



Richard  
Bernstein  
Advisors

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Richard Bernstein,  
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# Are MLP returns correlated to oil prices? You bet they are!

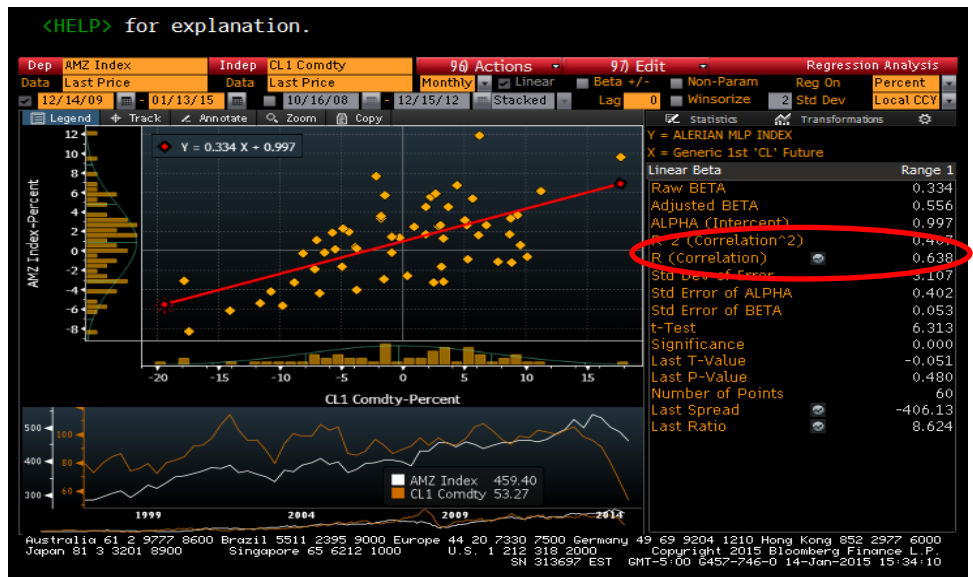
Contrary to widely held belief, MLP returns are rather highly correlated to changes in oil prices and to the returns of other energy stocks.

Chart 1 shows the returns of the Alerian MLP Index (AMZ) versus changes in oil prices. The correlation based on 60 months of returns is 0.64.

Chart 2 shows the returns of AMZ versus the returns of the S&P 500® Energy Sector (S5ENRS). The correlation is 0.68.

Ten years ago, MLPs were definitively uncorrelated to the remainder of the energy sector, but the flood of capital into MLPs seems to have clearly changed the returns profile of the sector. MLPs once offered diversification and consistent income. We continue to question whether that is still the case today.

Chart 1:



Source: Bloomberg

## Richard Bernstein Advisors

➤ Independent investment advisor with a unique top-down, macro approach to investing with quantitative security selection.

➤ \$3.4B AUM/AUA as of 12/31/14

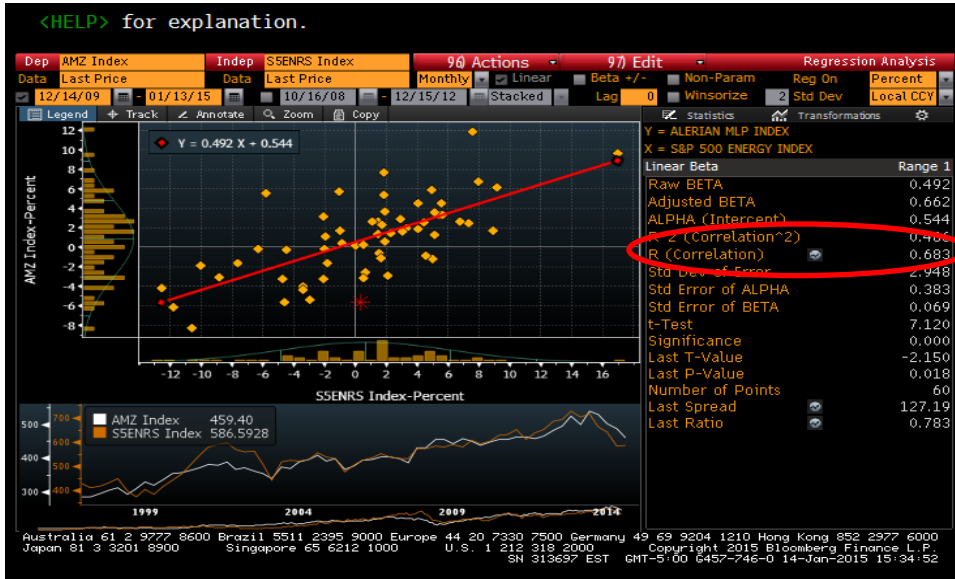
➤ Strategies include global asset allocation, global equity allocation, income, and promising undiscovered investment themes.

➤ Investment themes focus on disparities between fundamentals and sentiment.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

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Chart 2:



Source: Bloomberg



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#### INDEX DESCRIPTIONS:

*The following descriptions, while believed to be accurate, are in some cases abbreviated versions of more detailed or comprehensive definitions available from the sponsors or originators of the respective indices. Anyone interested in such further details is free to consult each such sponsor's or originator's website.*

The past performance of an index is not a guarantee of future results.

Each index reflects an unmanaged universe of securities without any deduction for advisory fees or other expenses that would reduce actual returns, as well as the reinvestment of all income and dividends. An actual investment in the securities included in the index would require an investor to incur transaction costs, which would lower the performance results. **Indices are not actively managed and investors cannot invest directly in the indices.**

**S&P 500®: Standard & Poor's (S&P) 500® Index.** The S&P 500® Index is an unmanaged, capitalization-weighted index designed to measure the performance of the broad US economy through changes in the aggregate market value of 500 stocks representing all major industries.

**Sector/Industries:** Sector/industry references in this report are in accordance with the Global Industry Classification Standard (GICS®) developed by MSCI Barra and Standard & Poor's. The GICS structure consists of 10 sectors, 24 industry groups, 68 industries and 154 sub-industries.

**MLPs: The Alerian MLP Index:** The Alerian MLP Index is a leading gauge of large- and mid-cap energy Master Limited Partnerships. The capitalization-weighted index, which includes 50 prominent companies, was developed with a base level of 100 as of December 29, 1995.

\*An MLP is a limited partnership that is publicly traded on a given exchange. MLPs are often recognized for their tax benefits since they are pass-through entities that generally avoid corporate income tax at both state and federal levels since they are classified as partnerships. To qualify for these tax benefits, MLPs must earn at least 90% of their income from "qualified sources" as per the guidelines published by the Internal Revenue Service, such as natural resources. According to the National Association of Publicly Traded Partnerships, qualifying natural resources include: Oil, gas and petroleum products, Coal and other minerals, Timber, Any other resource that is depletable under section 613 of the federal tax code, Industrial source carbon dioxide, Ethanol, biodiesel and other fuels (transportation and storage only).



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#### **About Richard Bernstein Advisors:**

Richard Bernstein Advisors LLC is an independent investment adviser. RBA partners with several firms including Eaton Vance Corporation and First Trust Portfolios LP, and currently has \$3.4 billion collectively under management and advisement as of December 31, 2014. RBA acts as sub-advisor for the Eaton Vance Richard Bernstein Equity Strategy Fund, the Eaton Vance Richard Bernstein All-Asset Strategy Fund and the Eaton Vance Richard Bernstein Market Opportunities Strategy Fund and also offers income and unique theme-oriented unit trusts through First Trust. RBA is also the index provider for the First Trust RBA American Industrial Renaissance™ ETF and the First Trust RBA Quality Income ETF. Additionally, RBA runs ETF asset allocation SMA portfolios at UBS and Merrill Lynch and on select RIA platforms. RBA's investment insights as well as further information about the firm and products can be found at [www.RBAdvisors.com](http://www.RBAdvisors.com).