

Energy Investing: Which Stream Are You Swimming In?

Every industry has its own special nomenclature. To outsiders, it may seem as if industry insiders are speaking another language. Often, however, the terms are really not that difficult once you get a sensible explanation. In our series of energy investing explained, we will help you to get an understanding of the overall energy industry. With that knowledge, you may be able to invest in the energy sector with more confidence.

The Cushing® Sector Plus suite of ETFs offers investors exposure to the overall energy supply chain as well as complementary businesses.

What Stream Are You Swimming In?

You may hear energy insiders speaking about upstream, midstream, and downstream? What exactly are they talking about?

The energy sector is generally divided into three components, namely upstream, midstream, and downstream. Each of these components merely refers to categories of activities involved in the crude oil and natural gas supply chain.

Swimming Upstream

Upstream activities generally refer to anything having to do with the exploration and production (E&P) of crude oil and natural gas. It involves the actual drilling and bringing crude oil and natural gas reserves to the surface. This involves extracting crude oil and natural gas from onshore (land) and offshore (on water) locations.

Activities involved in the upstream segment include surveying a particular area for potential reserves, assessing the feasibility of extracting the crude oil or natural gas, and determining the most appropriate exploration methodology. Examples of E&P companies include ConocoPhillips and Marathon Oil Corporation.

The upstream segment also includes companies which supply services to E&P companies such as rig operators, machinery rental, and extraction chemical supply. Examples of energy services companies include Halliburton Company and Schlumberger Limited.

Floating Downstream

Downstream includes companies involved in turning crude oil and natural gas into the finished products that consumers use every day. This may include products such as gasoline, kerosene, jet fuel, heating oil, and asphalt for building roads. Other items may include synthetic rubbers, fertilizers, chemicals, paints, dyes, and plastics.

Examples of companies in downstream include Phillips 66, which manufactures motor oil and operates gas stations and Valero Energy Corporation, which operates refineries and convenience stores.

Downstream may also include industrial customers who use or transform crude oil and natural gas as components of their products and services. These include materials, transportation, and utility companies.

Stuck in the Middle

Midstream generally refers to companies involved in raw processing, transportation, and storage of crude oil and natural gas. Midstream assets include pipelines and a wide array of infrastructure needed to move these resources over long distances such as pumping or compression stations, truck and rail transport, and transcontinental carriers.

Companies such as Kinder Morgan, Inc. and Western Gas Partners, LP are examples of midstream companies.

Many midstream companies are organized as Master Limited Partnerships (MLPs). Some stock indices exclude MLP structure from inclusion, causing midstream companies to be underrepresented in such indices.

The Kitchen Sink

Some energy companies are so large that they contain business involved in the entire energy supply chain. These are typically referred to as integrated energy companies, and their businesses may include both extracting crude oil and natural gas from the ground and refining in its final form.

Examples of integrated energy companies include Chevron Corporation and ExxonMobil Corporation.

Summary

Upstream, midstream, and downstream refer to the different components in the energy supply chain.

The Cushing® Sector Plus suite of ETFs aims to provide investors with exposure to the entire energy supply chain and various components by seeking to replicate, before fees and expenses, various Cushing Asset Management sector indices.

The Cushing® Energy & MLP ETF (XLEY) seeks to replicate the performance of the Cushing® Energy Index.

The Cushing® Energy Supply Chain & MLP ETF (XLSY) seeks to replicate the performance of the Cushing® Energy Supply Chain Index.

The Cushing® Transportation & MLP ETF (XLTY) seeks to replicate the performance of the Cushing® Transportation Index.

The Cushing® Utility & MLP ETF (XLUY) seeks to replicate the performance of the Cushing® Utility Index.

The Cushing® Sector Plus suite of ETFs seek to provide broad exposure to the energy supply chain by including MLPs and industrial consumers of crude oil and natural gas.

Investors looking for comprehensive exposure to the energy supply chain may be well-served by considering the Cushing® Sector Plus suite of ETFs.

<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLEY</u>	<u>Top 10 Holdings as of 3/31/2019</u>	<u>XLSY</u>
WILLIAMS COS INC DEL	5.41%	WESTROCK CO	3.47%

ONEOK INC NEW	5.38%	LYONDELLBASELL INDUSTRIES	3.37%
HELMERICH & PAYNE INC	5.14%	INTL PAPER CO	3.18%
OCCIDENTAL PETE CORP	4.79%	WILLIAMS COS INC DEL	2.99%
KINDER MORGAN INC DEL	4.50%	ONEOK INC NEW	2.99%
EXXON MOBIL CORP	4.47%	HELMERICH & PAYNE INC	2.85%
SCHLUMBERGER LTD	4.44%	OCCIDENTAL PETE CORP	2.65%
VALERO ENERGY CORP NEW	4.40%	PACKAGING CORP AMER	2.51%
CHEVRON CORP NEW	4.25%	KINDER MORGAN INC DEL	2.50%
PHILLIPS 66	3.35%	EXXON MOBIL CORP	2.48%

Top 10 Holdings as of 3/31/2019	XLTY	Top 10 Holdings as of 3/31/2019	XLUY
NORFOLK SOUTHERN CORP	6.11%	PPL CORP	4.31%
UNITED PARCEL SERVICE INC	6.06%	DOMINION ENERGY INC	4.09%
DELTA AIR LINES INC DEL	6.05%	SOUTHERN CO	4.08%
UNION PACIFIC CORP	5.93%	DUKE ENERGY CORP NEW	3.40%
RYDER SYS INC	5.93%	ENTERGY CORP NEW	3.35%
C H ROBINSON WORLDWIDE INC	5.75%	EDISON INTL	3.23%
MATSON INC	5.74%	FIRSTENERGY CORP	3.16%
ALASKA AIR GROUP INC	5.39%	CONSOLIDATED EDISON INC	3.13%
FEDEX CORP	4.55%	CENTERPOINT ENERGY INC	2.92%
KANSAS CITY SOUTHERN	4.30%	PUBLIC SVC ENTERPRISE GRP INC	2.78%

Disclosure

Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security

An investor should consider the investment objective, risks, charges and expenses of a Fund carefully before investing. To obtain a prospectus and summary prospectus, which contain this and other information, call (800) 617-0004 or visit cushingetfs.com. Please read the prospectus and summary prospectus carefully before investing.

Investing involves risk. Principal loss is possible. Fund shares are bought and sold at market price (not NAV) and are not individually redeemable and will be issued and redeemed at their NAV only through certain authorized broker-dealers in large, specified blocks of shares called creation units and otherwise can be bought and sold only through exchange trading. Creation units are issued and redeemed principally in kind. Shares may trade at a premium or discount to their NAV in the secondary market. Brokerage commissions will reduce returns. The Funds are non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Funds are more exposed to individual stock volatility than a diversified fund. As with all index funds, the performance of each Fund and its Index may differ from each other for a variety of reasons. For example, each Fund incurs operating expenses and portfolio transaction costs not incurred by the Index. In addition, each Fund may not be fully invested in the securities of the Index at all times or may hold securities not included in the Index.

Each Fund's assets will be concentrated in the energy sector, so it will be more effected by the energy sector's performance. Master Limited Partnerships (MLPs) concentrate investments in the natural resource sector and are subject to the risks of energy prices and demand and the volatility of commodity investments. MLPs are subject certain risks inherent in the structure of MLPs, including complex tax structure risks, the limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. The potential tax benefits from investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund's value.

Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Funds nor any of their representatives may give legal or tax advice.

Cushing® Energy Index (CENI) tracks the performance of large cap energy companies selected from the S&P 500 Energy Index and master limited partnerships (MLPs) selected from the Cushing® 30 MLP Index.

Cushing® Energy Supply Chain Index (CSCI) selects its constituents from the S&P 500 Energy Index, the S&P 500 Materials Index, and MLPs in the Cushing 30 MLP Index.

The Cushing® Utility Index (CUTI) selects its constituents from companies within the S&P 500 Utility Index and MLPs within the Cushing 30 MLP Index.

Cushing® Transportation Index (CTRI) selects its constituents from companies within the Dow Jones Transportation Average and MLPs within the Cushing 30 MLP Index.

The S&P 500 Index is an index of 500 stocks used industry wide as a macro level indicator of the overall U.S. equity market. The S&P 500 Energy Index (SPN) comprises those companies included in the S&P 500 that are classified as members of the GICS energy sector. The S&P 500 Materials Index (S5MATR) comprises those companies included in the S&P 500 that are classified as members of the GICS materials sector. The S&P 500 Utilities Index (S5UTIL) comprises those companies included in the S&P 500 that are classified as members of the GICS utility sector. The Dow Jones Transportation

Average (TRAN) represents the stock performance of large, well-known U.S. companies within the transportation industry. Cushing 30 MLP Index (MLPX) tracks the performance of midstream energy companies who typically are involved in the transportation and storage of natural gas, crude oil, and refined products.

It is not possible to invest directly in an index.

The Cushing Sector Plus ETFs are distributed by Quasar Distributors, LLC.

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