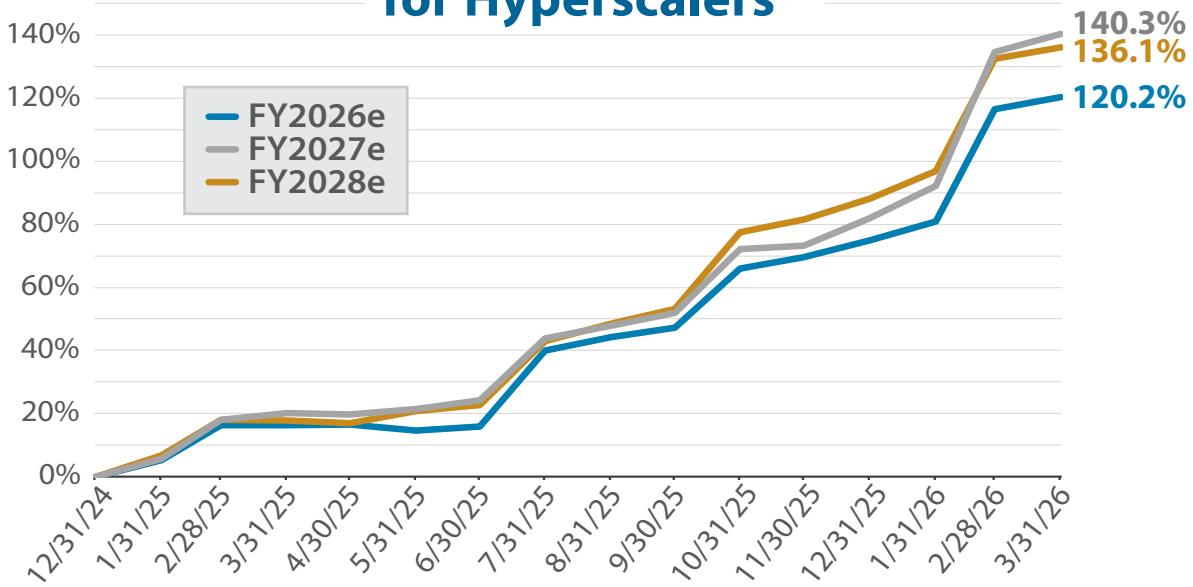
MARCH 31, 2026

How much future growth are you paying for?

THE FIRST QUARTER OF 2026 MARKED a turning point in how the market has approached artificial intelligence (AI). Previously, the market's focus was on the infrastructure build-out, with hyperscalers' capital budgets and the resultant demand for chips and power generation taking center stage. A jaw-dropping level of capital deployment has marched incessantly higher with the consensus capex forecasts for the four largest hyperscalers* increasing by 120% to 140% since the beginning of 2025. Maybe even more astonishing is that the 2028 consensus capex for these four companies, $750 billion in aggregate, is currently greater than the market capitalization of ExxonMobil (XOM) and is approaching that of JP Morgan Chase (JPM, not held).

A focus on growth has shifted to the potential disruption caused by AI advancement. In February, an AI research company demonstrated significant progress in agentic AI (systems that can not only answer queries but execute multi-step processes across different applications). The new release also demonstrated an ability to automate complex coding.

Upward Revisions to Capex Estimates for Hyperscalers*



As of March 31, 2026. Sources: Bloomberg; Miller/Howard Research & Analysis. Chart depicts upward revisions to the average change in hyperscalers' capex estimates between 12/31/2024 and 3/25/2026.

*Hyperscalers: Microsoft (MSFT), Amazon (AMZN), Alphabet (GOOG), and Meta Platforms (META). As of March 31, 2026, Miller/Howard did not hold these stocks in any of its portfolios.

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These improvements caused many to consider paradigm-shifting implications for industries and companies that had previously generated stable cash flows. Software companies that historically benefitted from recurring subscription revenue and high margins found themselves in the crosshairs, with their business models suddenly called into question. Agentic AI threatened to disrupt the software industry by reducing legacy moats, threatening the number of subscriptions necessary (AI agents are thought to be able to do the work of multiple employees), and introducing the narrative that software may ultimately be custom-built instead of bought.

A loss of confidence in asset-light business models coincided with a focus on HALO (Heavy Assets, Low Obsolescence) companies in an effort to avoid disruption. As the name suggests, these companies are typically asset-heavy with physical moats that can't be digitized. Common examples include utilities, energy, industrial equipment, consumer staples, and transportation and logistics companies. While some of these businesses may utilize AI, or even have pieces of the business that can be automated or "disrupted" from a labor perspective, the end service will remain the same. A railroad can use AI to enhance logistical planning, but the carloads ultimately need to be physically moved.

While software took the initial salvo of AI disruption fears, the market applied this same lens to professional services, freight brokerage, and other companies that rely on labor-intensive processes. As AI functionality continues to improve, it seems only logical that additional subsectors will be called into question and growth expectations revised.

What Happens When Growth is Disrupted?

In the current market environment, many companies—particularly the names driving market concentration—embed high levels of expected growth. Consensus estimates for the Russell 1000 Growth Index imply a 3-year earnings per share compound annual growth rate (EPS CAGR) of 21%. Due in large part to their growth profiles, these names trade at an average price-to-forward-earnings (FY1 P/E) ratio of nearly 22x. (Last quarter, we highlighted that many of these names are finding their way into value portfolios despite having predominately growth characteristics.)

Investing in high growth names with premium multiples is an implicit bet on the sustainability of their cash flows. NYU Stern Professor Aswath Damodaran suggests that one of the most critical factors in determining how long a firm will be able to maintain high growth is the magnitude and sustainability of its competitive advantages. Significant barriers to entry and defensible competitive advantages enable companies to maintain high growth for longer periods.

As we have already seen, AI proliferation could make these long-duration investments riskier. AI advancements—particularly agentic AI—have the potential to reduce barriers to entry and erode competitive advantages. Potential disruption calls into question the future cash flow profile of many businesses that had historically been considered durable with rapid growth. The simple reality is that continuing to pay a premium for future growth is likely more dangerous due to the higher risk profile associated with long-term growth rates and terminal value assumptions. If investors don't know what the world is going to look like in 10+ years, how much value should be put in those cash flows?

Within the equity universe, growth stocks typically have long-dated cash flow streams with higher growth rates. Growth names can have negative cash flows in the early stages before an inflection and significant cash flow streams in the outer years. Conversely, value stocks are typically more mature and have cash flow streams that are more front-end loaded with lower growth expectations. While these cash flow streams are typically more stable, they are also considered lower duration.

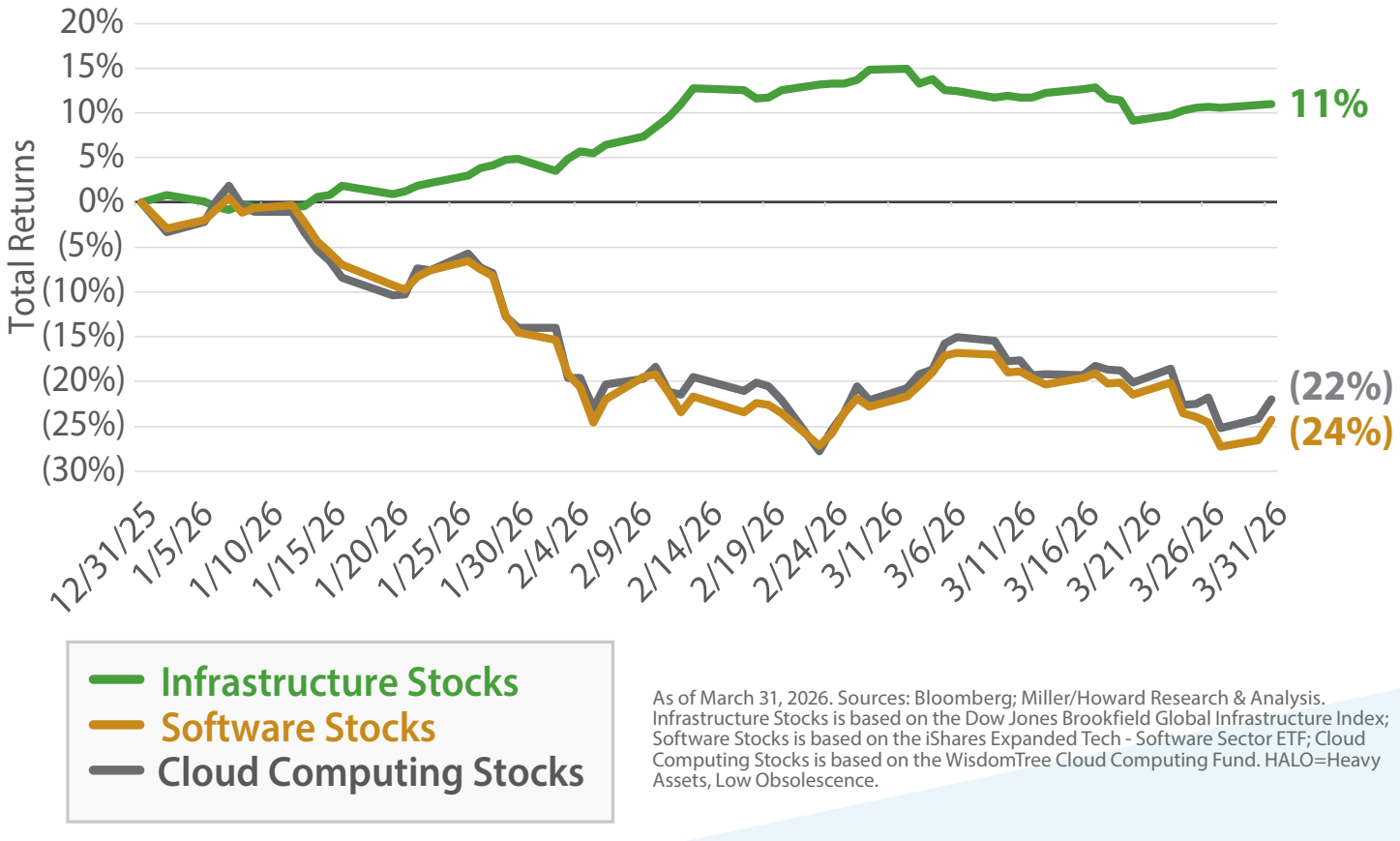
While true disruption can be catastrophic for any investment, growth investments' long-dated cash flows are particularly exposed. This can be seen in the heavy value placed on terminal values—in this case, cash flows beyond 10 years—that are most exposed to disruption. Our discounted cash flow sensitivity analysis suggests higher growth scenarios generally ascribed 60% to 75% of their value to terminal growth. *[To see our full analysis, turn to our **Reference Guide to Valuation Modeling** on page 5, and specifically **Terminal Value** on page 6.]*

Similarly, a disruption that causes even a slight degradation in the overall growth rate assumption has major implications for valuation. A company's sensitivity to this degradation increases at higher assumed levels of growth, leaving growth names, once again, more exposed. In our justified P/E sensitivity analysis, cutting the annual growth rate from 7% to 6% (assuming a return on equity of 25%, a reasonable assumption for a higher-growth stock) reduced the justified P/E from 36x to 25x. Cutting the annual growth rate again from 6% to 3% further reduced the justified P/E from 25x to 15x. *[To see our full analysis, turn to **The P/E Connection**, on page 6.]*

In 1Q 2026, software sector performance showed the real-life implications of changing growth assumptions (both in magnitude and duration) on equity valuations. During the quarter, software companies declined by over 20% while HALO stocks—represented by the DJ Brookfield Global Infrastructure Index—increased by over 10%.

"HALO" Stocks Led in 1Q 2026

Infrastructure vs Software and Cloud Computing Returns



As of March 31, 2026. Sources: Bloomberg; Miller/Howard Research & Analysis. Infrastructure Stocks is based on the Dow Jones Brookfield Global Infrastructure Index; Software Stocks is based on the iShares Expanded Tech - Software Sector ETF; Cloud Computing Stocks is based on the WisdomTree Cloud Computing Fund. HALO=Heavy Assets, Low Obsolescence.

Dividends are a Governor

The market's pivot to HALO stocks in the face of uncertainty strikes us as logical. While we don't disagree with the thesis and have several energy and infrastructure portfolios firmly in this territory, we don't think it is the only way to reduce disruption risk.

Dividend investing creates a natural barrier to chasing growth as high and secure (well-covered) dividends are naturally incompatible with high P/E ratios. This incompatibility isn't a matter of style or philosophy, but rather a mathematical certainty. Combining dividend yield and dividend coverage, and then simplifying the equation by canceling the common factors leaves us with earnings yield:

$$\left(\frac{\cancel{\text{Dividend}}}{\text{Price}}\right) * \left(\frac{\text{Earnings}}{\cancel{\text{Dividend}}}\right) = \left(\frac{\text{Earnings}}{\text{Price}}\right)$$

Earnings yield is the inverse of P/E. This means a high-dividend yield multiplied by high-dividend coverage equals a low P/E. Lower P/E ratios typically have lower duration cash flows and a lower embedded growth assumption.

In an age of disruption, companies with a lower P/E may offer a margin of safety to investors that is essentially a hedge against the unknown. Combining this with a return of capital through recurring and growing dividends, can leave investors with a more certain future.

Miller/Howard has provided a disciplined commitment to dividend investing for over three decades and will continue to focus on providing our clients with a high and rising income stream they can depend on. As investors seek to rebalance away from mega-cap growth companies, we think dividend investing warrants a closer look, as it can provide high current income at reasonable valuations.

To more fully explain our analysis and the theory behind it, we thought it might be helpful to revisit ***valuation theory*** *and some common approaches.*

This is a deep dive into the concepts mentioned above and meant to be a ***reference guide to valuation modeling.***

(See pages 5-7)

Reference Guide to Valuation Modeling

Back to Basics - Valuation

At the most basic level, an asset is worth the present value of future cash flows.

$$P = \frac{CF_1}{1+r} + \frac{CF_2}{(1+r)^2} + \frac{CF_3}{(1+r)^3} + \ldots + \frac{CF_N}{(1+r)^N}$$

Net present value (NPV) calculations take this concept a step further and compare the present value of future cash flows to the purchase price. Academically, an investor should be willing to buy an investment with a positive NPV—assuming the discount rate adequately compensates the investor—as it increases the owner's wealth.

Determining this discount rate is an extensive discussion in and of itself, so we will provide some high points before continuing to focus on the cash flow piece of the equation. The discount rate or required rate of return is based on the concept of time value of money. Since it is more desirable to consume something today versus in the future, the real risk-free rate represents the rate of exchange between future and present consumption or the reward for foregoing consumption today. Adding an inflation expectation to compensate for loss of purchasing power and a risk premium to compensate for the uncertainty of cash flows to this base results in the required rate of return. While the discounting of future cash flows provides a standardized framework, the magnitude and timing of the cash flows can be highly variable based on the investment.

$$\text{Required Rate of Return} = \text{Real Risk-free Rate} + \text{Expected Inflation} + \text{Risk Premium}$$

P is price; CF is cash flow in each year; r is the required rate of return.

Discounted Cash Flow Models

Discounted cash flow (DCF) models are an optimal way to capture the growth and timing of cash flows. Discounted cash flow models can range in granularity from modeling each individual period to simplifying assumptions into a few stages or a constant growth rate.

Forecasting all future time periods is, theoretically, the most precise. It is also more appropriate for companies that are experiencing above-average growth as this state cannot be maintained indefinitely without the company becoming the economy. However, modeling individual periods deep into the future can also be impractical. Future periods become increasingly difficult to accurately project. There is also decreasing utility with each period as the discounting of future cash flows makes each period less material to the overall value. These limitations often justify the use of more simplified versions.

The Gordon Growth Model (GGM) is the simplest form of a DCF model as it assumes the company is in a steady state with a constant growth rate. The GGM uses the same reasoning as valuing a perpetual cash flow stream. In this case, the cash flow is divided by the required rate of return (e.g. a $100 recurring payment with a 10% required rate of return implies a $1,000 value). The GGM differs in that it nets a growth rate against the required rate of return. In practice, this is the same as the perpetual cash flow stream that had no growth. We note that the GGM can utilize either a dividend payment or free cash flow (FCF) payment in the numerator.

$$P = \frac{DIV_1}{r_{CE} - g_{DIV}}$$

P is price; DIV is the dividend; r is the required rate of return; g is the projected growth rate.

Terminal Value

The GGM can also be used as a part of a DCF model. In a two-stage model (or three-stage model), an analyst can forecast a period of higher growth before using the GGM for a constant level of growth into perpetuity often referred to as the terminal growth rate. Again, this is often preferrable for growth companies as above-average growth is difficult to sustain.

The terminal value in a DCF model can be surprisingly material, often dominating the valuation. Its magnitude is influenced, once again, by the assumed growth rates and the duration of these periods. To provide some context around terminal value's contribution to total value, we evaluated a three-stage DCF model. In our analysis, we assumed a five-year period of growth, a second five-year period of decelerating growth, and then a terminal growth rate. We kept the required rate of return constant at 9%. Sensitivity analysis showed that with phase one growth rates ranging from 0%-20% and terminal growth rates of 0%-5%, the terminal value comprised roughly 45%-75% of the total valuation.

Most investors intuitively know that a high terminal growth rate means that a lot of the value is attributed to the long-term durability of that growth. What may be more surprising is that even assuming no terminal growth—which embeds an assumption that cash flows are stable and durable—means that nearly half of the investment's value is tied to its ability to maintain its cash flows indefinitely.

Terminal Value as a Percentage of Value
Terminal Growth (X-axis) and Phase 1 Growth (Y-axis)

	0.0%	1.0%	2.0%	3.0%	4.0%	5.0%
0.0%	42%	46%	50%	55%	60%	66%
5.0%	46%	50%	54%	58%	63%	69%
10.0%	49%	53%	57%	61%	66%	71%
15.0%	52%	56%	60%	64%	69%	74%
20.0%	55%	58%	62%	66%	71%	76%

The P/E Connection

The P/E ratio is commonly used as a relative valuation metric due to its usefulness in comparing companies. As we have discussed in prior Quarterly Reports, history also suggests an investment's total return is correlated with its starting P/E. Our findings are internally consistent when one considers that P/E ratios, in addition to being a relative valuation metric, are also mathematical shorthand for a DCF model.

$$P/E_1 = \frac{\text{Payout Ratio}}{r_{CE} - g_E}$$

The GGM can be reformulated to solve for a P/E (or the P/E at which the cash flow stream is appropriately priced) in what is commonly referred to as the Earnings Multiplier Model (EMM). The EMM assumes that the company has reached a steady state where earnings growth and payout ratio will remain constant. As a result, the dividend or FCF is replaced by the payout ratio and price is adjusted to P/E.

P/E Sensitivity
Growth Rate (X-axis) and Payout Ratio (Y-axis)

	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
35.0%	5.0x	5.8x	7.0x	8.8x	11.7x	17.5x	35.0x
50.0%	7.1x	8.3x	10.0x	12.5x	16.7x	25.0x	50.0x
65.0%	9.3x	10.8x	13.0x	16.3x	21.7x	32.5x	65.0x
80.0%	11.4x	13.3x	16.0x	20.0x	26.7x	40.0x	80.0x

Since the GGM was used in our previous DCF discussion, it should be no surprise that the growth assumption is a key determinant of valuation and is highly sensitive. To help quantify how growth shapes the justified P/E, we assumed a constant required rate of return of 9% and variable payout ratios and growth rates. Within the sensitivity analysis, the center of the distribution generally held P/E ratios in the 10x-20x range with higher growth rates and higher payout ratios driving higher P/E ratios. Mathematically, that sensitivity becomes more significant as the growth rate approaches the required rate of return. This creates a mathematical justification for the fact that growth companies are highly sensitive to changes in the embedded growth expectations.

P/E is price-to-earnings ratio; r is the required rate of return; g is the projected growth rate; payout ratio is the percentage of net income paid out as dividends.

The selected growth rates range from 2.0%-8.0%. Since the model is predicated on cash flow having reached a stable state, the high end of the range is hard to justify as a stable growth rate cannot exceed the growth rate of the economy indefinitely. However, the high end of the range can be used to observe what the implied growth rate is for various P/Es. In this context, the growth rates can also be viewed as a mathematical proxy for the compression of multiple growth phases.

One shortcoming to this analysis is it assumes the growth and payout ratio are independent. Academically speaking, they are dependent as a company's sustainable growth rate is equal to its retention ratio multiplied by its return on equity (ROE).

Sustainable Growth Rate = Retention Ratio x ROE
Retention Ratio = 1 – Payout Ratio

This is somewhat intuitive given growth is generally not exogenous but driven by investment. If a company is retaining most of its earnings or cash flow (low payout), growth should be high and if a company is paying out most of its earnings or cash flow (high payout), growth should be lower. This is consistent with the typical maturation of a company, in which growth slows and its payout increases. This relationship results in some inconsistencies at the edges of our sensitivity analysis in which high payouts and high growth are unlikely (a payout ratio of 80% and a growth rate of 8% would require an ROE of 40%) and low payouts and low growth assume cash hoarding or value destruction.

The Earnings Multiplier Model can be adjusted to remove the payout ratio. Since the payout ratio is simply 1 – retention ratio, the sustainable growth formula can be rewritten in the numerator.

$$P/E = \frac{1-(g/ROE)}{r_{CE} - g_E}$$

This version is, in some ways, more intellectually honest as the payout ratio is no longer an independent input and instead calculates how much the company must retain to achieve its growth based on the ROE (linking growth and capital efficiency).

To once again help frame how growth shapes the P/E, we assumed a constant required rate of return of 9% and variable growth rates and ROEs. Like our last example, higher growth rates and higher ROEs drove higher P/E ratios. The P/E ratio was most sensitive to growth when ROEs were high. This makes sense mathematically, as a higher ROE makes the payout ratio higher (numerator), and fundamentally, as a higher ROE means growth is more accretive.

This version, although improved, is not beyond reproach. In this analysis, ROEs are assumed to be static. In the long run, high ROEs tend to decay toward the cost of capital due to competition.

P/E Sensitivity
Growth Rate (X-axis) and ROE (Y-axis)

	2.0%	3.0%	4.0%	5.0%	6.0%	7.0%	8.0%
10.0%	11.4x	11.7x	12.0x	12.5x	13.3x	15.0x	20.0x
15.0%	12.4x	13.3x	14.7x	16.7x	20.0x	26.7x	46.7x
20.0%	12.9x	14.2x	16.0x	18.8x	23.3x	32.5x	60.0x
25.0%	13.1x	14.7x	16.8x	20.0x	25.3x	36.0x	68.0x
30.0%	13.3x	15.0x	17.3x	20.8x	26.7x	38.3x	73.3x

While these analyses are imperfect, they are consistent in illustrating and quantifying that growth is a foundational driver behind P/E ratios, with higher P/E ratios embedding higher growth assumptions.

P/E is price-to-earnings ratio; ROE is the return on equity; r is the required rate of return; g is the projected growth rate; payout ratio is the percentage of net income paid out as dividends.

Successful investing in growth names at premium multiples may require an accurate long-term forecast of their cash flows. How can investors accurately forecast cash flows far into the future when the world is rapidly changing? In an age of disruption, we believe investors should consider stocks with less sensitivity to long-term assumptions. Instead, high dividend yield stocks can offer better visibility into near-term cash flows, reasonable valuations, and return of capital through high and growing dividends.

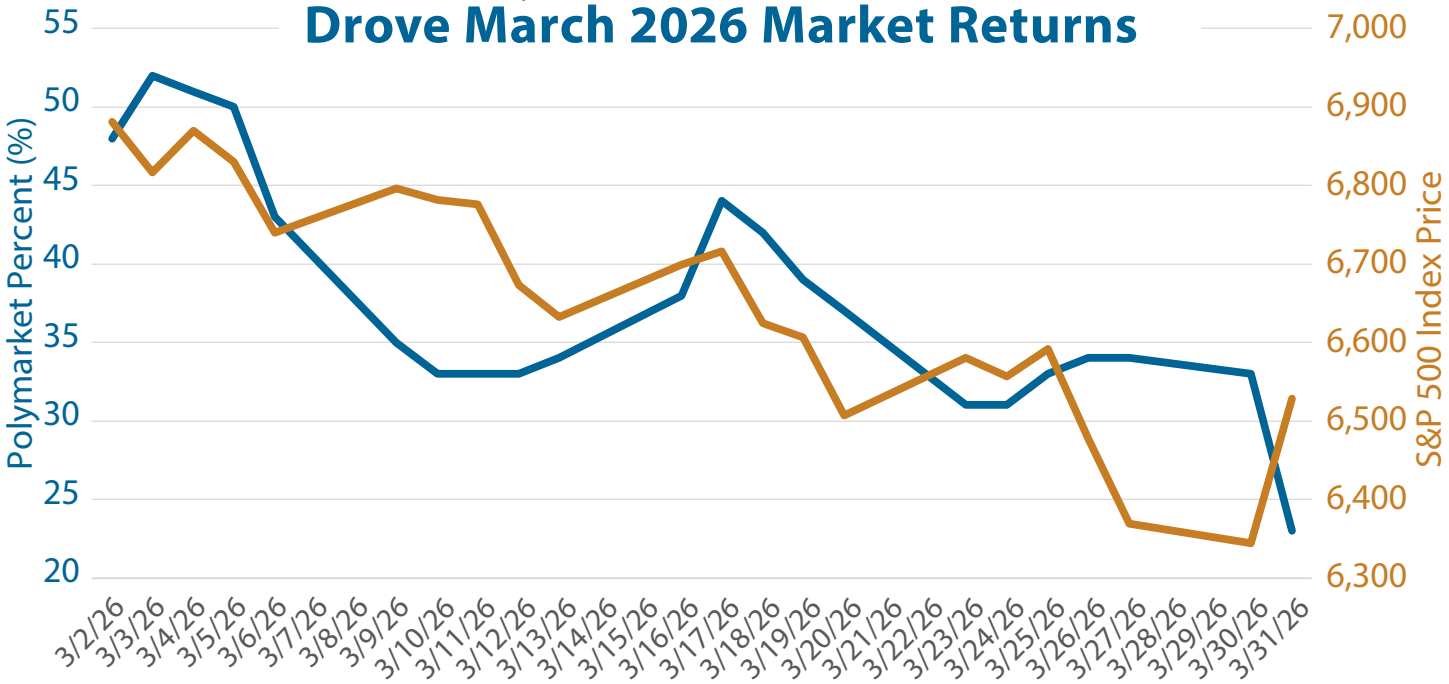
WHILE MHI'S INCOME EQUITY PORTFOLIOS didn't quite pack an entire year's worth of average market returns into a single quarter, they came close. Prior quarters have delivered higher absolute returns, but few felt as satisfying as this one. For years, dividend investors watched a market that rewarded clicks, likes, and new product launches over profits, plans, and cash flows. Escaping mega-cap tech became a challenge for investors, as companies like Meta, Alphabet, and Amazon (not held in any MHI portfolios) crept into value indices, and even (gasp) dividend strategies that benchmark against them—*present company excluded*.

That market dynamic now appears to be shifting. Our companies' solid returns have been supported by steady earnings growth, while quarterly reports from the market high-fliers of recent years have struggled to justify increasingly stretched valuations.

To be sure, we were not entirely immune to the March pullback, though our portfolios weathered comparatively well. It is easier to hold businesses whose value depends upon cold hard cash paid from abundant free cash flow at regular quarterly intervals—rather than on parabolic growth projections that can be easily disrupted by events such as war. In recent weeks, the the conflict in Iran has seemingly weighed on market sentiment, largely in proportion to the uncertainty of its outcome more than the move in oil prices themselves. Even after a sharp rise above $100 per barrel, oil remains well below its 2008 peak on an inflation-adjusted basis.

What the administration said would be a swift Venezuela-style regime change has, instead, evolved into a more protracted conflict. The Iranian regime seems prepared for a drawn-out response, seeking not only to entangle the West more deeply, but to unsettle financial markets along the way. As of this writing, the situation remains volatile.

Uncertainty About the War's Outcome Drove March 2026 Market Returns



As of March 31, 2026. Sources: Bloomberg. *"Will the Iranian regime fall before 2027?"* based on the prediction market Polymarket.

Income-Equity *(continued)*

Looking Ahead

We entered 2026 with an optimistic outlook for economic growth, aided in part by lower regulation and federal tax benefits that incentivize increased capital expenditures, including the reinstatement of 100% bonus depreciation that had been phased down since 2018. Unlike consumer spending, which boosts GDP immediately, higher capex creates a ripple effect through supply chains and productivity gains that typically results in GDP growth several times larger than the original investment over time. Despite the uncertainty surrounding the war in Iran, we expect these forces to continue to support broad-based earnings growth across our Income-Equity portfolios in future quarters. A solidly-positive February ISM (Institute for Supply Management) Manufacturing Index figure underscored the increasingly broad-based nature of corporate capex, following years of stagnation. Though hyperscalers dominate spending growth, other companies are increasingly reinvesting as well.

One emerging item we're monitoring is rising stress within the private credit industry. While modern private credit markets have existed since the late 1980s, the asset class expanded rapidly following the Global Financial Crisis,

Portfolio Highlights

- In the first quarter, our Income-Equity portfolios outperformed both the Russell 1000 Value and the S&P 500 Indices. Income-Equity now yields 3.5%, while the no-MLP version yields 3.2%, and we project future dividend growth of 5.2% and 4.8% in each version, respectively.
- **Dividend increases:** Both versions had 19 stocks raise their dividends this quarter with a median increase of 4.4%. Notable year-over-year hikes were announced by **Goldman Sachs** (**GS**, +50% y/y), **East West Bancorp** (**EWBC**, +33%), and **GSK** (**GSK**, +12.5%). Compared to last year, in the normally eventful first quarter, there were 2 more dividend increases in our Income-Equity portfolio (and 3 more in our Income-Equity No MLP portfolio).

We were quite active this quarter, positioning the portfolio for 2026, and we feel confident about the outlook for dividend growth across every one of our holdings.

- **Exited positions:** As the year began, we trimmed **Gilead (GILD)** and **Johnson & Johnson (JNJ)**, two large pharma positions that had strong price performance in 2025. We trimmed **Cisco (CSCO)**, where dividend growth hasn't kept up with price appreciation, leaving the dividend yield below our favored range—a situation that enabled us to recycle capital into higher-yielding positions. We also trimmed **Old Republic (ORI)**. We sold two companies where our bear-case arguments became more compelling. While **H&R Block (HRB)** could extract efficiencies from AI, our research started to suggest that it is increasingly likely that new technology will accelerate competitive threats. We sold **VICI Properties (VICI)**, after a number of transactions that we believe reduce tenant creditworthiness and long-term dividend safety.
- **New buys:** Proceeds funded new positions in derivatives exchange **CME Group (CME)** and automotive tool seller **Snap On** (**SNA**—which is a category leader and strong long-term compounder). We also added to existing positions in billboard REIT **Lamar Advertising (LAMR)**, which enjoys a strong moat due to local resistance to additional sitings. We also increased high-yielding utility **Exelon (EXC)**, clothier **Gap (GAP)**, mobile home REIT **Equity Lifestyle (ELS)**, and food manufacturer **Hormel (HRL)**.

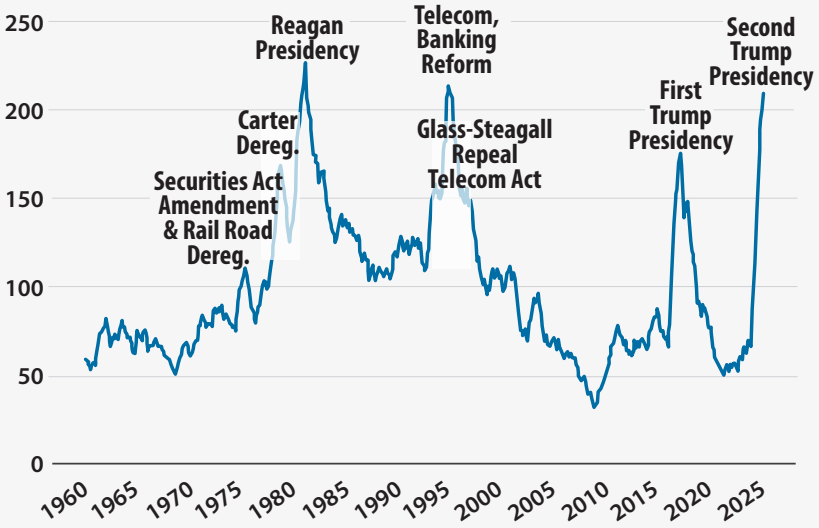
Income-Equity *(continued)*

as tighter regulatory standards for banks pushed less creditworthy borrowers toward non-bank lenders. Supported by long investor lockups, proprietary accounting (and performance) assumptions, favorable capital markets, increased institutional wallet share, and a prolonged economic expansion, private credit has grown into a $1.7 trillion industry. Significant low-cost financing to private credit funds, especially from banks, has boosted limited partner returns, which in turn, have been recycled aggressively to fund private equity transactions. Today, both private equity and credit funds have increasingly turned to retail investors as institutions have reached allocation limits, and, in many cases, public market valuations remain below private marks. We reviewed our portfolio this quarter and were pleased to find de minimis direct exposure to these stresses within our financial holdings. Further, we avoided selloffs in business development corps (BDCs), other non-bank lenders, and private equity firms. While broad contagion remains a possibility, private credit is less than 20% the size of the mortgage-backed securities (MBS) market that destabilized the financial system in 2008.

Years ago, we named the tortoise as the unofficial mascot of our Income-Equity portfolios, as it moves steadily forward, navigating obstacles both large and small. We remain optimistic about the path ahead, but will continue to proceed deliberately, with a portfolio of high quality companies that we believe offers an all-weather solution through high current income, growth of income, and financial strength.

Deregulation Near Historical Peaks

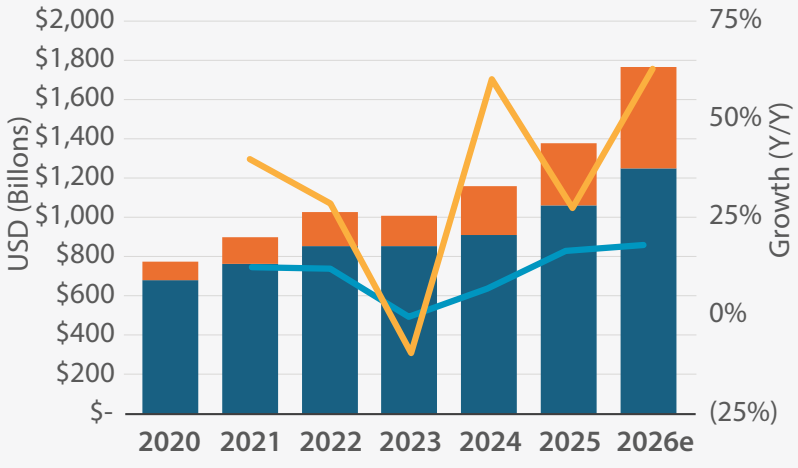
The US Economic Deregulation Index (1960-2025)



Source: Board of Governors of the Federal Reserve System/International Finance Discussion Papers/March 2026. Note: The U.S. Deregulation Index, constructed by applying large language models to classify newspaper articles using ProQuest Global Newsstream Collection, ProQuest Historical Newspapers, and the textual analytics tools of ProQuest TDM Studio. Series shows 365-day moving average of daily values, indexed to mean 100 in 1960-2019. Labels identify major deregulation episodes. Higher values indicate more intense deregulation activity as measured by news coverage.

Capex Growth is Projected to Accelerate

After years of stagnant capex growth, spending is projected to accelerate dramatically this year —and it is not just the hyperscalers.



As of March 31, 2026. Source: Bloomberg. Based on the S&P 500 Index real capital expenditures (capex). $100 = 2020. Hyperscalers are defined as Amazon.com (AMZN), Alphabet Inc (GOOGL), Meta Platforms (META), Microsoft Corp (MSFT), and Oracle Corp (ORCL) (not held in any Miller/Howard portfolios).

MLP & Midstream Energy Income

THE MIDSTREAM ENERGY SECTOR outperformed the broad market during 1Q26 by a wide margin, and this was true even before the war in Iran started. Sector tailwinds—primarily data centers and liquefied natural gas (LNG) exports—remain in place and may have gotten stronger.

We do not expect recent oil price volatility to have much of an impact on the midstream companies in our portfolio, as earnings are mostly fee-based (driven by volumes, not prices). However, certain companies have some direct commodity price exposure, primarily for natural gas liquids (NGL) prices, liquefied petroleum gas (LPG, principally propane and butane) export spot rates, and LNG export spot rates. While, on the margin, this is positive in the short term for companies with exposure, we are more attuned to long-term shifts versus transient trends.

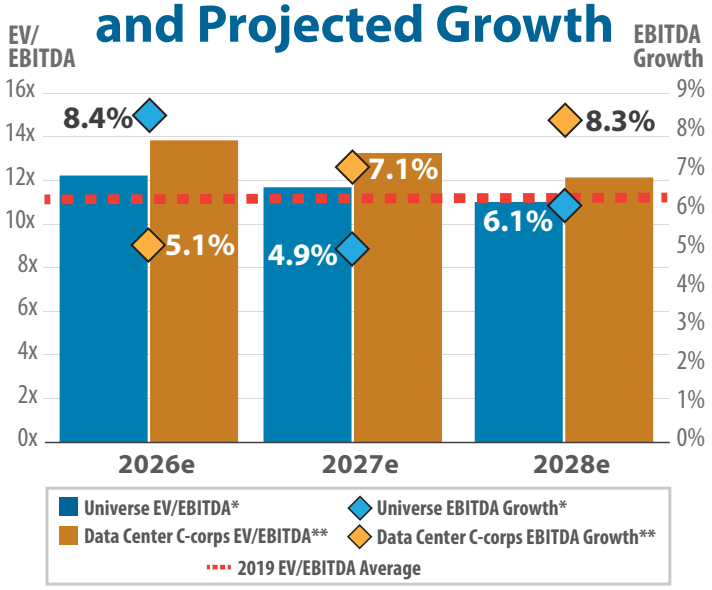
Looking Ahead

The war may have provided the LNG export tailwind with further growth. Coming into 2026, there were concerns that LNG facilities were overbuilt through the end of the decade. However, with some of Qatar's LNG export facilities offline for the next three to five years, the overbuild concern has faded. The instability in the Middle East supports the case for North American energy. In our view, North America has more secure sources of hydrocarbons available for export to the rest of the world. The global oil and gas disruptions may provide motivations for signing long-term contracts with North American exporters which, in turn, would require more midstream energy infrastructure. We anticipate midstream management teams will be addressing these events during the upcoming earnings season.

After five years of strong performance, the question of valuation (EV/EBITDA) comes up. Looking at the midstream c-corporations with the most exposure to the data center theme, we have seen multiple expansion based on this year's expected earnings, while the rest of the midstream universe is trading near 2019 levels.

However, if we look out two years, when most of the data center-related projects start to hit the bottom line, valuations do not look as elevated. Importantly, the data center tailwind will not start to impact midstream cash flows until at least 2027. Looking beyond this year's earnings multiples, investors are getting a healthy industry with tailwinds that may have just become stronger, all the while benefitting from high and growing income.

Reasonable Valuations and Projected Growth



As of March 31, 2026. Sources: LSEG; Miller/Howard Research and Analysis. *Miller/Howard defines the Midstream Universe to include MLP and C-corps with operations primarily in the transportation and storage of crude oil, natural gas, natural gas liquids, and refined products. As of March 2026, there were 42 companies in the universe. **Based on Midstream Energy C-Corps with data center exposure: Enbridge (ENB), DT Midstream (DTM), Kinder Morgan (KMI), TC Energy (TRP), and Williams Cos (WMB).

Portfolio Highlights

- **Distribution increases:** This quarter 10 of our 16 holdings announced dividend increases. The average increase was 8.2% year-over-year.
- **Sales:** We sold **Antero Midstream (AM)** as valuation seemed full, and the company is not growing its dividend. We slightly trimmed **Energy Transfer (ET)** to raise funds for another position. We also trimmed **Williams (WMB)** to deploy to a new holding.
- **Buys:** We increased our position in **Sunoco (SUN)** as the company offers high current income, growth of income, and financial strength. We increased our weight in **Targa Resources (TRGP)** as the company's Permian volume growth continues to outpace the basin as a whole and its competitors. Lastly, we initiated a position in **TC Energy (TRP)** as its current projects should continue to push EBITDA higher.

Infrastructure

QUARTERLY REPORT 1Q 2026

MILLER/HOWARD INFRASTRUCTURE completed a historic quarter, delivering its best relative performance against the broader market in its nearly 35-year history. Infrastructure was well positioned for a confluence of AI disruption fears and risk-off sentiment in the wake of an escalating Iranian conflict as its positions were consistent with the HALO theme and offered both inflation and downside protection.

Within the portfolio, performance was consistent with broader market trends as energy and utilities were key leaders. Within energy, outperformance was driven by exposure to liquefied natural gas (LNG) and refining. While utilities exhibited broad-based strength, independent power producers lagged due to political and regulatory overhang. Conversely, cell towers saw continued weakness on interest rate headwinds and subdued growth expectations.

Looking Ahead

Despite the infrastructure sector's strong outperformance in the first quarter, it lagged the broader market over the last 10 years. A decomposition of returns shows the underlying drivers have been substantially different, with important implications for the durability of future performance.

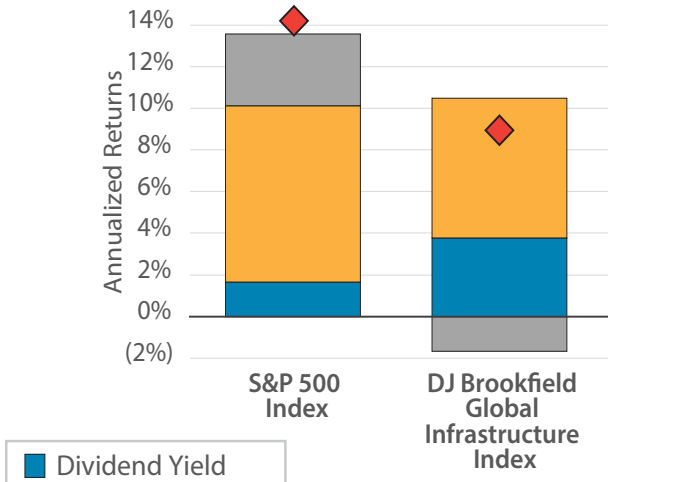
Dividend yield was a much larger component of returns for the infrastructure sector. Dividend payments tend to continue and rise over time, making them one of the most reliable sources of returns. Earnings growth is generally positive, consistent with a growing economy, but growth rates do vary more than dividend returns. While the broader market recorded higher earnings growth, infrastructure had a higher contribution from both yield and earnings growth. The primary source of the return gap was P/E multiple expansion which is an undependable source of returns. Higher P/Es come from ascribing more value to earnings in distant years. Going forward, near-term inflationary pressures, an increased risk of AI disruption, and the market's premium valuation to infrastructure suggest further multiple expansion is less likely. Against this backdrop, infrastructure appears to be well positioned to continue to provide a dependable income stream and attractive risk-adjusted returns.

Portfolio Highlights

- **Dividend increases:** This quarter, 16 of our 35 holdings announced dividend increases with an average increase of 7.1%.
- **Exiting positions:** We exited our position in **South Bow (SOBO)** following a period of outperformance due to an increasing strategic focus on M&A. We also exited **Crown Castle (CCI)** due to disappointing growth revisions and more limited buyback.
- **Trimming energy and utilities:** We reduced our exposure to energy and utilities by trimming **NiSource (NI), PPL Corp. (PPL), Entergy (ETR), CMS Energy (CMS), Atmos Energy (ATO), Cheniere Energy (LNG),** and **Kinder Morgan (KMI)**. While we redeployed some of the capital into other midstream and utility names including **National Grid (NGG), Xcel Energy (XEL), American Water Works (AWK),** and **Targa Resources (TRGP)**—as well as **Equinix (EQIX)**—proceeds were generally used to increase our industrials exposure (see below).
- **New positions:** We expect **FedEx (FDX)** to benefit from cost cuts, pricing power, and improving margins, **Plains GP Holdings (PAGP)** to benefit from a high yield and a strong free cash flow profile, and **Ferrovial (FER)** to benefit from increasing traffic congestion.

Dividends & Earnings Growth Drove Infrastructure Returns

10-Year Return Decomposition



As of March 31, 2026.Sources: Bloomberg; Miller/Howard Research & Analysis. Annualized period is 3/31/2017-3/31/2026. Earnings is based on P/E ratio.

Utilities Plus

QUARTERLY REPORT 1Q 2026

THE UTILITIES SECTOR OUTPERFORMED THE broad market this quarter, driven by fears of AI disruption, geopolitical instability, and rising energy costs (with the latter stemming from the conflict in Iran). The market's defensive rotation overshadowed a slight interest rate headwind. For 1Q 2026, the utilities sector recorded its third best quarter of relative performance in the last 10 years, outperforming the S&P 500 Index by over 1,250 basis points.

Within the group, large-cap utilities outperformed, due in part to renewed generalist interest in the sector. Independent power producers were the notable exception as they underperformed for the third quarter in a row as the political/regulatory environment created an overhang and limited additional data center deals. Top performers included regulated utilities with positive data center developments.

Looking Ahead

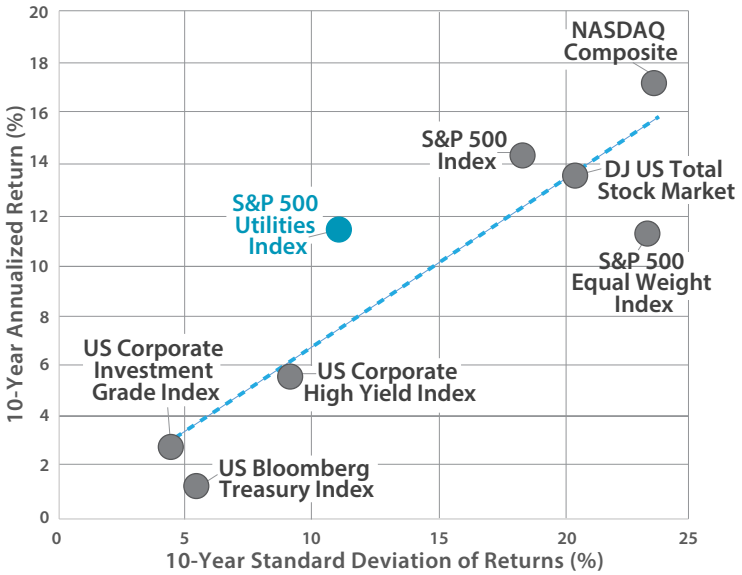
As we have highlighted many times, utilities are positioned to capitalize on an inflection in US electricity demand. At the same time, a regulated business model leaves utilities uniquely protected from cyclicality, inflation, and disruptive technologies. We believe these dynamics provide the sector with a unique blend of offense and defense. While utilities have been unable to keep pace with an increasingly narrow market over the last 10 years (despite an annualized return of over 10%), we don't think the discussion is complete without acknowledging risk.

An evaluation of risk-adjusted returns paints a very different picture (defined as return divided by the standard deviation of returns, similar to a Sharpe ratio). Utilities offered the most attractive ratio (1.03)—easily surpassing the S&P 500 Index (0.78) and NASDAQ Composite (0.73). Utilities' risk-adjusted returns also exceeded bond alternatives as the sector provided superior equity-like returns with modest incremental risk. We continue to believe utilities' ability deliver high and growing income with attractive risk-adjusted returns makes them a compelling solution for client portfolios.

Portfolio Highlights

- **Dividend increases:** This quarter, 16 of our 31 holdings announced dividend increases with an average increase of 5.3%.
- **Focused on growth:** We trimmed **OGE Energy (OGE)** and **Dominion Energy (D)** and added to **American Electric Power Co. (AEP), NextEra Energy (NEE), Xcel Energy (XEL), Exelon (EXC)**, and **American Water Works (AWK).** These transactions increased the portfolio's expected long-term earnings per share growth profile.
- **Trimming on strength:** We trimmed our position in **NiSource (NI)** as valuation multiples expanded after a period of relative outperformance.
- **Going private:** We exited our position in **AES Corp. (AES)** after a consortium of infrastructure investors agreed to acquire the company.

Utilities Offer a Favorable Return vs Risk Ratio



10-Year Annualized Return/Risk Ratio	
S&P 500 Utilities Index	1.03
S&P 500 Index	0.78
NASDAQ Composite	0.73
Dow Jones US Total Stock Market Index	0.66
US Corporate Investment Grade Index	0.66
US Corporate High Yield	0.63
S&P 500 Equal Weighted Index	0.48
US Treasury	0.23

March 31, 2016-March 31, 2026. Sources: Bloomberg; Miller/Howard Research & Analysis. Bloomberg US Corporate Investment Grade Index defined as investment grade, fixed rate, publicly issued US denominated corporate taxable securities. Bloomberg US Corporate High Yield Index defined as US denominated, high yield, fixed rate corporate securities with a middle rating from Moody's, Fitch, and S&P of Ba1/BB+/BB+.

North American Energy (without K-1s)

QUARTERLY REPORT 1Q 2026

WE LAUNCHED THIS PORTFOLIO IN 2013, AT the dawn of the shale era. At that time, we articulated nearly a dozen reasons why concentrating on North American energy offered a superior risk-adjusted approach to energy investing. Our reasons included robust domestic demand, tens of thousands of miles of existing pipelines, a deep and skilled energy labor force, advantaged geology, efficient capital markets, and relatively low political risk. Prior to shale, major energy companies had largely abandoned North America, instead deploying vast amounts of capital into technically complex deepwater projects or unstable jurisdictions.

In the first quarter of 2026, two major developments reaffirmed (yet again) the merits of our approach and directly supported our relative performance in ways we believe can persist near-term.

In January, the US launched a surprise raid on Venezuela, capturing its president. Venezuela holds among the world's largest oil reserves. The country had attracted billions of dollars in fixed investment from global energy companies earlier this century, only for those investments to be effectively wiped out following nationalization.

Then, on February 28th, the world awoke to war in Iran. Beyond being a major oil exporter, Iran sits astride the Strait of Hormuz—the carotid artery of the global energy system. The closure of the Strait sent oil prices sharply higher. Importantly, it also drove one of our strongest periods of relative performance. While higher prices benefit nearly all producers, our North American companies did not face disrupted operations in the Middle East—because they have almost none. Regardless of the war's outcome, we expect the core tenets of our approach, particularly the lower geopolitical risk profile of our portfolio, to continue supporting relative valuations.

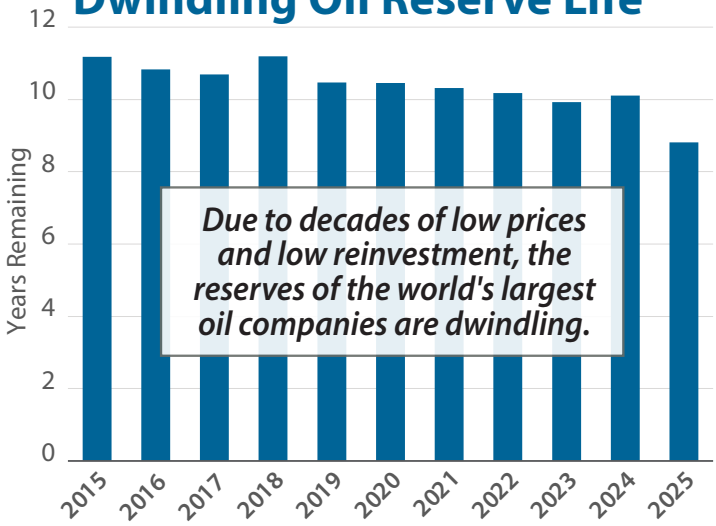
Looking Ahead

Roughly two-thirds of the portfolio's gains occurred prior to the outbreak of the Iran war. While rising geopolitical tensions certainly contributed to performance in January and February, a disruptive conflict was far from assured. Instead, we believe more durable forces supporting the sector were, and remain, at work. We are seeing the maturation of shale, the energy sector's persistent discount to broader market multiples, improved balance sheets, diminishing OPEC spare capacity, global policies that support continuing oil and gas usage, and years of underinvestment. Regardless of the near-term geopolitical outcomes, we expect these factors to remain supportive for years to come.

Portfolio Highlights

- **Energy and income:** The portfolio currently offers an indicated yield of 2.4% that we view to be well supported down to roughly $45/barrel oil. We also expect companies to accelerate buybacks using bumper 1Q profits.
- **Along the energy value chain:** We trimmed **TC Energy (TRP)** and **Exxon Mobil (XOM)** in January. Our bullishness on the commodity risk/reward outlook prompted us to upweight oil sands producer **Canadian Natural Resources (CNQ)**. We also bought **APA Corp (APA)** following a fresh research deep dive into the quality and depth of APA's drilling inventory, which seemed inconsistent with one of the lowest valuations in the space. In March, we trimmed **Liberty Energy (LBRT)** after the stock jumped >70% this quarter on optimism around the company's data center power generation initiatives. We reallocated proceeds into **Ovintiv (OVV)** following a recent corporate reshuffling that we believe improved the producer's operations.

Dwindling Oil Reserve Life



As of March 31, 2026. Sources: Bloomberg; Miller/Howard Research & Analysis. Based on the world's 10 largest oil producers. Reserve life is the amount of proved oil reserves divided by annual production for each company, stated in remaining years of supply.

Yield, Growth, Strength, Stability

- Our Income-Equity portfolios each offer a high dividend yield that is over 2.5x the yield on the S&P 500 Index, and have ample dividend coverage and reasonable leverage levels (net debt/EBITDA).
- Both portfolios trade at a significant discount to the broad market on price-to-earnings as well.
- We believe the portfolios are well-positioned for dividend growth throughout the full market cycle.

Income-Equity (with MLPs)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1Q2026
Income-Equity Yield	4.0	3.7	4.3	3.7	3.6	3.3	3.6	3.7	3.6	3.6	3.5
S&P 500 Yield	2.1	1.9	2.2	1.9	1.5	1.5	1.8	1.5	1.3	1.2	1.3
Ratio	1.9x	2.0x	2.0x	2.0x	2.3x	2.2x	2.0x	2.4x	2.7x	3.1x	2.8x
Income-Equity Projected Dividend Growth*	5.0	6.3	7.8	7.3	5.1	6.0	6.1	5.5	5.5	5.0	5.2
S&P 500 Projected Dividend Growth**	4.0	4.2	5.2	4.2	3.3	5.9	4.8	4.5	5.3	5.0	4.9
Ratio	1.2x	1.5x	1.5x	1.7x	1.5x	1.0x	1.3x	1.2x	1.0x	1.0x	1.1x
Income-Equity Dividend Coverage Ratio	1.3x	1.5x	1.9x	2.3x	2.1x	2.0x	2.7x	2.1x	2.1x	2.1x	2.0x
Income-Equity Net Debt/EBITDA***	2.0x	1.9x	1.4x	1.9x	1.9x	1.2x	2.0x	1.8x	2.2x	2.6x	2.6x
Income-Equity P/E Ratio Trailing	17.2	17.7	12.6	12.8	16.7	14.0	13.6	14.5	15.2	14.7	16.3
S&P 500 P/E Trailing	20.5	21.7	16.5	21.6	27.6	24.1	18.6	21.9	24.7	25.4	23.5
Premium/Discount	-16%	-18%	-23%	-41%	-40%	-42%	-27%	-34%	-38%	-42%	-31%

Income-Equity (No MLPs)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1Q2026
Income-Equity (No MLPs) Yield	3.9	3.7	4.2	3.6	3.5	3.2	3.5	3.4	3.4	3.4	3.2
S&P 500 Yield	2.1	1.9	2.2	1.9	1.5	1.5	1.8	1.5	1.3	1.2	1.3
Ratio	1.9x	2.0x	2.0x	2.0x	2.3x	2.1x	2.0x	2.2x	2.6x	2.9x	2.6x
Income-Equity (No MLPs) Projected Dividend Growth*	5.0	6.4	7.9	7.5	5.2	6.0	6.0	5.6	5.3	4.8	4.8
S&P 500 Projected Dividend Growth**	4.0	4.2	5.2	4.2	3.3	5.9	4.8	4.5	5.3	5.0	4.9
Ratio	1.2x	1.5x	1.5x	1.8x	1.5x	1.0x	1.3x	1.2x	1.0x	0.9x	1.0x
Income-Equity (No MLPs) Dividend Coverage Ratio	1.3x	1.5x	1.9x	2.3x	2.1x	2.0x	2.8x	2.3x	2.3x	2.1x	2.0x
Income-Equity (No MLPs) Net Debt/EBITDA***	2.2x	2.1x	1.4x	1.9x	1.9x	1.2x	1.8x	1.6x	2.1x	2.5x	2.4x
Income-Equity (No MLPs) P/E Ratio Trailing	18.2	18.0	12.9	13.5	16.8	14.0	13.8	14.6	15.3	15.2	16.9
S&P 500 P/E Trailing	20.5	21.7	16.5	21.6	27.6	24.1	18.6	21.9	24.7	25.4	23.5
Premium/Discount	-12%	-17%	-22%	-38%	-39%	-42%	-26%	-33%	-38%	-40%	-28%

As of March 31, 2026. Sources: Bloomberg; S&P; Miller/Howard Research & Analysis. The data above are based on representative accounts in our Income-Equity portfolios both with and without MLPs and are subject to change. Median P/E ratio trailing is published for our Income-Equity portfolios.

* Projected Dividend Growth—Miller/Howard Portfolio Team's 3-year annualized projected dividend growth based on data from various sources, adjusted to reflect our view of future economic and market conditions. There is no assurance projections will be realized.

** Bloomberg Dividend per Share 3-year forward estimates.

*** Excludes financials.

Dividend yields shown for Miller/Howard portfolios exclude cash.

All data are as of year-end, unless otherwise noted.

Common stocks do not assure dividend payments. Dividends are paid only when declared by an issuer's board of directors, and the amount of any dividend may vary over time. Dividend yield is one component of performance and should not be the only consideration for investment. See definitions and full disclosure on last page.

Infrastructure: Essential Service Providers with High Barriers to Entry

- Our Infrastructure portfolio offers a high dividend yield that is over 2.0x the yield on the S&P 500 Index, strong prospects for dividend growth, and ample dividend coverage.
- The portfolio offers overall client portfolio diversification, as its active share relative to the S&P 500 is high and investors are under-exposed to these stocks through the broad market, as evidenced by low common holdings.
- In an uncertain market environment, we believe lower beta, high current income, and growth of income will prove to be an advantageous combination for investors.

Miller/Howard's Infrastructure Portfolio

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	1Q2026
Infrastructure Yield	3.1	3.8	3.7	3.8	4.4	3.9	3.5	3.0	3.6	3.9	3.3	3.2	2.8
S&P 500 Index Yield	2.0	2.2	2.1	1.9	2.2	1.9	1.5	1.5	1.8	1.5	1.3	1.2	1.3
Ratio	1.6x	1.8x	1.8x	2.0x	2.1x	2.1x	2.3x	1.9x	2.0x	2.6x	2.5x	2.7x	2.2x
Infrastructure Projected Dividend Growth*	7.8	5.9	6.9	8.2	7.5	6.5	6.0	8.3	7.2	6.2	6.1	5.7	6.5
S&P 500 Index Projected Dividend Growth**	4.7	4.2	4.0	4.2	5.2	4.2	3.3	5.9	4.8	4.5	5.3	5.1	4.9
Ratio	1.7x	1.4x	1.7x	2.0x	1.4x	1.6x	1.8x	1.4x	1.5x	1.4x	1.2x	1.1x	1.3x
Infrastructure Dividend Coverage Ratio	2.5x	1.9x	1.6x	1.4x	1.6x	1.5x	1.9x	1.9x	3.4x	2.8x	2.9x	2.0x	2.1x
Infrastructure Beta (3-Year Rolling)†	0.8	0.9	0.8	0.8	0.7	0.8	0.9	0.9	0.9	0.8	0.8	0.6	0.5
Common Holdings with S&P 500 Index††	5.5	3.9	4.9	4.4	5.4	4.6	4.2	3.3	3.5	3.5	3.4	3.0	3.5
Active Share vs S&P 500 Index††	94.4	95.9	95.0	95.5	94.5	95.3	95.9	96.7	96.5	96.6	96.5	97.0	96.5

As of March 31, 2026.
Sources: Bloomberg; S&P; Miller/Howard Research & Analysis.
All data are as of year-end, unless otherwise noted. Holdings based on a representative account in our Infrastructure portfolio, and are subject to change.
Dividend yields shown for Miller/Howard portfolios exclude cash.
Performance characteristics, such as dividend yield, are calculated without the deduction of fees and expenses.

*Miller/Howard's 3-year annualized projected dividend growth, adjusted to reflect our view of future economic and market conditions. There is no assurance projections will be realized.
** Bloomberg Dividend per Share 3-year forward estimates.
† Vs. S&P 500 Index
†† The percentage of assets for the S&P 500 Index that are held in common with the Miller/Howard Infrastructure portfolio, as a percentage of S&P 500's market value. Active share is a measure of the differentiation of the holdings of a portfolio from the holdings of an index.

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Income-Equity (Gross)	5.30	5.30	18.25	16.05	11.54	12.69	11.41
Income-Equity (Pro Forma 0.75% Net)*	5.11	5.11	17.37	15.19	10.72	11.86	10.59
Income-Equity (Pro Forma 3% Net)*	4.53	4.53	14.79	12.65	8.27	9.39	8.14
Russell 1000 Index	(4.18)	(4.18)	17.74	18.14	11.34	14.16	13.97
Russell 1000 Value Index	2.10	2.10	15.87	14.31	9.43	10.63	10.58

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Income-Equity (No MLPs) (Gross)	6.48	6.48	19.70	15.63	11.18	12.48	11.40
Income-Equity (No MLPs) (Pro Forma 0.75% Net)*	6.29	6.29	18.82	14.78	10.35	11.65	10.58
Income-Equity (No MLPs) (Pro Forma 3% Net)*	5.70	5.70	16.21	12.25	7.91	9.18	8.13
Russell 1000 Index	(4.18)	(4.18)	17.74	18.14	11.34	14.16	13.97
Russell 1000 Value Index	2.10	2.10	15.87	14.31	9.43	10.63	10.58

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
MLP & Midstream Energy Income (Gross)	17.85	17.85	14.40	26.64	27.26	14.44	12.10
MLP & Midstream Energy Income (Pro Forma 0.75% Net)*	17.64	17.64	13.56	25.71	26.33	13.59	11.27
MLP & Midstream Energy Income (Pro Forma 3% Net)*	17.01	17.01	11.05	22.96	23.56	11.07	8.80
Alerian MLP Index	16.86	16.86	13.92	24.72	24.89	13.39	11.03

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Infrastructure (Gross)	13.72	13.72	15.55	15.53	12.63	11.40	10.83
Infrastructure (Pro Forma 0.75% Net)*	13.51	13.51	14.70	14.67	11.79	10.57	10.01
Infrastructure (Pro Forma 3% Net)*	12.90	12.90	12.17	12.14	9.33	8.13	7.58
Dow Jones Brookfield Global Infrastructure Index	11.01	11.01	17.98	12.40	9.11	7.74	8.03

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
North American Energy (without K-1s)(Gross)	38.91	38.91	42.12	24.35	26.44	19.58	14.98
North American Energy (w/o K-1s)(Pro Forma Net 0.75%)*	38.68	38.68	41.08	23.44	25.51	18.70	14.13
North American Energy (w/o K-1s)(Pro Forma Net 3%)*	37.98	37.98	38.02	20.73	22.76	16.08	11.61
S&P 1500 Energy Index	38.37	38.37	37.16	18.19	24.85	13.91	10.91

ANNUALIZED PERFORMANCE	QTD	YTD	1 YR	3 YRS	5 YRS	7 YRS	10 YRS
Utilities Plus (Gross)	7.18	7.18	18.07	16.32	11.87	10.31	10.72
Utilities Plus(Pro Forma Net 0.75%)*	6.98	6.98	17.20	15.46	11.04	9.49	9.90
Utilities Plus(Pro Forma Net 3%)*	6.40	6.40	14.62	12.92	8.59	7.07	7.47
S&P 500 Utilities Index	8.26	8.26	19.71	14.19	10.87	10.19	9.89

As of March 31, 2026. Source: Morningstar Direct. Parentheses represent negative performance data. Results are shown in US dollars. Past performance is not indicative of future results. *Pro Forma 0.75% net returns are a simulation using a 0.75% annual fee, deducted monthly. Pro Forma 3% net returns are a simulation of the effects of a bundled annual fee of 3%, deducted monthly, which would include advisor and consultant's fees, transactions costs, and maintenance fees. MHI's highest annual management fee as stated in our ADV is 0.75%. Note: Investment returns include the reinvestment of dividends and other income. The Dow Jones index is net of dividend withholding taxes.

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DEFINITIONS: High-Yield Stocks reflects a basket of the total returns for deciles 7, 8, & 9 as provided by Fama/French (value-weighted). **Inflation** is the year-over-year change of the Consumer Price Index for All Urban Consumers (CPI Index). **Free Cash Flow Margin** is free cash flow (defined as cash flow from operations minus capital expenditure) divided by revenue. **Price-Earnings Ratio (P/E)**—The ratio of a company's share price to its earnings per share. The ratio is used as a valuation tool and can help determine whether a company is overvalued or undervalued. **EBITDA** = earnings before interest, taxes, depreciation, and amortization. **MLP** = Master Limited Partnership. **S&P 500 Index®** widely regarded as the best single gauge of large-cap US equities and serves as the foundation for a wide range of investment products. The Index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. **Russell 1000 Index®** measures the performance of the large-cap segment of the US equity universe. It is a subset of the Russell 3000 Index® and includes approximately 1,000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 Index® represents approximately 92% of market capitalization of the US market. **Russell 1000 Value Index** offers investors access to the broad value segment of US equity value universe and is constructed to provide a comprehensive and unbiased barometer of the broad value market.

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