

**September 13, 2019**

**Jay Hatfield's Commentary**

Today Alerian announced that Buckeye Partners, which is being taken private by an infrastructure fund, will be removed from Alerian indices on Friday September 20<sup>th</sup>.<sup>1</sup> Buckeye Partners represents over 7% of the Alerian Infrastructure Index, and there are over \$10 Billion of assets indexed to Alerian indices.<sup>2</sup> Consequently, there will be over \$700 million of MLP stock that will need to be bought by the index funds next Friday.<sup>3</sup> MLPs are not included in the broad S&P indices, which results in less liquidity so incremental flows can have a big impact on prices. The early index rebalancing is causing MLPs to rally today and MLPs are likely to outperform when the rebalance actually occurs.

We continue to believe that strategic activity such as the pending Tallgrass acquisition closing, asset sales, activism, and share repurchases will be a catalyst to close the large valuation gap between MLPs and other equity yield securities such as utilities and REITs.

For more information, visit [InfraCapFunds.com](http://InfraCapFunds.com)

**DISCLOSURE**

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<sup>1</sup> Alerian Index Series September 2019 Index Review

<sup>2</sup> Compiled from Bloomberg data

<sup>3</sup> Alerian Index Series September 2019 Index Review