



**Asset
Management**

GSAM Energy & Infrastructure Team

2015 Review and 2016 Outlook

January 2016

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 2. Overview of MLP Fundamentals
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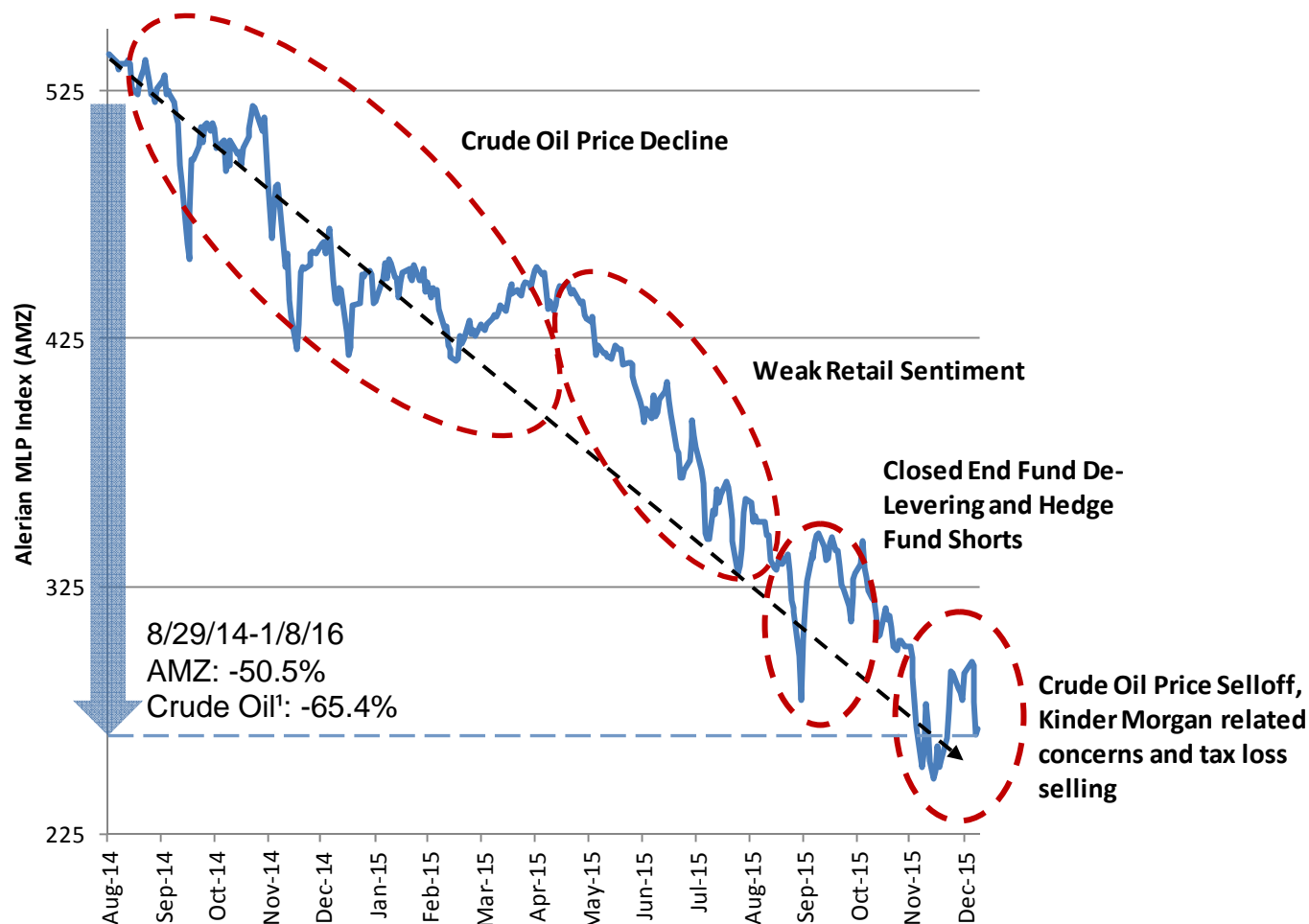
MLP Sector Performance

Recent Pullback



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Alerian MLP Index (AMZ) Decline Since Most Recent Peak on 8/29/14 and Contributing Factors to Decline



Source: Bloomberg, GSAM, Alerian; Data as of 1/8/16; Index returns shown reflect index returns and they do not represent the returns of any Goldman Sachs Fund; ¹Crude oil prices reflect West Texas Intermediate Cushing (WTI) Front Month. While KMI is not an MLP, we think it is appropriate to use for comparison purposes due to the nature of the company's assets. Kinder Morgan is referenced for illustrative purposes only and its selection should not be construed as investment advice. Goldman Sachs does not provide accounting, tax or legal advice. Please see additional disclosures at the end of this presentation. **Past performance does not guarantee future results, which may vary.**

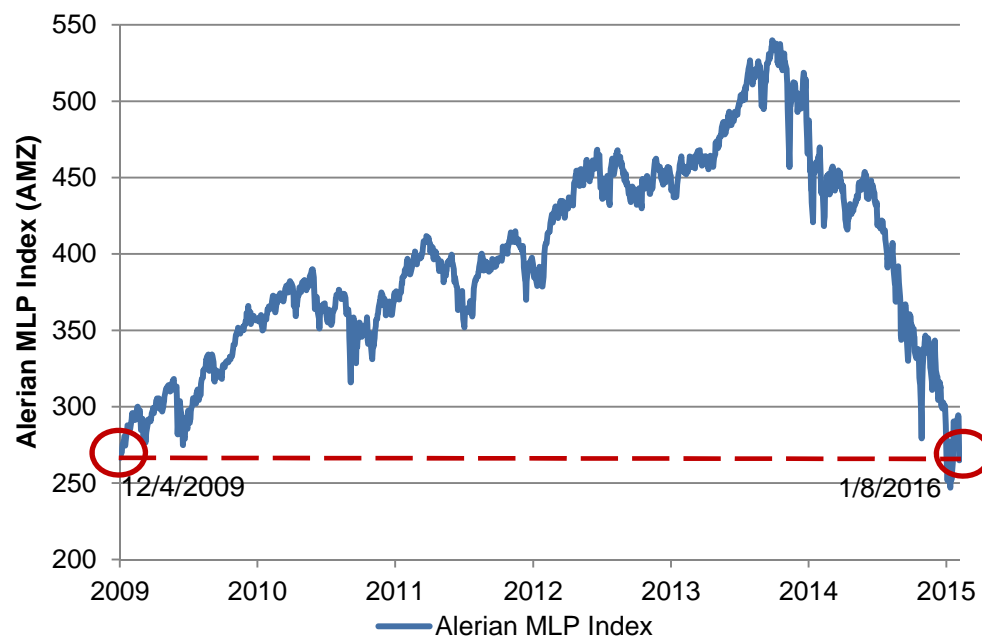
MLP Sector Performance

2015 Alerian MLP Trough Historical Comparison



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Alerian MLP vs. S&P 500 Index (Quarterly Total Returns)



	12/4/2009	1/8/2016	Change
10 Year Treasury Note Yield	3.48%	2.13%	-135 bps
S&P 500 Index (SPX)	1106	1922	+73.8%
Alerian MLP Index (AMZ)	267	267	+0.4%
Alerian MLP Index (AMZ) Yield	7.91%	9.12%	+121 bps
MLP Universe Indexed Distribution Growth¹	100.0	155.6	+55.6%

- On 1/8/16, the Alerian MLP Index (AMZ) closed at 267, the lowest level seen since 12/4/09 (excluding lower levels seen during December 2015)
- We note that while the AMZ has been flat from 12/4/09 to 1/8/16, the S&P 500 Index (SPX) is up 73.8% on a price basis
- We also note that while an investor on 12/4/09 would have seen flat price appreciation through 1/8/16, the sector has delivered over 55.6% cumulative growth in distributions over the same period (4Q09-4Q15)

Source: Bloomberg, GSAM, Alerian; Data as of 1/8/16; ¹MLP Universe Distribution Growth reflects indexed year-over-year compounded growth of distributions from 4Q09-4Q15 ; Red line reflects equivalent level of Alerian MLP Index (AMZ) the last time the index was at this level; Index returns shown reflect index returns and they do not represent the returns of any Goldman Sachs Fund. Note that all performance shown are for illustrative purposes only to show how MLPs have performed versus the broader market. Please see additional disclosures at the end of this presentation. Historical comparison of 12/4/09 is used as it is the same price point of the AMZ Index as the current trough on 1/8/16.

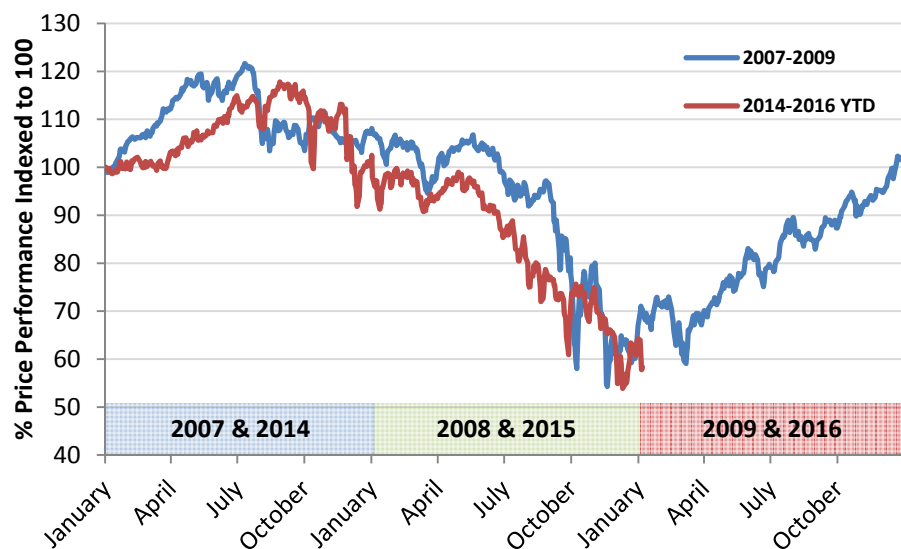
MLP Sector Performance

Recent Pullback Compared to 2008 Financial Crisis

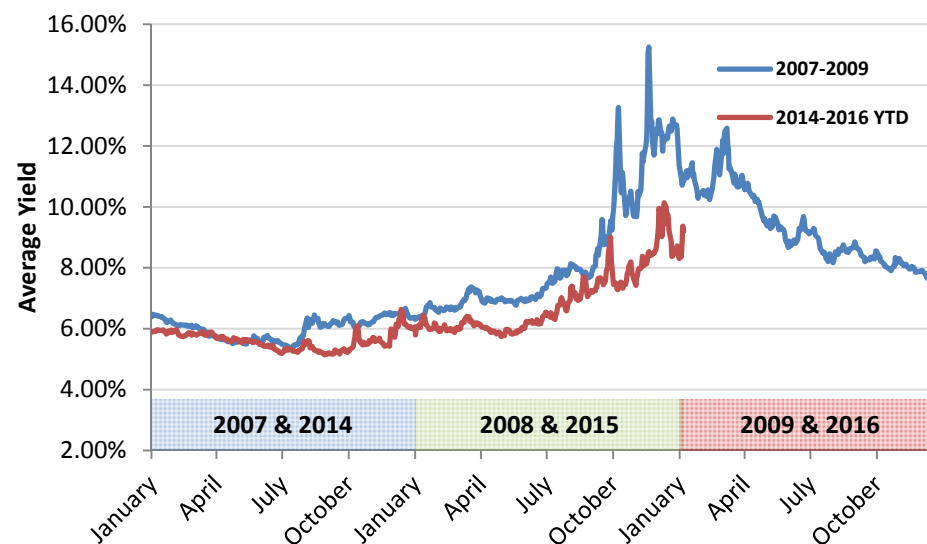


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Alerian MLP Index (AMZ) Indexed Price Performance from 2007-2009 versus 2014-2016 YTD



Average Yield from 2007-2009 versus 2014-2016 YTD



- From 12/31/06 to the AMZ trough during the financial crisis on 11/21/08, the index fell 46.0% before rallying 86.9% through the end of 2009 on a price basis
- By comparison, from 12/31/13 to the 1/8/16, the sector has fallen 42.3%
- During this recent pullback, the average yield of the AMZ and the yield spread of the AMZ over the 10 Year Treasury Note are both at their highest levels since 2009

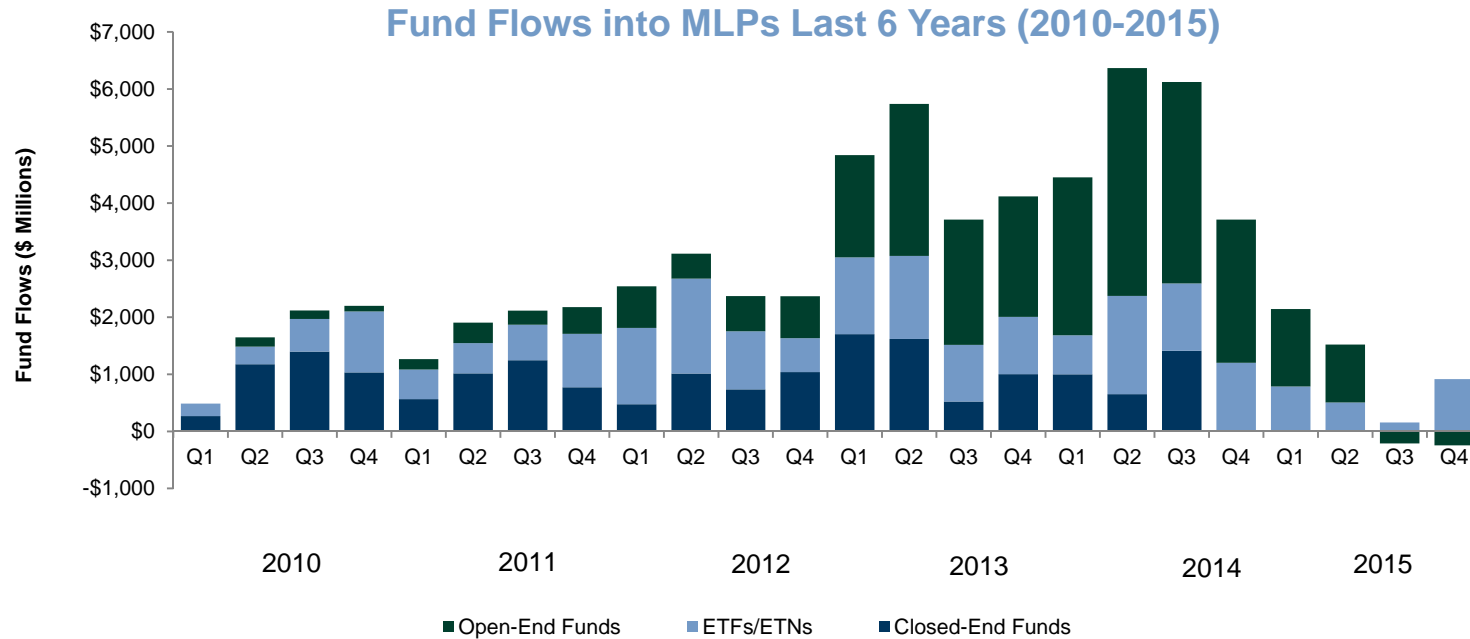
Source: Bloomberg, GSAM, US Capital Advisors; Data as of 1/8/2016, yield data as of 1/8/2016; 2015 reflects the lowest level of AMZX returns since 2008 and this time period has been chosen for this reason. The economic and market forecasts presented herein have been generated by GSAM for informational purposes as of the date of this presentation. They are based on proprietary models and there can be no assurance that the forecasts will be achieved. Note that all performance shown are for illustrative purposes only to show how MLPs have performed versus the broader market. Index returns shown reflect index returns and they do not represent the returns for any Goldman Sachs Fund. Trough is defined as the lowest point in the data series. The comparison between current pullback and the 2008 financial crisis is chosen because the 2008 financial crisis is the most recent bear market for MLPs as defined by the AMZ index. **Past performance does not guarantee future results, which may vary.**

MLP Sector Performance

MLP Fund Flows



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- In 2015, net fund flows averaged \$1,124 MM per quarter, down 79% compared to the quarterly average of \$5,323 MM in 2014
- 3Q15 was the first quarterly outflow over the period shown, with net outflows totaling \$56 MM
- In 2H15, Open-End Funds saw total net outflows of \$455 MM, including the largest monthly outflow ever in December of \$731 MM

Source: Bloomberg; GSAM; US Capital; Data as of 12/31/2015;

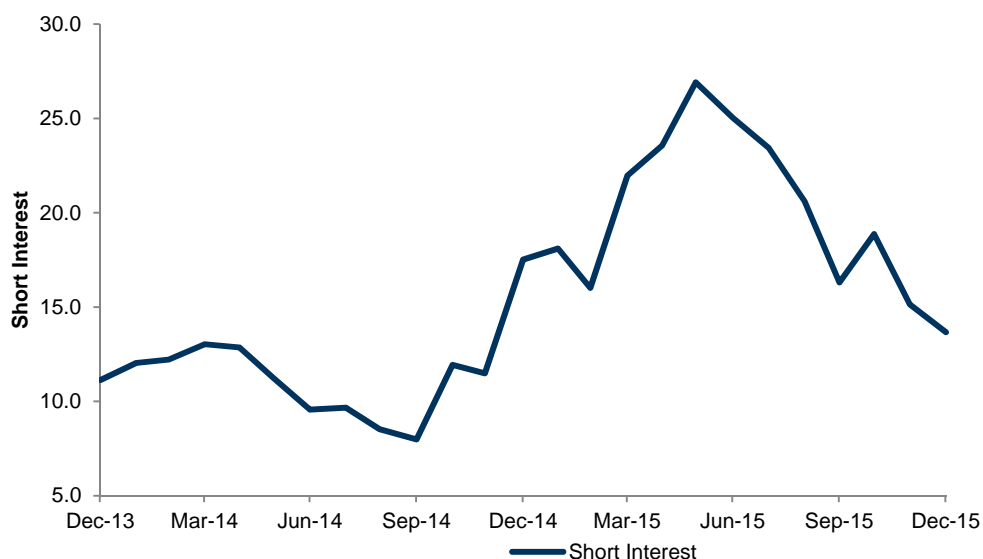
MLP Sector Performance

Short Interest



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Short Interest of the Alerian MLP ETF



Short Interest of the Top 10 Holdings in the AMZ

	2015 Increase	4Q15 Increase	2H15 Increase
EPD	90.7%	6.8%	60.9%
WPZ	6.4%	-24.5%	-10.6%
ETP	32.1%	-27.7%	-27.1%
MMP	70.9%	9.2%	14.1%
PAA	130.6%	43.0%	201.8%
SEP	515.5%	81.7%	559.4%
EEP	-42.7%	4.4%	1.7%
MWE	2.4%	5.8%	6.4%
OKS	1.8%	37.8%	70.5%
BPL	66.7%	35.3%	41.8%
Average	87.4%	17.2%	91.9%
Median	49.4%	8.0%	27.9%

- 2015 short interest levels of the Alerian MLP ETF are 74% higher, on average, compared to 2014
- Throughout 2015, there has been a significant spike in short interest levels for the top ten companies in the AMZ
- Preliminary data for 4Q15 shows more of the same, with the top 10 seeing an average increase of 17.2% in short interest levels compared to the end of 3Q15

Source: Bloomberg; GSAM; Data as of 12/31/2015; Short interest is defined as the number of shares that have been sold short, and have not yet been bought back. The Alerian MLP ETF is chosen here because it is an investment vehicle that tracks the Alerian MLP Index where short interest is publicly available.

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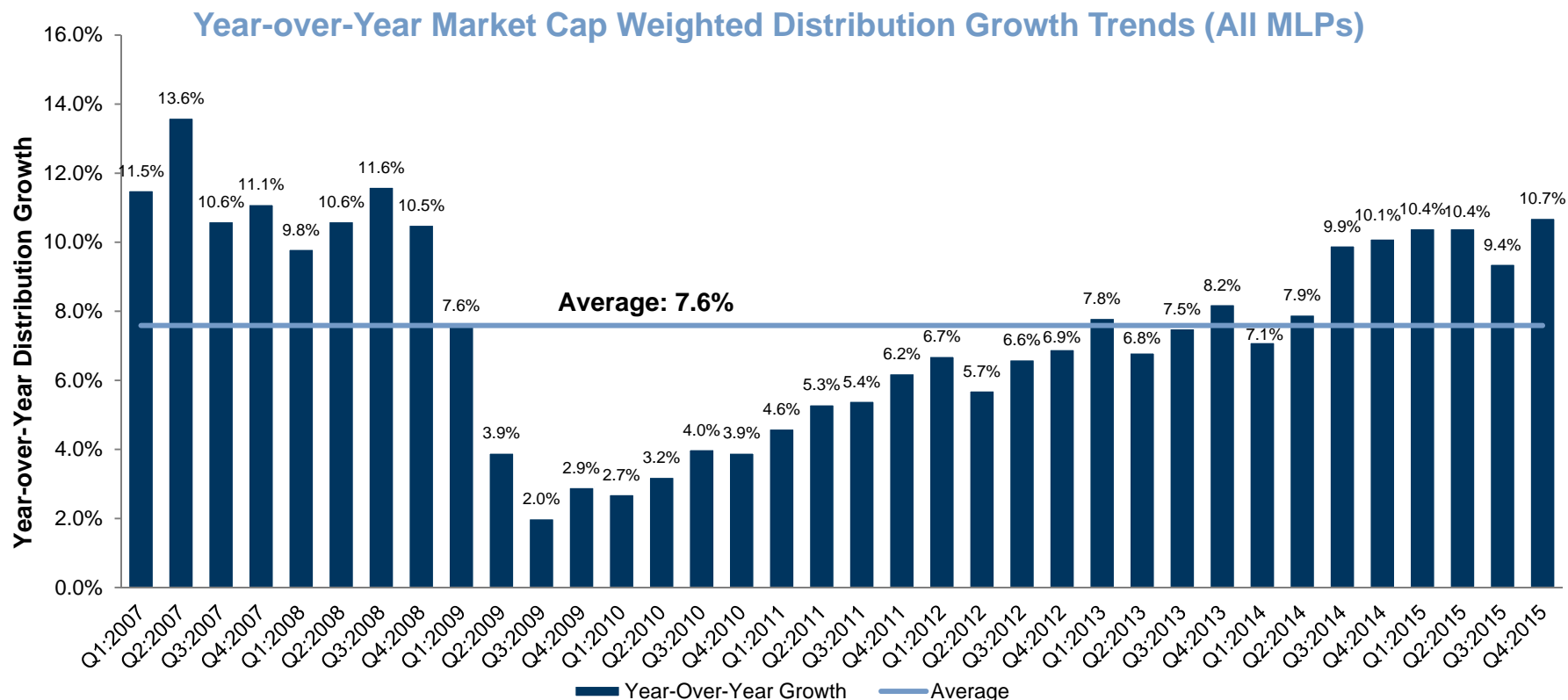
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Overview of MLP Fundamentals

MLP Distribution Growth



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- The market-capitalization weighted year-over-year distribution growth across the MLPs we track averaged 10.7% during 4Q15
 - We note that this growth in distributions was delivered by management teams over one year after crude oil prices began to decline (2014 WTI peak on 6/20/14) and even as the market recognized that the crude oil oversupply is likely to continue into 2016
- During 2015 15 upstream MLPs and 4 midstream MLPs cut their distributions

Source: Bloomberg, GSAM, Growth Rates are market-cap weighted, Data as of 12/31/2015; Names that have cut distribution reflect any MLP that has cut its distribution at least once in 2015. Please see additional disclosures at the end of this presentation.

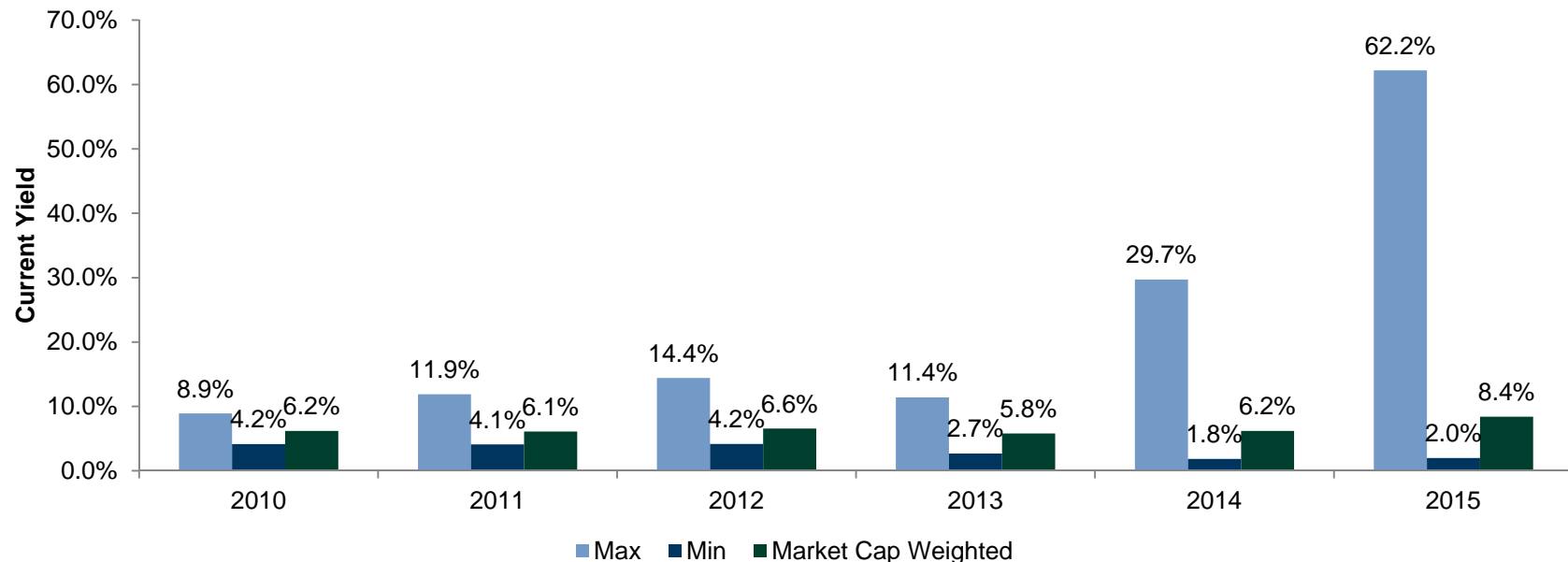
Overview of MLP Fundamentals

Yield Spreads of the Alerian MLP Index



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Spread of MLP Yields in the Alerian MLP Index



- We have seen a wide dispersion of the spread between the lowest yielding name in the Alerian MLP Index and the highest yielding name in the Index
- As of 12/31/2010, the spread between the highest and lowest yield MLP was 475 basis points, and as of 12/31/2015 it stood at 6022 basis points

Source: Bloomberg, GSAM, Alerian; Data as of 12/31/2015; Yield data represents the last day of the year; Yield spread is the difference between the highest and lowest yield **Past performance does not guarantee future results, which may vary.**

Overview of MLP Fundamentals

MLP Distribution Growth by Sub-Sector



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Year-over-Year Market Cap Weighted Distribution Growth Trends (All MLPs)

Sub-sector	2007	2008	2009	2010	2011	2012	2013	2014	1Q15	2Q15	3Q15	4Q15
Coal	11.9%	16.1%	5.5%	4.5%	7.0%	4.0%	4.0%	-15.8%	-1.6%	-14.5%	-7.5%	-29.5%
Diversified Midstream	8.5%	11.6%	3.2%	4.6%	5.0%	6.9%	6.4%	6.6%	6.7%	6.6%	8.1%	5.9%
Exploration and Production	26.5%	22.6%	-25.8%	7.1%	6.2%	3.3%	1.9%	-0.6%	-44.2%	-51.3%	-52.1%	-72.4%
General Partner	19.9%	20.6%	9.4%	7.1%	12.0%	14.5%	14.9%	16.5%	18.9%	18.8%	22.2%	20.1%
Liquids Pipelines & Terminalling	7.7%	3.9%	3.0%	4.3%	4.8%	8.4%	10.0%	13.2%	14.2%	13.7%	13.6%	12.7%
Marine Transportation and Services	14.1%	9.0%	-5.4%	-6.2%	4.7%	6.7%	2.7%	3.1%	3.0%	4.7%	3.8%	0.8%
Offshore Oilfield Services	NA	NA	NA	NA	NA	NA	10.3%	29.2%	27.5%	11.8%	2.8%	1.6%
Natural Gas and NGL Infrastructure	9.3%	7.1%	-4.0%	2.6%	8.1%	9.9%	8.1%	8.8%	15.1%	15.0%	13.3%	14.5%
Natural Gas Pipeline	12.1%	8.5%	9.5%	8.7%	9.4%	8.7%	6.6%	-13.5%	5.9%	5.9%	6.4%	6.7%
Other	14.5%	-28.6%	0.0%	2.2%	8.7%	24.0%	9.7%	10.1%	12.8%	13.7%	7.8%	15.7%
Retail Propane	5.7%	4.2%	3.0%	3.2%	2.4%	3.5%	3.4%	2.4%	2.4%	3.3%	3.3%	3.4%
Spread (Max-Min)	20.8%	51.2%	35.3%	14.8%	9.5%	20.7%	13.0%	45.0%	71.7%	70.0%	74.3%	92.5%

- It is important to look at sub-sector growth when trying to identify pockets of opportunity
- We note that the spread between the highest and lowest growth sub-sectors have widened in 2015 to the widest level since 2008

Source: Bloomberg, GSAM, Growth Rates are market-cap weighted, Data as of 12/31/2015. MLP distributions consist largely of return of capital and not of current income. The ultimate composition of these distributions may vary due to a variety of factors including projected income and expenses, depreciation and depletion, and any tax elections made by the MLP. The final characterization of such distribution will be made when an MLP can determine each investor's share of the MLP's income, expenses, gains and losses. The final tax status of the distribution may differ substantially from this information. For illustrative purposes only and do not represent any Goldman Sachs Fund. **Past performance does not guarantee future results, which may vary.**

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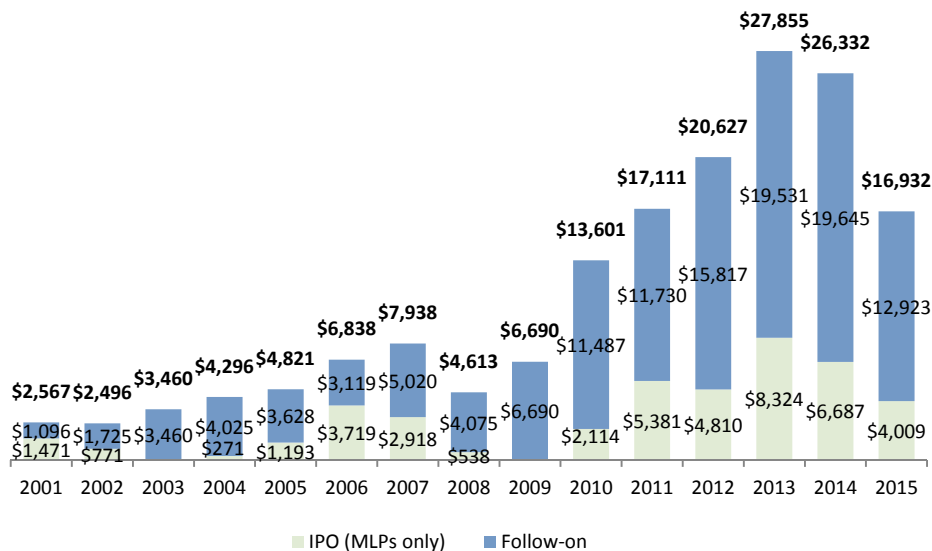
Review of MLP Model

Public Financing



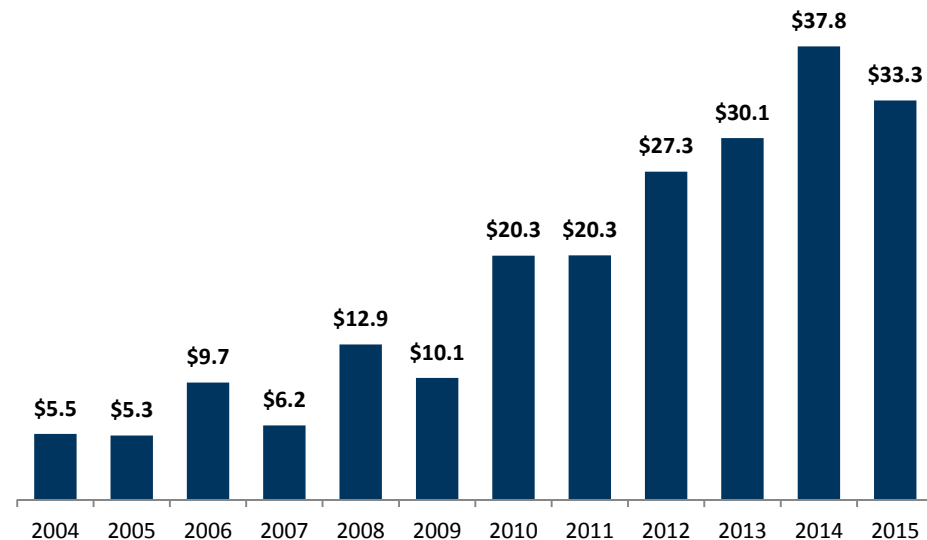
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Public Equity Capital Raised (Excludes At-The-Market)



Source: Bloomberg, GSAM, Public Company Filings, Data as of 12/31/15; 2014 Follow-ons includes WMB 6/17 Secondary offering; Follow-on includes private placements

Public Debt Financing



Source: Bloomberg, GSAM, Public Company Filings, Data as of 12/31/15

- Between 2008 and 2009, there was more than \$34 billion raised in public markets, indicating that even in times of market turmoil, capital markets are not fully closed
- After two strong years of equity issuances, 2015 had a slowing of equity raised, with zero MLP IPOs in 2H15 and \$6,008 MM in secondary offerings in 4Q15 (2015 issuances down 34% compared to 2014)¹
- The first half of 2015 had robust debt market activity, but the pace has slowed considerably, as there was \$5,997 MM raised in 2H15, compared to \$27,255 MM raised in 1H15

¹Excludes equity issued through ATM programs; ATM programs sell newly issued shares at market prices over time. Source: Bloomberg, GSAM, Data as of 12/30/2015; For illustrative purposes only and do not represent any Goldman Sachs Fund.

Review of MLP Model

Initial Public Offering (IPO) Issuances



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2015 Initial Public Offerings

Date	Name	Symbol	Sub-Sectors	IPO Size (\$ MM)	Sponsor	
					Public	Private
2/5/2015	Columbia Pipeline Partners LP	CPPL	Natural Gas Pipeline	\$1,076.7	NiSource	-
4/28/2015	Enviva Partners LP	EVA	Other	\$230.0	-	Riverstone Holdings
4/30/2015	Black Stone Minerals LP	BSM	Exploration and Production	\$427.5	-	Black Stone Energy
5/6/2015	Tallgrass Energy GP	TEGP	Natural Gas and NGL Infrastructure	\$1,204.0	-	Tallgrass Development
5/11/2015	EQT GP Holdings LP	EQGP	Natural Gas and NGL Infrastructure	\$621.0	EQT Corporation	-
6/3/2015	PennTex Midstream Partners LP	PTXP	Natural Gas and NGL Infrastructure	\$225.0	-	Natural Gas Partners
6/25/2015	Green Plains Partners LP	GPP	Other	\$150.0	Green Plains Inc	-
6/30/2015	CNX Coal Resources	CNXC	Coal	\$75.0	CONSOL	-

- In 2015, there was \$4,009 MM in initial public offerings, 40% below the \$6,687 MM in 2014.
- All 8 IPOs during 2015 took place during the first half of the year.
- In addition, we would note that the current backlog of potential IPOs do not have the same name recognition as those that have gone public over the past 18 months (Shell, Antero, etc.)

Source: Bloomberg, GSAM, Data as of 12/31/2015; Dates are based on pricing date. For illustrative purposes only and do not represent any Goldman Sachs Fund.

Review of MLP Model

MLPs Finding Alternative Ways to Raise Capital



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Date	Company	Amount Raised (\$ MM's)	Product Issued	Reason for Offering
7-Dec	ENLK	\$750.00	Convertible Preferred	Fund Acquisition
1-Dec	CPGX	\$1,251.00	Overnight Offering	Capital Budget and General Partnership Purposes
19-Nov	VLP	\$196.60	Overnight Offering	Capital Budget and General Partnership Purposes
16-Nov	SUN	\$685.50	Private Placement	Fund Acquisition
12-Nov	SHLX	\$260.30	Overnight Offering	Fund Acquisition
10-Nov	EQM	\$405.70	Overnight Offering	Capital Budget and General Partnership Purposes
4-Nov	RMP	\$175.00	Private Placement	Fund Acquisition
26-Oct	KMI*	\$1,600.00	Convertible Preferred	Capital Budget and General Partnership Purposes

- During 4Q15 we have seen companies raise capital in more ways than just traditional overnight offerings
- During the quarter, there has been \$2,350 MM raised via Convertible Preferred Equity and \$861 MM raised via PIPEs (Private Investment in Public Entities), in addition to the \$2,114 MM raised in overnight offerings
- By issuing convertible preferred equity, companies are able to help their leverage metrics without issuing traditional common units

Source: Bloomberg, GSAM, Company filings; Data as of 12/31/15. Includes all companies which have raised capital via forms of equity quarter to date 4Q15 as of 12/31. **Alternative forms of capital includes all forms of equity excluding common stock offerings.** These companies were chosen because of their size and recent issuances. Convertible Preferred: Preferred equity that is convertible into common equity. Overnight Offering: A type of offering where the company already files a shelf registration and can thus make follow-on offerings without a new prospectus for each follow-on. Private Placement: A funding round of securities which are sold not through a public offering, but rather through a private offering, mostly to a small number of chosen investors. Please see appendix for additional definitions.

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Review of MLP Model

Kinder Morgan Case Study



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Kinder Morgan Inc (KMI) Timeline

Event	Date of Announcement	Net Debt / EBITDA	Dividend Coverage	KMI Yield	AMZ Yield
Roll Up Transaction (KMI buys KMP, KMR, and EPB) • Guided to Target Net Debt/EBITDA: 5.0x-5.5x ¹	8/10/2014	Pre roll up: 3.6x	0.95x	4.76%	5.57%
Year End 2014	12/31/2014	6.1x	1.30x	4.16%	6.06%
Hiland \$3.0 bn Acquisition (10.0x Multiple) ²	1/21/2015	5.9x	1.19x	4.29%	5.98%
End of Q2 2015	6/30/2015	6.4x	1.02x	5.00%	6.45%
Mandatory Convertible Offering	10/27/2015	5.7x	0.91x	7.40%	8.04%
NGPL \$136 MM Acquisition; proportionate consolidation of NGPL's debt adds ~\$1.5 bn to KMI consolidated debt (10.0x Multiple) ³	11/30/2015	5.8x	0.97x	8.66%	8.48%
Moody's downgrades KMI's outlook to negative from stable	12/1/2015	5.8x	0.97x	9.10%	8.42%
KMI Announces 2016 Financial Expectations: KMI reviewing dividend policy and not planning equity issuance at current prices	12/4/2015	5.8x	0.97x	12.13%	9.39%
KMI Announces 75% Dividend Cut	12/8/2015	5.8x	0.97x	12.98%	9.71%

- Over the last 18 months KMI has had several major corporate events that we believe are important in order to frame the company's current situation
- After rolling up 4 companies into 1, two acquisitions at expensive multiples, and a continued troubled energy macro environment, Moody's downgraded the outlook for KMI's debt from stable to negative on December 1st
- Post this decision, KMI announced a review of its dividend policy on December 4th, and on December 8th announced it was going to cut its quarterly dividend from \$0.51 to \$0.125, or a 75% cut

Source: Bloomberg, GSAM; Data as of 12/31/2015; Net Debt/EBITDA and Dividend Coverage based upon company filings and reflect annualized quarterly EBITDA with an implied 0.1x Net Debt/EBITDA increase for the NGPL acquisition; Dividend coverage and KMI yield based upon dividend paid in quarter shown except where noted; Acquisition amounts reflect KMI's portion in the case of joint-ventures; ¹Reflects guidance provided by KMI; ²Multiple based upon company guidance for 2018 EBITDA; ³Debt figures based upon Moody's 12/1/15 comment, multiple based upon company guidance. Any reference to a specific company or security does not constitute a recommendation to buy, sell, hold or directly invest in the company or its securities.

*While KMI is not an MLP, we think it is appropriate to use for comparison purposes due to the nature of the company's assets. Kinder Morgan was selected for illustrative purposes only and its selection should not be construed as investment advice. Pro forma 1Q16 figures based upon company guidance

Review of MLP Model

Teekay Case Study



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Teekay Offshore Partners (TOO) Timeline

Event	As of Date	Capital Commitments through 2018 (\$MM)	Net Debt / EBITDA	Distribution Coverage	TOO Yield	AMZ Yield
Year End 2014	12/31/2014	\$1,770	4.79x	0.91x	8.04%	6.06%
Series B Preferred Unit Offering	4/13/2015	\$1,428	5.24x	1.10x	9.41%	6.02%
Entered into \$365 MM shipbuilding contract for three shuttle tankers to service Canadian east coast	6/1/2015	\$1,793	5.24x	1.10x	9.74%	6.04%
Knarr FPSO \$1.26 Bn acquisition, Issuance of Series C Convertible Preferred Units and Issuance of Common Equity Issuance to parent	6/30/2015	\$1,672	4.93x	1.06x	10.65%	6.45%
Announces an increase in cash distribution by 4%	10/1/2015	\$1,256	5.74x	0.86x	14.83%	7.97%
TOO issues 6-K, discussing a notice of intent to cancel the charter of the Petrojarl Varg	11/19/2015	\$1,256	5.74x	0.86x	17.53%	8.26%
Announces 80.4% cut in distribution	12/16/2015	\$1,256	5.74x	0.86x	28.72%	9.45%

- During 2015, TOO continued to engage in acquisitions and new capital commitments despite leverage of over 4.0x Net Debt/EBITDA, tight coverage, and an equity overhang
- On 11/19, TOO issued a form 6-K discussing a notice of intent to cancel the charter of the Petrojarl Varg, after they had agreed to an extension in August, casting doubts on future earnings power
- On 12/16/15 TOO announced an 80.4% cut in its distribution

Source: Bloomberg, GSAM; Data as of 12/31/2015; Capital Commitments figures reflects amounts announced by the company in public company filings; Net Debt/EBITDA figures reflect Bloomberg; distribution coverage from company filings; Teekay was chosen as a case study because subsequent to KMI's dividend cut, the Teekay family were the only other midstream names to cut their distribution through the end of 2015. Teekay Offshore Partners (TOO) was selected for illustrative purposes only and its selection should not be construed as investment advice. For illustrative purposes only. Performance results vary depending on the client's investment goals, objectives, and constraints. There can be no assurance that the same or similar results to those presented above can or will be achieved.

Review of MLP Model

Historical Distribution Cuts in the MLP Sector



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MLP Distribution Cuts by Sub-sector Since 2000

Year	Upstream			Midstream					Downstream	Total	
	Coal	Exploration and Production	Oilfield Services	Diversified Midstream	Liquids Pipelines and Terminalling	Marine Transportation and Services	Natural Gas and NGL Infrastructure	Natural Gas Pipeline	Retail Propane		Refining
2015	FELP, NRP, RNO	ARP, BBEP, EVEP, LGCY, LINE, LRE, MEMP, MCEP, NSLP, VNR	HCLP, SDLP			NMM, TGP, TOO	NKA				19
2014	NRP							BWP			2
2013		EROG									1
2012	OXF, RNO								NRGY		3
2011											0
2010						CPLP					1
2009		BBEP, CEP, ENP, EROG				KSP	AHD, APL, HLND, HPGP				9
2008		QELP			SGLP	USS	XTEX			CLMT	5
2007											0
2006											0
2005											0
2004									SGU		1
2003											0
2002											0
2001											0
2000					PAA						1
1999											

- 2015 saw 19 MLP distribution cuts compared with 14 cuts total during 2008 & 2009
- Of the 19 MLPs that cut their distributions in 2015, 15 were upstream and 4 were midstream names
- We would also note that on January 8, 2016 SXE (a Natural Gas and NGL Infrastructure company), announced a suspension of its distribution

Source: GSAM, Bloomberg. Company Filings, Data as of 12/31/15; Names are shown based upon the year in which the MLP announced a distribution cut, even if the cut would not be until the following year, if names announced a distribution cut more than once during the year, the name is shown only once; This period was chosen to reflect several business cycles including the financial crisis and dot-com bubble

Review of MLP Model

Comparison of Investment Grade MLPs



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Ticker	Net Debt/2015 EBITDA	Current Yield	TTM Coverage Ratio	EV/ 2016 EBITDA
KMI*	5.8x	13.8%	1.1x	9.8x
BPL	4.4x	7.7%	1.0x	12.1x
EEP	4.0x	10.6%	0.9x	9.8x
ENBL	3.9x	16.4%	1.0x	7.8x
ENLK	4.1x	10.9%	1.0x	8.4x
EPD	4.2x	6.4%	1.4x	12.6x
EQM	2.3x	3.7%	1.9x	11.7x
ETP	4.6x	14.2%	1.0x	7.5x
MMP	3.0x	4.6%	1.4x	15.2x
OKS	4.5x	12.4%	0.9x	8.2x
PAA	4.8x	12.8%	0.9x	8.3x
PSXP	4.1x	3.0%	1.3x	12.2x
SEP	3.3x	5.7%	1.3x	10.6x
SXL	4.3x	8.1%	1.3x	8.1x
TCP	5.2x	7.4%	1.3x	12.5x
WES	3.3x	7.4%	1.1x	9.5x
WPZ	4.6x	14.5%	1.0x	7.5x
Average	4.2x	9.4%	1.2x	10.1x
Median	4.2x	8.1%	1.1x	9.8x

- Looking at the MLPs that have investment grade ratings, we see there is a wide range of leverage metrics, with an average of 4.2x Net-Debt-to-2015 EBITDA
- These investment grade companies also have a wide range of yields with PSXP currently yielding 3.0% and ENBL yielding 16.4%
- Additionally, we see that for trailing 12 month distribution coverage ranged from 0.9x-1.9x
- Investment grade MLPs also have a wide dispersion of EV/2016 EBITDA multiples, ranging from 7.5x – 15.2x

*While KMI is not a MLP, we think it is appropriate to use for comparison purposes due to the nature of the company's assets

Source: Bloomberg; GSAM; Company filings; Data as of 11/8/2016; Net Debt/2015 EBITDA defined as the company's debt divided by Bloomberg consensus 2015 EBITDA; Coverage ratio is defined as distributable cash flow divided by distributions; EV/2016 EBITDA defined as current enterprise value divided by Bloomberg consensus 2016 EBITDA

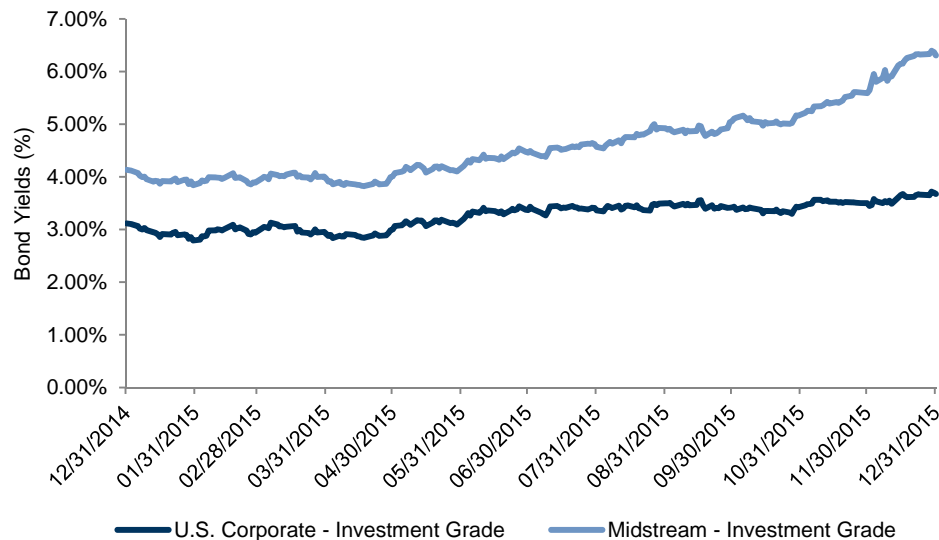
Review of MLP Model

MLP Debt versus the Market

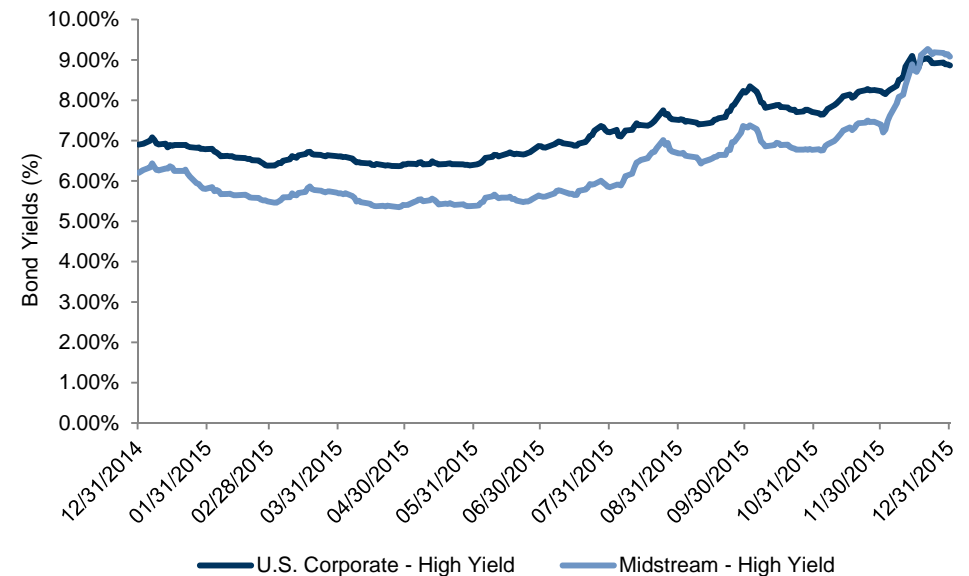


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MLP Investment Grade Debt vs. US Investment Grade Debt



MLP High Yield Debt vs. US High Yield Debt



- During the fourth quarter MLP investment grade yields widened versus the broader market, increasing from 164 basis points to 263 basis points from the end of September through the end of December
- The opposite occurred in the high yield space, as high yield MLP yields converged with the broader market, declining from a spread of 85 basis points to 22 basis points over the same period
- Over the last year, both MLP investment grade debt (correlation of 0.85) and MLP high yield debt (correlation of 0.82) have followed a similar path to their respective broader debt markets
- Overall, MLP debt yields have moved in line with the broader debt markets

Source: Barclays; GSAM; Data as of 12/31/2015; correlations based on daily performance; Past correlations are not indicative of future correlations, which may vary. **Past performance does not guarantee future results, which may vary.**

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Valuation & Outlook

U.S. Production Forecasts



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U.S. Energy and Information Administration (EIA) Current and Forecasted Production

	Latest (Oct 15) Production ¹	Forecasts			% CAGR Change from 2016E Level
		EIA 2016E Average	% Change from Current	EIA 2020E Average	
Crude Oil (MMbpd)	9.35	8.73	-6.6%	10.60	5.0%
Natural Gas (Bcfd)	74.28	74.82	0.7%	78.96	1.4%
Natural Gas Liquids (MMbpd)	3.43	3.46	0.9%	4.04	4.0%

- EIA forecasts imply year-over-year (y-o-y) decline during 2016 in crude oil production, and y-o-y increases in natural gas and natural gas liquids production
- EIA forecasts imply 5% compound annual growth rate (CAGR) in U.S. crude oil production based upon its 2016E and 2020E average levels
- EIA 2020E forecasts also reflects 4.0% and 1.4% CAGR for natural gas liquids and dry natural gas, respectively from expected 2016E levels

Source: Bloomberg, GSAM; ¹Reflects latest monthly data available; EIA 2016E forecasts reflect EIA Short-Term Energy Outlook projections as released on 1/12/16, 2020E reflect projections from EIA Annual Energy Outlook 2015; Data as of 12/31/15. The economic and market forecasts presented herein have been generated by GSAM for informational purposes as of the date of this presentation. They are based on proprietary models and there can be no assurance that the forecasts will be achieved.

Valuation & Outlook

Energy Commodity Price Forecasts



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Current and Forecasted Energy Commodity Price Forecasts from Various Sources

	Current (as of 1/8/16)	Forecasts					
		EIA 2016E Average Price	% Change from Current	Bloomberg Consensus Median 2016E Average Price	% Change from Current	December 2016 Futures Curve Price	% Change from Current
West Texas Intermediate Cushing (WTI)	\$33.16	\$38.54	16.2%	\$50.00	50.8%	\$40.99	23.6%
Brent	\$33.55	\$40.15	19.7%	\$53.80	60.4%	\$41.06	22.4%
Natural Gas (Henry Hub)	\$2.47	\$2.65	7.2%	\$2.85	15.3%	\$2.89	16.8%

- Price forecasts from sources above suggest upside potential during 2016 for both WTI and Brent crude oil as well as dry natural gas at Henry Hub

Source: Bloomberg, GSAM; Crude oil prices reflect \$/bbl, natural gas prices reflect \$/MMBtu; EIA data reflects Short-Term Energy Outlook as of 1/12/16, Bloomberg Consensus and December 2016 Futures price as of 1/8/16. The economic and market forecasts presented herein have been generated by GSAM for informational purposes as of the date of this presentation. They are based on proprietary models and there can be no assurance that the forecasts will be achieved.

Valuation & Outlook

Alerian Index Yield and Spreads



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Index Yields and Spreads vs. the Alerian Index

	MLPs	MLPs	Cushing Royalty Trust and MLP Upstream	S&P 500	10-Year	High Yield	High Grade	Municipal	Utilities	REITS
	(Mrkt Cap Wgt Avg)	(Median)	(Median)	Index	Treasury	Bonds	Bonds	Bonds	Index	Index
	AMZ Index	AMZ Index	CRTY Index	SPX Index	H15T10Y Index	iBoxHY Index	MOODCBAA Index	049M10Y Index	UTY Index	FNER Index
YIELD										
As of Jan 8, 2016	9.12%	10.25%	12.41%	2.29%	2.13%	8.14%	5.44%	1.81%	3.93%	4.11%
MLP YIELD SPREADS (vs. Market Cap Weighted)										
As of Jan 8, 2016		-1.13%	-3.30%	6.83%	6.99%	0.98%	3.68%	7.31%	5.19%	5.01%
As of OPEC Decision (Nov 26, 2014)		-1.06%	-7.78%	3.52%	3.19%	-0.48%	1.78%	3.19%	1.91%	1.99%
Average 2015		-1.25%	-6.30%	4.85%	4.76%	0.31%	1.90%	4.76%	3.15%	3.08%
Average between Dec 31, 2010 & Dec 31, 2014 (5 yrs)		-0.88%	NA	4.19%	3.88%	-0.29%	1.04%	3.81%	2.22%	2.68%
Average between Jun 1, 2006 & December 31, 2015 (Alerian Inception-Current)		-0.46%	NA	4.73%	3.78%	-1.21%	0.92%	3.88%	2.86%	2.46%
Average Pre-Credit Crisis (Jun 1, 2006-Dec 31, 2007)		0.25%	NA	4.45%	1.57%	-1.79%	-0.21%	2.83%	3.03%	1.94%

- As of the close on 1/8/16, the market-cap weighted yield of MLPs stood at 9.1%
- This reflects a 699 basis point spread over the 10-Year Treasury Note yield, which is 321 basis points greater (undervalued) than the average historical spread of 378 basis points

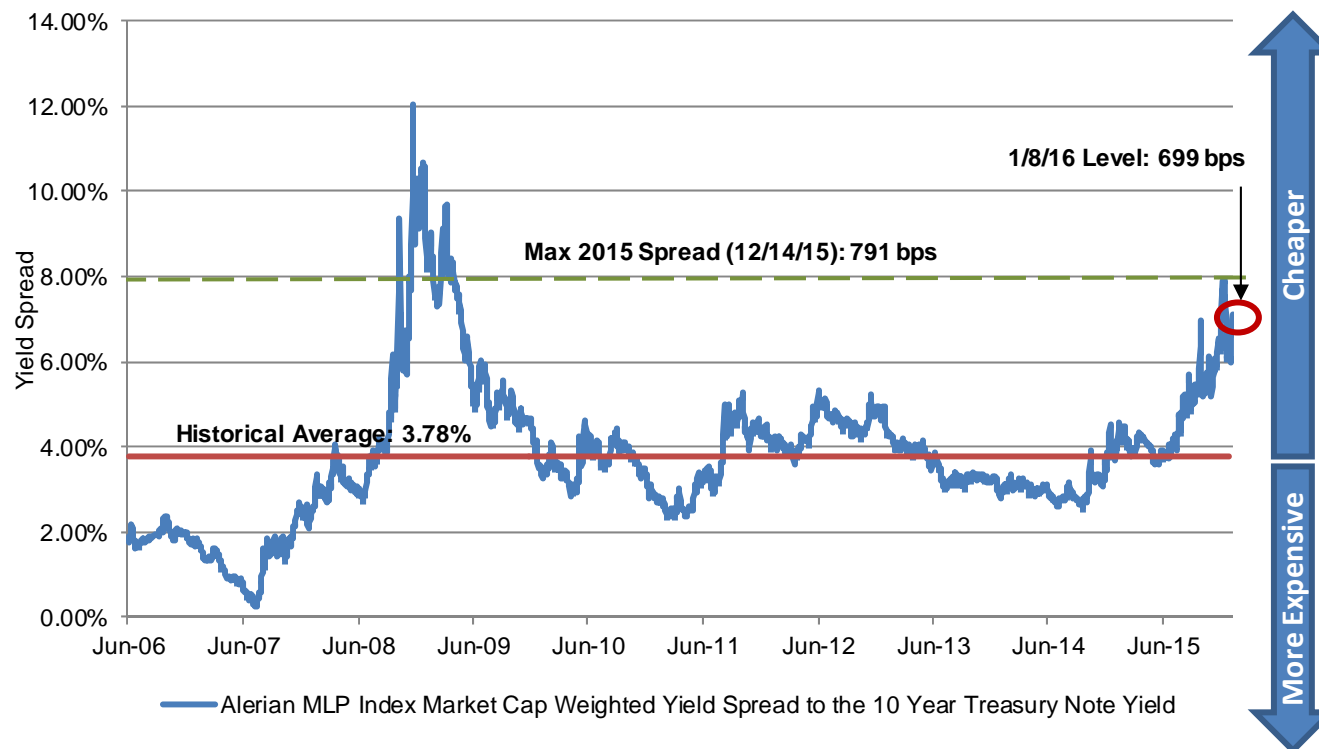
Source: Bloomberg; GSAM; Data as of 1/8/2016; yields reflect indicated yield as of the date shown, spreads reflect difference between the market cap weighted yield of the Alerian MLP Index (AMZ) and respective asset classes shown; **Past performance does not guarantee future results, which may vary**; Index returns shown reflect index returns and they do not represent the returns of any Goldman Sachs Fund.

Valuation & Outlook

Alerian Index Yield and Spreads



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- During the selloff in December, the sector traded with a spread to the 10-Year Treasury Note yield as high as 791 basis points (on 12/14/15), reflecting the largest spread (cheapest level) seen in the sector since April 2009
- Excluding 2015 levels, the current ending spread of 699 bps (as of 1/8/16) continues to be the largest spread seen in the sector since May 2009

Source: Bloomberg; GSAM; Data as of 1/8/2016; Yield spread reflects the market cap weighted yield of the Alerian MLP Index over the yield of the 10 Year Treasury Note Yield; **Past performance does not guarantee future results, which may vary**; Index returns shown reflect index returns and they do not represent the returns of any Goldman Sachs Fund. Please see additional disclosures at the end of this presentation.

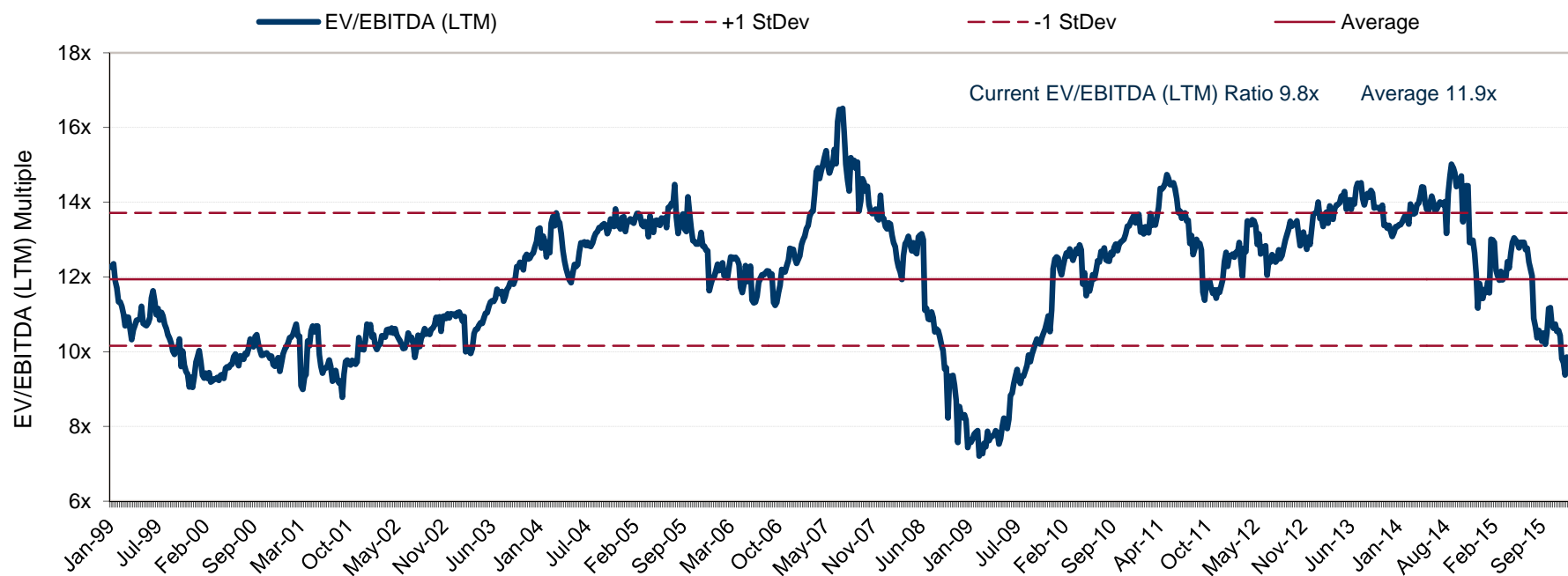
Valuation & Outlook

Enterprise Value/EBITDA



Asset Management

EV/EBITDA (LTM) for Credit Suisse MLP Universe (Data as of 12/31/15)



- On an EV/EBITDA basis the sector also screens as being undervalued and is currently at a 9.8x multiple compared with a historical average level of 11.9x times since 1999

Source: Bloomberg; GSAM, GS Investment Strategy Group, Bank of America/Merrill Lynch, Credit Suisse, CapitalIQ, IBES, Bloomberg; Data as of 12/31/2015; EV: Enterprise Value; EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization, StDev: Standard Deviation; This period was chosen to reflect several business cycles including the financial crisis and dot-com bubble. Please see additional disclosures at the end of this presentation.

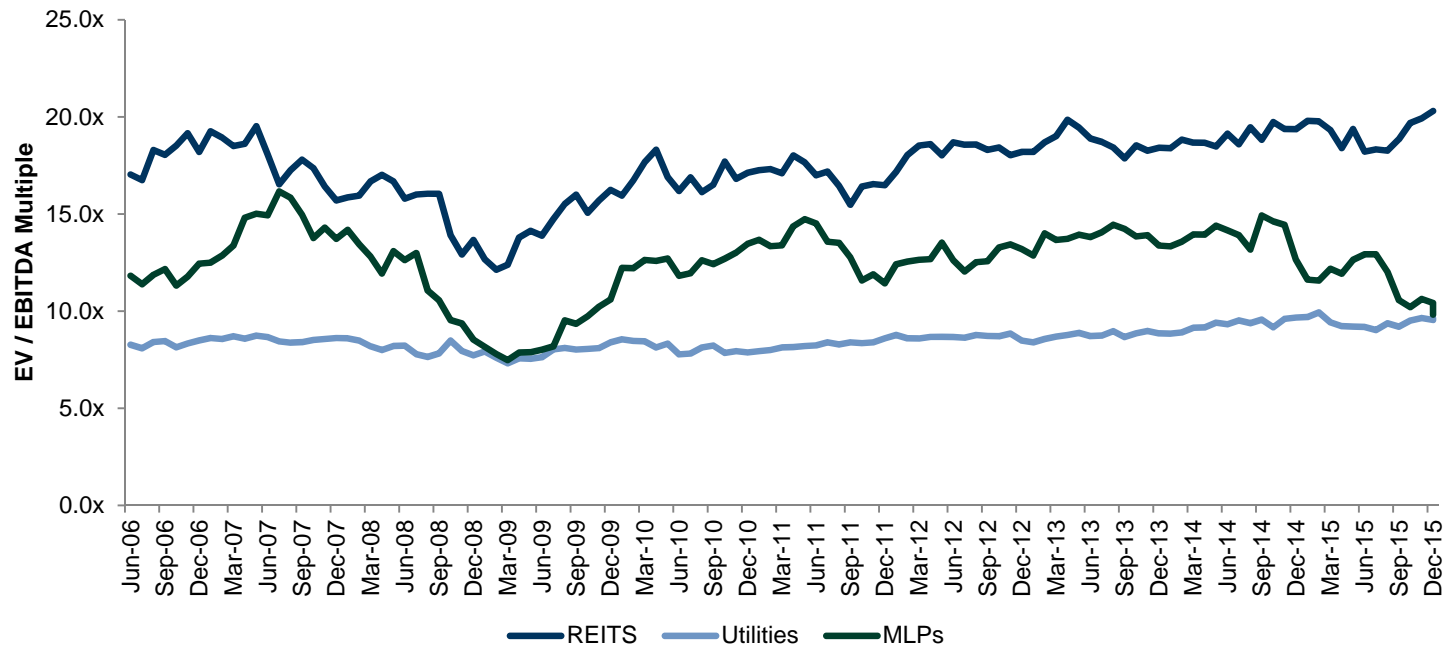
Valuation & Outlook

Enterprise Value/EBITDA versus Comps



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EV/EBITDA (LTM) for Credit Suisse MLP, REITs and Utilities Universe (Data as of 12/31/15)



- Since the inception of the AMZ, this is just the second time that the EV/EBITDA multiple of MLPs and Utilities have been at parity, with the first time being during the Financial Crisis
- Over this time period, the EV/EBITDA multiple for MLPs has traded on average more than 500 basis points below REITs, and 390 basis points above Utilities
- As of 12/31/15, MLPs traded more than 1,000 basis points below REITs and only 19 basis points above Utilities

Source: GSAM, Credit Suisse, Data as of 12/31/2015; EV: Enterprise Value; EBITDA: Earnings before Interest, Taxes, Depreciation, and Amortization.

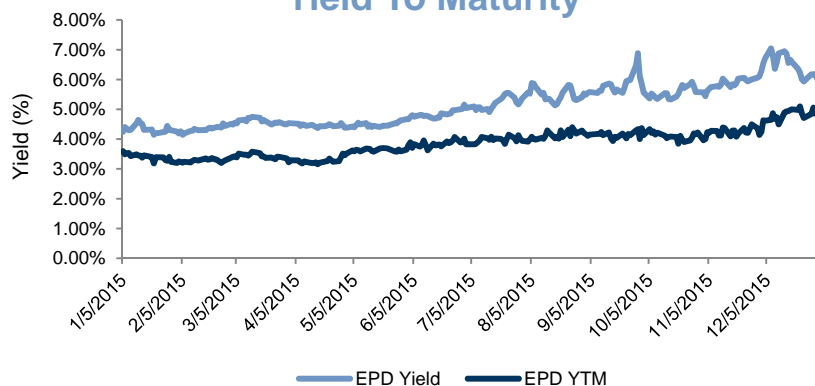
Valuation & Outlook

Corporate Debt versus Equity Yields

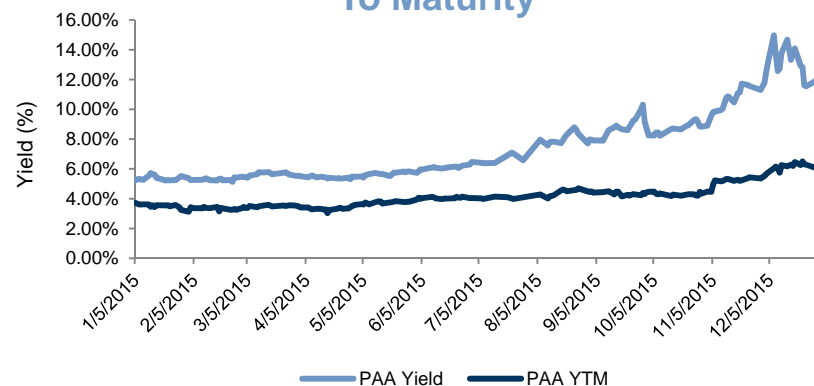


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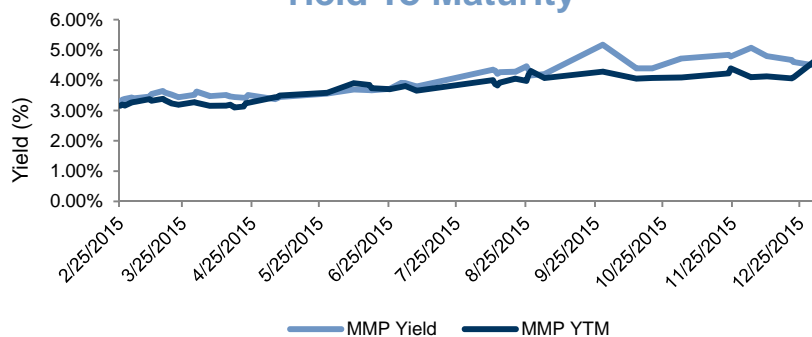
Enterprise Products Partners LP Yield vs. Yield To Maturity



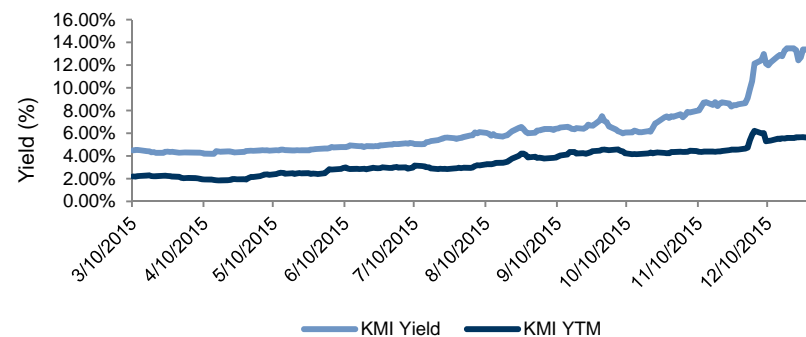
Plains All American Pipeline LP Yield vs. Yield To Maturity



Magellan Midstream Partners LP Yield vs. Yield To Maturity



Kinder Morgan Inc. Yield vs. Yield To Maturity



- During 4Q15 we saw a spike in spreads between large cap MLP equity yields and their respective debt yields
- We believe this sharp movement in MLP yields compared to corporate debt represents an overreaction to the health of company balance sheets by equity investors

Source: Bloomberg; GSAM; Data as of 12/31/2015; EPD debt refers to corporate paper due in 2025; PAA debt refers to corporate paper due in 2024; MMP debt refers to corporate paper due in 2025; KMI debt refers to corporate paper due in 2027. The economic and market forecasts presented herein have been generated by GSAM for informational purposes as of the date of this presentation. They are based on proprietary models and there can be no assurance that the forecasts will be achieved. **Past performance does not guarantee future results, which may vary.**

Conclusion



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- The Alerian MLP Total Return Index (AMZX) fell 32.6% in 2015, compared with a negative total return of 36.9% in 2008 and a positive total return of 4.8% in 2014
- A major factor for the underperformance was the continued oversupply in the global crude oil market, as Brent and West Texas Intermediate Cushing (WTI) prices were down 35.0% and 30.5%, respectively, during 2015
- However, MLP distributions continued to grow at a rate of 10.7% year-over-year
- Going forward, we expect MLP prices to remain highly correlated with crude oil in the short term, leading to choppy returns for the next few quarters
- However, we expect the global crude market to balance by 2017 driven by continued growth in demand, global capex cuts and natural decline rates of ~4.0%-6.0% per year¹
- While Bloomberg consensus distribution growth is for 7.9% year-over-year, we expect more modest growth for 2016²
 - Some names continue to guide to 20%+ distribution growth, while many have guided to flat distribution growth during the year. We also expect distribution cuts from some names (we believe widespread cuts are unlikely but note that KMI, NKA, NMM, TGP, and TOO are midstream names that have already cut their distributions during 2015)
- Short/Medium term valuation has shifted to EV/EBITDA (Utility sector based valuation)
 - On an EV/EBITDA basis, MLP sector currently trading at 9.8x (as of 12/31/15), versus a historical average of 12.5x (AMZ Inception 6/1/06-12/31/15)³
- Longer-term expect total returns to be consistent with Yield + Growth framework with potential upside if commodity prices recover (current market cap weighted average yield of AMZ is 8.26% as of 1/5/16)
 - Current 699 bps yield spread of the Alerian MLP Index to the 10-year Treasury yield reflects cheapest level since May 2009 (as of 1/8/16)⁴
- Focus on balance sheet, coverage ratio, and access to capital will be the theme for 2016

Source: Bloomberg; GSAM; Data as of 1/8/2016; ¹Decline rate based upon Wood Mackenzie estimates; ²Source: Bloomberg, reflects distribution expected to be paid in 4Q16 versus distribution paid in 4Q15; ³EV/EBITDA reflects LTM and reflects Credit Suisse MLP Universe; ⁴Reflects market cap average weighted yield and cheapest level excludes spread seen in 2015; **Past performance does not guarantee future results, which may vary.** The value of investments and the income derived from investments will fluctuate and can go down as well as up. A loss of principal may occur; The economic and market forecasts presented herein are for informational purposes as of the date of this presentation. There can be no assurance that the forecasts will be achieved. Please see additional disclosures at the end of this presentation. Index returns shown reflect index returns and they do not represent the returns of any Goldman Sachs Fund.



Appendix

Definitions



**Asset
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The Alerian MLP Index is a composite of the 50 most prominent energy MLPs calculated by Standards & Poor's using a float-adjusted market capitalization methodology. "Alerian MLP Index", "Alerian MLP Total Return Index", "AMZ" and "AMZX" are trademarks of Alerian and their use is granted under a license from Alerian or "Source: Alerian"

The Cushing ® Royalty Trust and Upstream MLP Indices (CRTY and CRTYTR) are market capitalization weighted indices that (respectively) reflect the Price and Total Return performance of Royalty Trusts and MLPs (Master Limited Partnerships) involved in the following main business segments: Exploration & Production and Natural Resources. This includes Royalty Trusts that are structured as MLPs.

The S&P 500 Index is an index of 500 stocks chosen for market size, liquidity and industry grouping, among other factors. The S&P 500 is designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

The Barclays U.S. Aggregate Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. The U.S. Aggregate Index is a component of the U.S. Universal Index in its entirety. The index was created in 1986, with index history backfilled to January 1, 1976.

The Barclays U.S. Corporate High-Yield Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes Emerging Markets debt. The index was created in 1986, with index history backfilled to January 1, 1983. The U.S. Corporate High-Yield Index is part of the U.S. Universal and Global High-Yield Indices.

FTSE /NAREIT North America Index gauges the performance of companies that develop and own real estate in North America.

The "Standard & Poor's S&P 500 Index" is an index based on the prices of the securities of 500 different companies, 400 of which are industrial, 40 of which are utility, 40 of which are financial and 20 of which are transportation companies.

The BofA Merrill Lynch US Treasuries (10Y) Index is an unmanaged index that tracks the performance of the three most recently issued 10-year U.S. Treasury notes.

iBoxx \$ Liquid High Yield Index is a rules-based index consisting of the most liquid and tradable U.S. dollar-denominated, high yield corporate bonds for sale in the United States.

Upstream: Upstream MLP investments include companies that are engaged in the exploration, recovery, development and production of crude oil, natural gas and natural gas liquids. An upstream MLP's cash flow and distributions are driven by the amount of oil, natural gas, natural gas liquids and crude oil produced and the demand for and price of such commodities.

Midstream: Midstream MLP investments include companies that are engaged in the treatment, gathering, compression, processing, transportation, transmission, fractionation, storage and terminalling of natural gas, natural gas liquids, crude oil, refined products or coal. Midstream MLPs may also operate ancillary businesses including marketing of energy products and logistical services.

Definitions (continued)



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Downstream: Downstream MLP investments include companies that are primarily engaged in the processing, treatment, and refining of natural gas liquids and crude oil, marketing and other "end-customer" distribution activities relating to refined energy sources.

Cash flow from operations (CFO): An accounting item indicating the money a company brings in from ongoing, regular business activities, such as manufacturing and selling goods or providing a service

Maintenance CAPEX: Funds used by a company to maintain existing physical assets.

Distributable Cash Flow: The cash flow available to be paid to common unit holders after payments to the general partner

Cash Flow Available for Growth: The distributable cash flow left over after distributions are paid to investors.

Closed End Fund De-levering: Closed End Funds have the ability to employ leverage in their investments, but must stay within certain regulatory limits and as such must sell securities to raise cash if they exceed their leverage limit.

Trough: The minimum value in a data series which represents the lowest point on a chart.

Basis Point (bp): 1/100th of a percentage point.

Market-cap weighted average yield: The average yield of an index whose components are weighted according to the total market value of their outstanding shares.

Treasury Note: A marketable U.S. government debt security with a fixed interest rate and a maturity between one and 10 years.

Dispersion of yields: The degree of separations between the highest and lowest yields.

Volatility: The degree of variation of a trading price series over time as measured by the standard deviation of returns.

Breakeven levels: The point at which cost and income are equal and there is neither profit nor loss.

Preferred Stock: Stock that entitles the holder to a fixed dividend, whose payment takes priority over that of common-stock dividends.

Convertible Preferred: Preferred stock that includes an option for the holder to convert the preferred shares into a fixed number of common shares

Overnight Offering: A type of offering where the company already files a shelf registration and can thus make follow-on offerings without a new prospectus for each follow-on.

Private Placement: A funding round of securities which are sold not through a public offering, but rather through a private offering, mostly to a small number of chosen investors.

General Disclosures



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Views are as of 12/31/15 unless noted otherwise and are subject to change in the future.

Master Limited Partnerships ("MLPs") may be generally less liquid than other publicly traded securities and as such can be more volatile and involve higher risk. Investments in securities of an MLP involve risks that differ from investments in common stocks, including risks related limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's right to require unit holders to sell their common units at an undesirable time or price. MLPs are also generally considered interest-rate sensitive investments. During periods of interest rate volatility, these investments may not provide attractive returns.

Investments in MLPs are subject to certain risks, including risks related to limited control and limited rights to vote, potential conflicts of interest, cash flow risks, dilution risks, limited liquidity and risks related to the general partner's right to force sales at undesirable times or prices.

MLPs may also involve substantially different tax treatment than other equity-type investments, and such tax treatment could be disadvantageous to certain types of investors, such as retirement plans, mutual funds, charitable accounts, foreign investors, retirement accounts or charitable entities. In addition, investments in MLPs may trigger state tax reporting requirements. Generally, a master limited partnership ("MLP") is treated as a partnership for Federal income tax purposes. Therefore, investors in an MLP may be subject to certain taxes in addition to Federal income taxes, including state and local income taxes imposed by the various jurisdictions in which the MLP conducts business or owns property. In addition, certain tax-exempt investors in an MLP, such as tax-exempt foundations and charitable lead trusts, may incur unrelated business taxable income ("UBTI") with respect to their investment. UBTI may result in increased Federal, and possibly state and local, tax costs, and may also result in additional filing requirements for tax exempt investors. Non-U.S. investors may be subject to U.S. taxation on a net income basis and have U.S. filing obligations as a result of investing in MLPs. The tax reporting information for MLPs generally is provided to investors on an annual IRS Schedule K-1, rather than an IRS Form 1099. To the extent the Schedule K-1 is delivered after April 15, you may be required to request an extension to file your tax returns.

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Clients of Goldman Sachs should obtain their own independent tax advice based on their particular circumstances. Entities referred to as MLPs are generally structured as LPs but also can be structured as LLCs and receive partnership taxation treatment. Some MLPs may choose different taxation treatment or choose to be structured differently. Differently structured entities may not have all the characteristics of a typical MLP.

The MLPs Core Strategy includes MLPs and other equity securities that are consistent with the objective including but not limited to MLPs structured as LPs or LLCs, I-Units issued by an MLP-affiliate, entities structured as MLPs but select to be taxed as C-Corps, and C-Corp entities that hold interests in MLPs. Taxation may vary for the different MLP structures and investors should obtain their own independent tax advice based on their particular circumstances.

The Fund may invest in private investment in public equities (“PIPEs”) which may be deemed illiquid.

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