Albourne Real Assets

NCRS Energy Review

ALBOURNE

Albourne's Client Profile and Real Assets Group

"We can add significant global leverage to your investment team. The quality and breadth of our client base is pivotal to this leverage." *David Harmston, Head of Client Group*

Clients* 262

Estimated amount our clients have invested in alternative investments** over $350bn

Public Pension Plan

Teacher Retirement System of Texas

The Missouri Education Pension Trust

Utah Retirement Systems

Corporate Pension

Cargill Inc. and Associated Companies Master Pension Trust (including Foundation)

RHM Pension Trust Limited

VCG Investment Management

Family Office

Ferd Group

Okabena Investment Services, Inc.

Waycrosse Inc

Endowment and Foundation

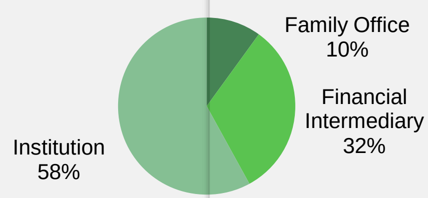
Regents of the University of California

University of Texas Investment Management Company (UTIMCO)

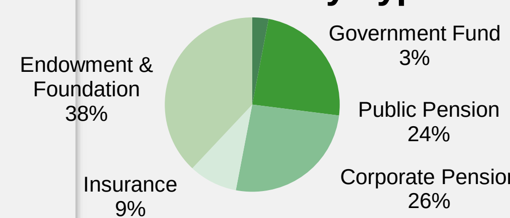
Wellcome Trust

Clients accessing research†	
Hedge Funds	262 clients
Private Equity	56 clients
Real Assets	***27 clients***
Real Estate	23 clients
Dynamic Beta	10 clients

Clients by Type



Institutions by Type



*This is the aggregate number of client entities for the Albourne Group worldwide. Clients may be subscribed to multiple services.

**This estimated figure was calculated by aggregating the estimated investments in alternatives investments of all of the clients of the Albourne Group entities worldwide, using public sources where possible.

†The table reflects the total number of Albourne Group clients who access research in each specified class by contractual agreement (i.e., via subscription, exchange of credits or purchasing a report)

The client list is a partial sampling of Albourne's client universe. In accordance with the SEC's requirement for an objective methodology for partial client lists, these clients are the three largest in each category, using what Albourne believes to be their AUM in hedge funds as the criterion and omitting only those requesting anonymity. It is not known whether the listed clients approve or disapprove of the services provided by Albourne.

All figures are as of 1 Jan 2015

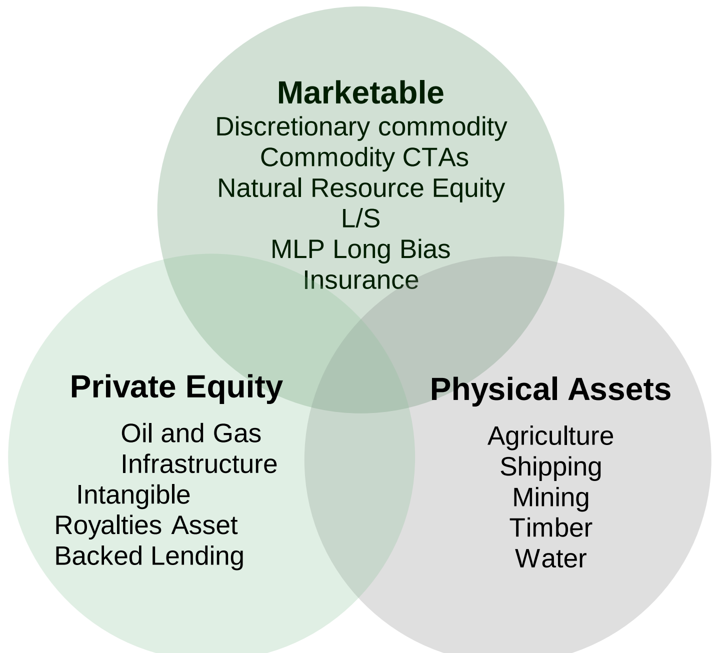
NCRS Resources and Interactions

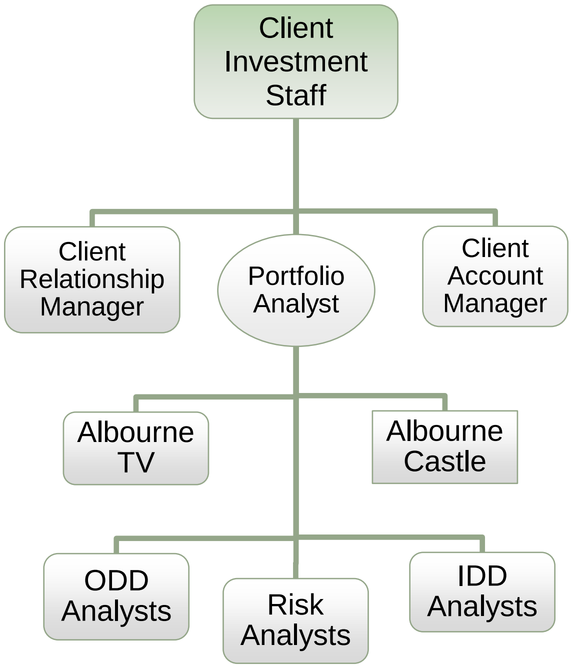
Team | **Universe** | **Interaction**

6 Dedicated Real Assets Analysts

15 Shared* Real Asset Analysts

Multi-Asset Class Analysts
51 ODD
25 Portfolio
33 Risk





** This includes members of the Private Equity and Real Estate team.*

Oil Dislocation – How did we get here?

Understanding how we got here is important to determine where we are going and what path we should take.

Remember Peak Oil? – it depends on the definition
Regional peaks - in the US estimated 1970 Global peak keeps getting moved back (2020-2025)

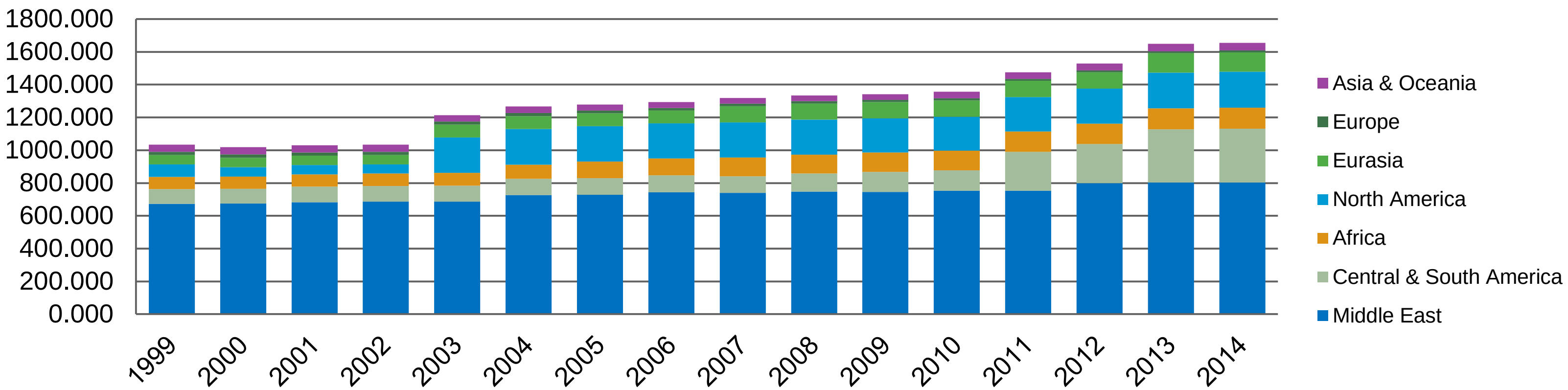
So why is oil at $50 not $150?
It has gotten complicated but a short answer would include “Marginal Price”, “Price Curves”, “Displacement and Substitution”, and even “Politics”.

Energy has moved through a disruptive period of development. (This will likely not be the last regime shift) so comparative metrics would be1999 to present.

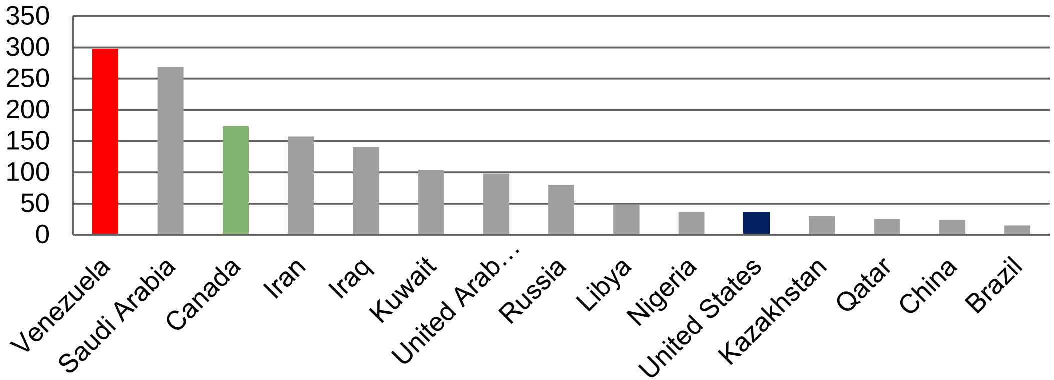
Examining **Reserves**, **Supply**, **Stocks** and **Demand** explain part of the story but marginal movements are potentially disruptive, increasing volatility in the sector.

Global Reserves

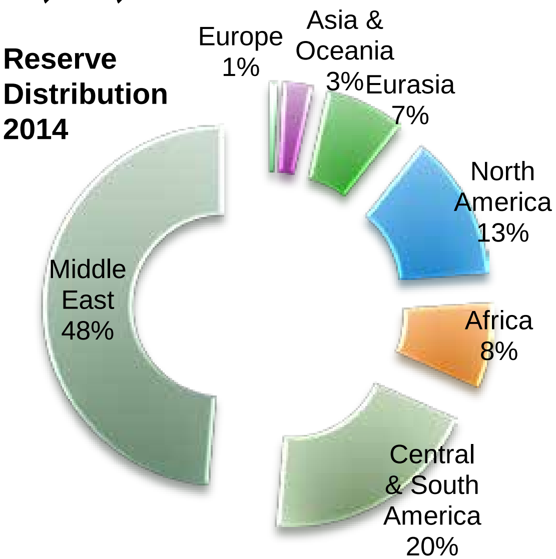
Crude Oil Proved Reserves (Billion Barrels)



Country Reserves 2014 (Top 15 at 92%)



Reserve Distribution 2014



ALBOURNE

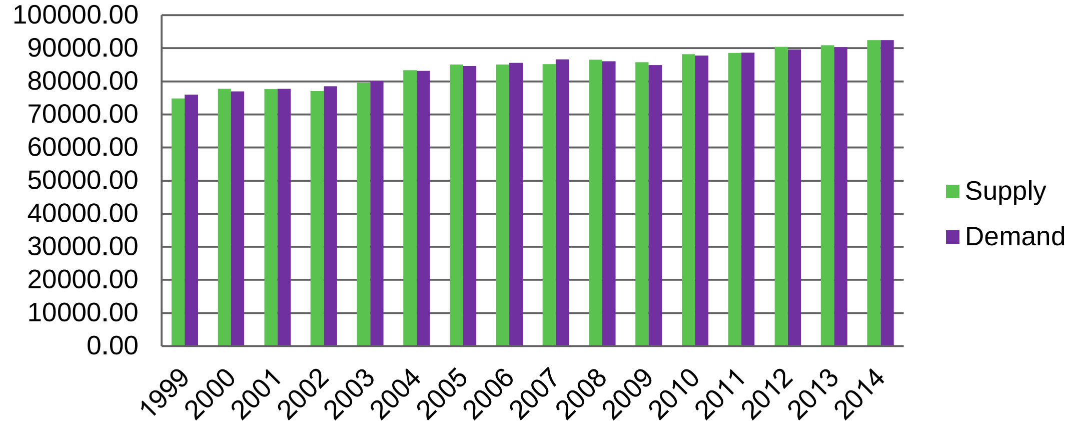
DATA Sources:
US Energy Information Administration
International Energy Agency online reports
OPEC.org online reports

Supply and Demand Equilibrium

Supply and Demand 1999-2014

Supply has grown at an average of 3.4% since 1999

Since 1980 global consumption has increased at an average pace of 1.3%. Since 1999 it has grown at an average pace 1.32% in line with its longer run average.



Quarterly Supply / Demand 2013-2014

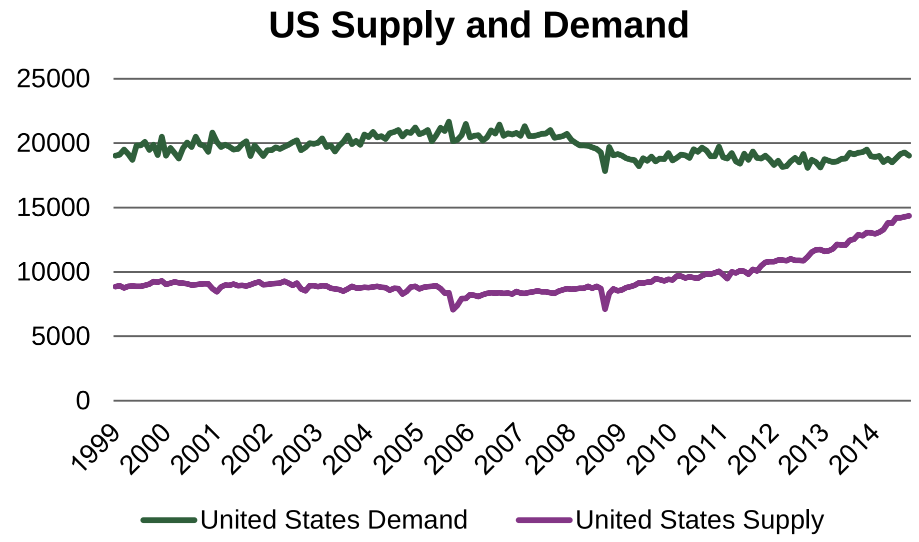
The tipping point was July 28, 2014 at $105.68 closing price. By July 31, 2014 oil closed at $98.23 signaling the start of the decline with the current low set Jan 28, 2015

DATA Sources:
US Energy Information Administration
International Energy Agency online reports
OPEC.org online reports

ALBOURNE

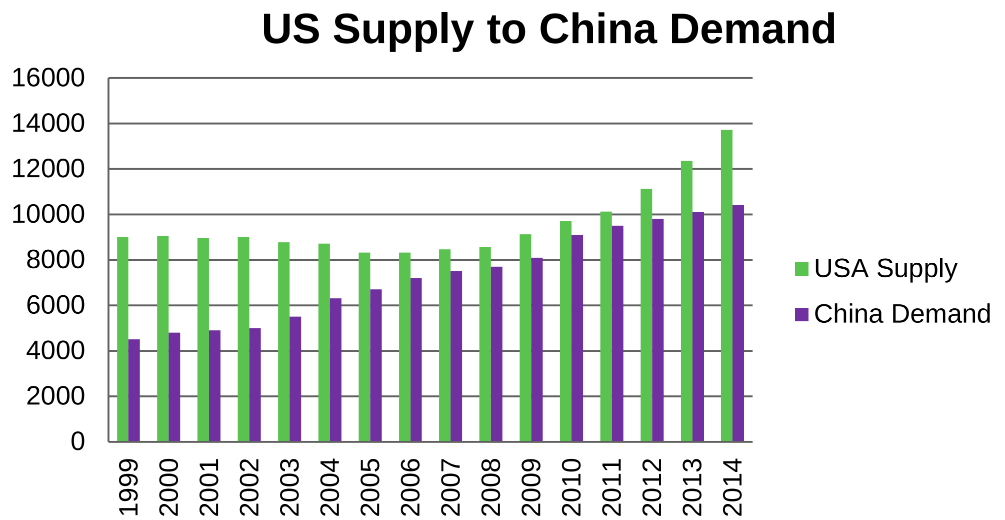
Supply and Demand Displacement

The US has grown supply by 52% since 1999 at an average annual increase 3% with recent (Shale) increases since 2009 averaging 8.2% (it is expected to have the **ability** to grow at this rate for another decade, production was in decline from 1999 – 2008.)



China demand has increased 5.9% on average since 1990 but slowed to 5.6% since 1999 and more recently at 3.1% BUT still only consumes 50% of that of the US

On a per barrel bases the US has exceeded its supply growth relative to China demand growth by over 1.5 mb per day on average since 2009 as its own consumption has remained flat to negative (19.3mb 2009 – 19.1mb 2014) (**displacement**)



ALBOURNE

DATA Sources:
US Energy Information Administration

The Shape of the Recovery

Economics meets Politics

U – Implies a return to the historic price path

W – Implies adjustment before a return to the historic price path

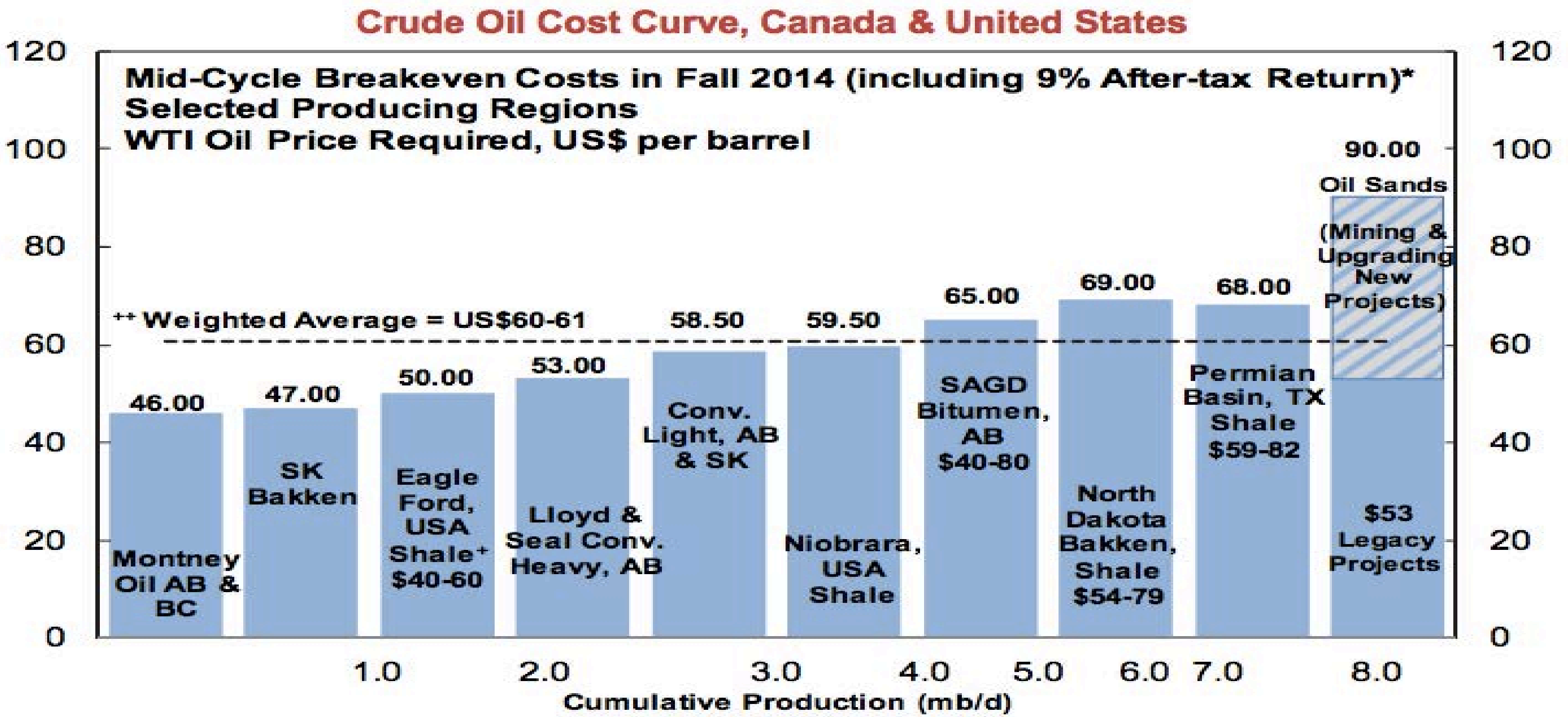
L – Implies an adjustment and new price path

Social breakeven has been debated by many market commentators with a wide range of figures and perceived implications. It is an estimate of the revenue (price) needed to fund social programs in nations dependent on oil revenue.

Marginal Production Cost *1			Social Breakeven *2
Russia	Arctic	120	**98**
	Onshore	18	
Europe	Biodiesel	110	
	Ethanol	103	
Canada	Sand	90	
Brazil	Ethanol	66	
	Offshore	80	
United States	Deep-water	57	
	Shale	73	
Angola	Offshore	40	
Ecuador	Total	20	
Venezuela	Total	20	**117**
Kazakhstan	Total	16	
Nigeria	Deep-water	30	**122**
	Onshore	15	
Oman	Total	15	
Qatar	Total	15	**60**
Iran	Total	15	**130**
Algeria	Total	15	**131**
United Arab Emirates	Total	7	**77**
Iraq	Total	6	**100**
Saudi Arabia	Onshore	3	**106**

DATA Sources:
1 - US Energy Information Administration
2 - CNBC Online Interview

North America as a Swing Producer



* Excludes 'up-front' costs (initial land acquisition, seismic and infrastructure costs): treats 'up-front' costs as 'sunk'. Rough estimate of 'up-front' costs = US$5-10 per barrel, though wide regional differences exist. Includes royalties, which are more advantageous in Alberta/Saskatchewan.
\+ Liquids-rich Eagle Ford plays, assuming natural gas prices of US$3.80 per mmbtu.
++ Weighted avg. = US$60-61 including existing Integrated Oil Sands at C$53 per barrel.
Saudi Arabia: US$10-25 per barrel.
Data source: Scotiabank Equity Research and Scotiabank Economics.

Deployment is Path Dependent

U	OPEC remains on current path US increases contractual production – then waits Canada and Brazil take a capital approach – no new projects Conflicts have no disruptive influence Global growth catches up to supply	**BETA**
W	Social Breakeven plays into some OPEC production decisions Low prices spur global growth increasing demand Prices respond to mid 60s Shale responds to extend contractual production Soft recovery falters and OPEC retrenches Natural demand balances catch up	**Alpha**
L	OPEC remains on current path Forces cost adjustments in NA production Technology compensates in high cost production High social breakeven increases production to match demand growth Political influences prevail in SA	**Tactical**

IMPORTANT NOTICE

The information in this document (the "Information") is for general informational purposes only and is provided by an Albourne Group Company. For this purpose, "Albourne Group Company" means Albourne Partners Limited or one of its subsidiaries and affiliates from time to time, including Albourne America LLC, Albourne Partners (Canada) Limited, Albourne Partners Japan, Albourne Partners (Asia) Limited, Albourne Partners (Singapore) Pte., Ltd., Albourne Partners Deutschland AG, Albourne Partners (Canada) Limited and Albourne Partners (Bermuda) Limited (such companies being, collectively, the "Albourne Group").

The Information is not, nor should it be construed as, an invitation, recommendation, inducement, offer or solicitation in any jurisdiction to any person or entity to acquire or dispose of, or to deal in, any security or any interest in any fund, or to engage in any investment activity, nor does it constitute any form of tax or legal advice and it must not be relied upon as such. The Information does not take into account the particular investment objectives or specific circumstances of any person or entity.

The information is for the use of an Albourne Group Company client or potential client (the "Intended Recipient") who is (i) an "Accredited Investor" as defined in Regulation D under the U.S. Securities Act of 1933 and a "Qualified Purchaser" as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, (ii) a "Permitted Client" within the meaning of the Canadian National Instrument 31-103, (iii) an investment professional, high net worth company or unincorporated association, high value trust or other person specified in articles 19 and 49 of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005, or (iv) where lawful in other jurisdictions, a financially sophisticated, high net worth and professional investor capable of evaluating the merits and risks of fund investments without undue reliance on the Information. If you are not an Intended Recipient, or if in your jurisdiction it would be unlawful for you to receive the Information, the Information is not for your use and you should not use or rely on it.

Any Information is also provided subject to: (a) where you are a client of any Albourne Group Company, the provisions of your service agreements with the relevant Albourne Group Company, as supplemented by any applicable website terms and conditions of access; and (b) in all other cases, the terms and conditions of access accepted by you on Albourne's Investor Portal (as such terms and conditions are as supplemented by any non-disclosure agreement or other agreement (if any) between you and the relevant Albourne Group Company) or the terms and conditions otherwise agreed between you and the relevant Albourne Group Company, in each case in the event of any conflict between such terms and those contained in this notice, the terms of this notice shall prevail.

The Albourne Group makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the Information provided. Please note the Albourne Group does not provide legal advice to clients or potential clients or otherwise and the Information is not a comprehensive review of all legal, regulatory or such developments on the subject discussed herein. None of the Information is a substitute for seeking actual legal advice from a qualified attorney and in no circumstances should the Information be used to make any investment or other decision.

This Information may not be reproduced in whole or in part and no part of this material may be reproduced, distributed, transmitted or otherwise made available to a third party or incorporated into another document or other material or posted to any bulletin board without the prior written consent of an Albourne Group Company.

To the extent that any third party service provider or fund is referred to in the Information, you should not necessarily view this as an endorsement by the Albourne Group of such service provider or such fund. The Information may also contain information obtained from third parties which may not be independently verified. The Albourne Group makes no representations or warranties, express or implied, as to the accuracy or completeness of the Information and disclaims all liability for any loss or damage which may arise directly or indirectly from any use of or reliance upon any such data, forecasts or opinions, or from the Information generally.

To the extent that performance information or forecasts are contained in the Information, there can be no assurance or guarantee that such performance record will be achievable in the future. Past performance is not necessarily indicative of, or a guarantee of, future returns. In the United States, any funds referred to in the Information are made through private offerings pursuant to one or more exemptions of the United States Securities Act of 1933, as amended. Such funds have not been recommended or approved by any federal or state securities commission or regulatory authority. Furthermore, none of the foregoing authorities has confirmed the accuracy or determined the adequacy of the Information.

Additionally, you should be aware that any offer to sell, or solicitation to buy, interest in any funds may be unlawful in certain states or jurisdictions.

You should carefully review the relevant offering documents before investing in any funds mentioned in the Information. You are responsible for reviewing any fund, the qualifications of its manager, its offering documents and any statements made by a fund or its manager and for performing such additional due diligence as you may deem appropriate, including consulting with your own legal, tax, and other advisers.

ALBOURNE is a registered trade mark of Albourne Partners Limited and is used under licence by its subsidiaries.

ALBOURNE