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October 9, 2017

Investment Strategy

"It Often Rhymes"

> History doesn't always repeat itself, but it's often instructive. In the final quarter of the year in which the market made highs in September – statistically the market's worst-performing month – stocks have typically finished with a flair. Since 1928, there have been 29 Septembers in which the S&P 500 made a 12-month high. Following those 29 instances, the market rose over 80% of the time in the fourth quarter, averaging a 3.7% increase, says Doug Ramsey, chief investment officer of the Leuthold Group. Better still, 15 of those 29 September price highs were also accompanied by 12-month advance/decline line highs – as is the case now. Stocks increased an average 5.9% in the fourth quarter in those 15 instances. The sustainability of a new high is related to its underlying technical, monetary, and economic underpinnings, Ramsey says. "We expect higher highs in the fourth quarter," he adds.
>
> . . . Vito Racanelli, *Barron's* (10-2-17)

Shakes off bad news and listens to good news! That's how the past two weeks have been since the "melt up" began. As we wrote early last week (10-3-17):

> According to Investopedia, "A melt up is a dramatic and unexpected improvement in the investment performance of an asset class driven partly by a stampede of investors who don't want to miss out on its rise rather than by fundamental improvements in the fundamentals." "Unexpected" is certainly the right word because the recent rally was certainly unexpected by us. Now whether it's continuing to "melt up" remains to be seen, but what has happened since a week ago sure resembles how such melt ups begin.

. . . Accordingly, this week should tell us if we are totally wrong on a trading basis, or just wrong for a week.

Obviously, last week the "melt up" continued as the S&P 500 (SPX/2549.33) gained 1.2% for the week and roughly a 2% gain since the "melt up" began on September 25, 2017. Playing no small part in the "melt up" has been the institutional cash cache, rather reluctantly being put to work in stocks. A case in point was a recent story we read disclosing that one famous money manager has 40% of his $30 billion portfolio in cash! We read that story with both amazement and amusement. Amazement because we were surprised the money manager admitted to the Wall Street world that he still had that huge cash position after nearly a 450 point rally (~21%) by the SPX since the presidential election. Amusement because he actually allowed himself to be quoted. All of this reminded us of a quote from one of Wall Street's greats, namely Raymond F. DeVoe, who we knew in a past life. It was written in December of 1995 and titled, "What I learned About the Stock Market in 1995." While there are nine "proven and probable tenets of investing" contained in said report, here are the two that just may apply to the current stock market environment. To wit:

> This time it really <u>is</u> different. I don't see why this isn't obvious to everyone. This is a new era where old valuations no longer matter. You have to buy the concept and ignore everything else. This is the age of the New Valuation Paradigm [Andrew and I have written extensively about this and why stocks may not be all that expensive]. . . . Don't talk to older people, your father's friends or read *Barron's*. They might convince you not to buy stocks and prevent you from making a lot of money. Just because they've had 40 years' experience on Wall Street doesn't mean that they know more than I do. They just don't get it. Stocks go up. Period. Case closed.

Moving on, the "melt up" has lifted the SPX above the parallel channel that has been intact for months, as well as vaulting it above the bearish ascending wedge chart formation previously referenced in these missives (Chart 1). It has also left the SPX two standard deviations above its 50-day moving average, which typically means it doesn't get much more overbought than that before at least a pause or pullback develops. To be sure, the SPX is extremely overbought on a short-term trading basis (Chart 2). In fact, the "over-bought-ness" leaves all but two of the macro sectors (utilities and consumer discretionary) very overbought in the near term (Chart 3). Speaking to the sectors, we have favored the technology, healthcare, materials, industrials, financials, and consumer discretionary sectors for a long time. Three of those sectors have outperformed the S&P

Please read domestic and foreign disclosure/risk information beginning on page 6 and Analyst Certification on page 6.

500 year-to-date and three have not (Chart 4). More recently we have warmed up to the energy sector with particular emphasis on the master limited partnership space. Accordingly, we have been asked which names from the Raymond James research universe we favor. Our response has been, Energy Transfer (ETE/$17.92/Outperform), Energy Product Partners (EPD/$26.29/Strong Buy), and Genesis Energy (GEL/$24.44/Outperform). Of course, you could always consider one of the exchange traded funds (ETF), or mutual funds, that play to the midstream space. For additional ideas please refer to our fundamental analysts' favored names.

The other sector we have embraced over the past few months has been the financials. Like the energy sector, the financials are "cheap." The reason for that is the slow earnings growth rate. As Thomson Reuters notes:

> The Financial sector has the lowest growth rate (6.2%) of any sector. It is expected to earn $45.6B in Q3 2017, relative to earnings of $48.6B in Q3 2016. Six of the 12 sub-industries in the sector are anticipated to see earnings decreases compared to Q3 2016, led by the reinsurance (-281.2%) and property & casualty insurance (-86.7%) sub-industries. If these sub-industries are removed, the growth rate improves to 0.6%.

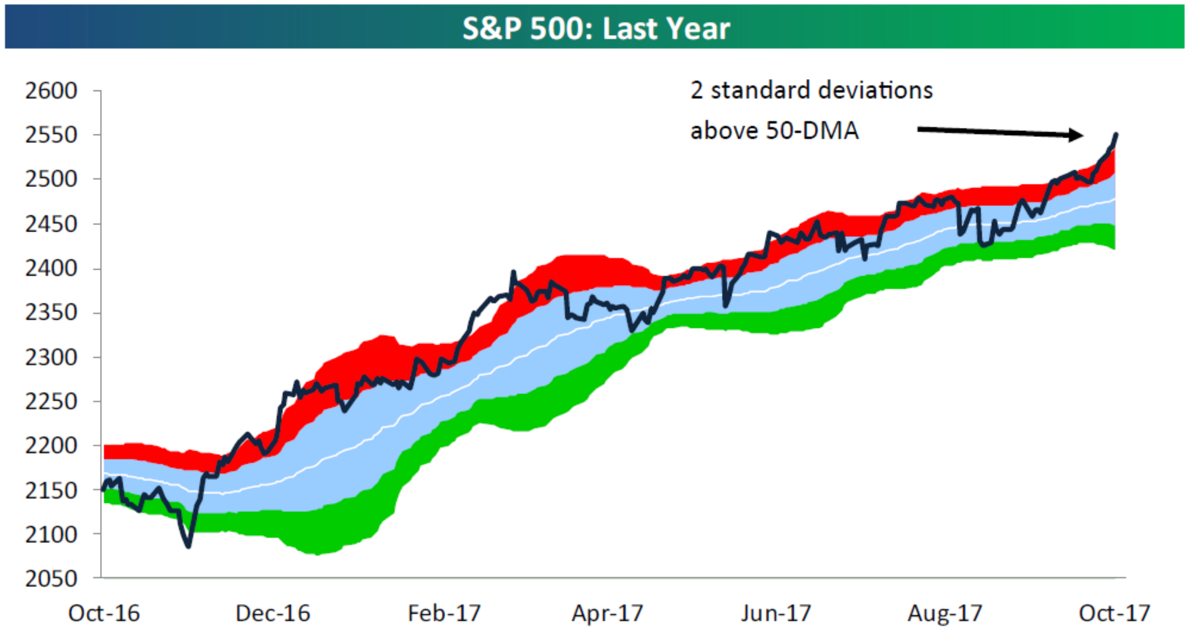
That said, like the energy sector the financial sector has broken out to the upside in the charts. Here too, two of our fundamental bank analysts' favored names are IBERIABANK (IBKC/$82.15/Strong Buy) and PacWest Bancorp (PACW/$49.14/Strong Buy). Hereto you could consider a financial-centric ETF, or a financial-centric mutual fund. The funds I own that play to this space are the Hennessy Small Cap Financial Fund (HSFNX/$26.16) and the Hennessy Large Cap Financial Fund (HLFNX/$21.56), both managed by my friend David Ellison, who I consider to be one of the best portfolio managers in the financial complex.

The call for this week: The major indices look pretty extended on a trading basis, however the international markets are not, and have actually rallied as much as the SPX year-to-date (Chart 5). Amazingly, this "melt up" has not been accompanied by even one 90% Upside Day where 90% of the total volume, and total points traded, come in on the upside. Worth mentioning is that last week the Buying Power Index crossed above the Selling Pressure Index suggesting the stock market should be higher in the months ahead even if we do get a pause and/or pullback in the near term. As our pal Doug Kass writes:

> We can say nothing other than the fact that stocks continue to rise despite any and all sorts of measurements of "over-bought-ness" that one might wish to conjure up. We are a broken record of repetition, noting that P/Es are egregiously high; that price/book value ratios are egregiously high; that margin usage is egregiously high and that the CNN Fear & Greed Index is at its highest levels in the past decade . . . but it matters not; stocks just continue to advance. . . . We shall simply note once again that this remains a bull market and that one has no choice but to remain long of equities on balance; however as we have said countless times it seems to us, one needn't . . . and indeed shouldn't . . . be aggressively long. Modestly long seems to be the order of the day.

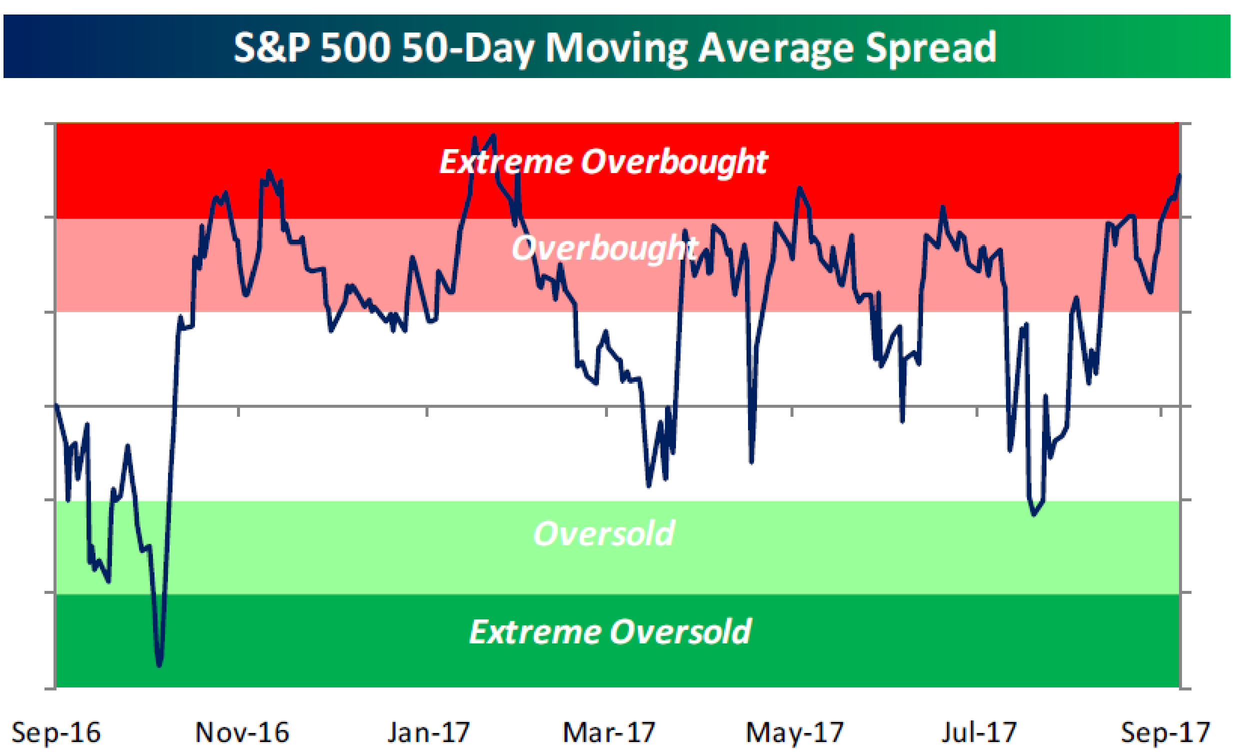
To which we add the famous quote from Sir Isaac Newton after he lost the equivalent of $2.7 million in today's inflation adjusted dollars in the South Seas stock bubble (1720s), "I can calculate the motion of the heavenly bodies, but not the madness of people!"

Chart 1



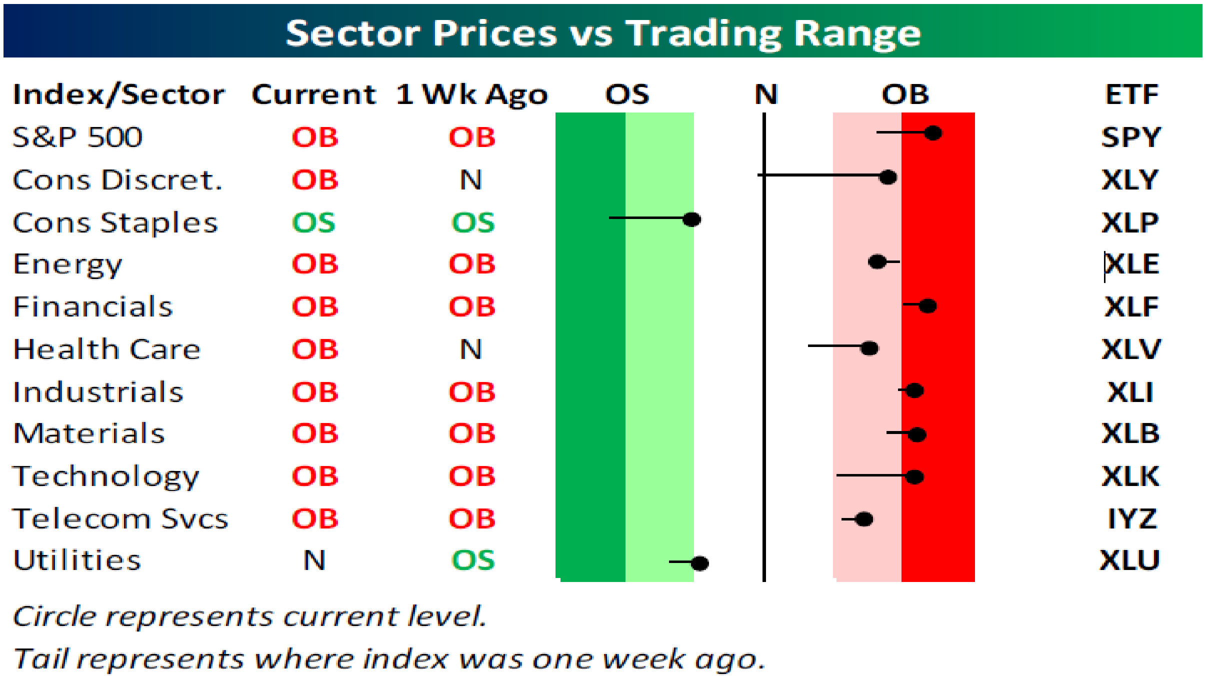
Source: Bespoke Investment Group

Chart 2



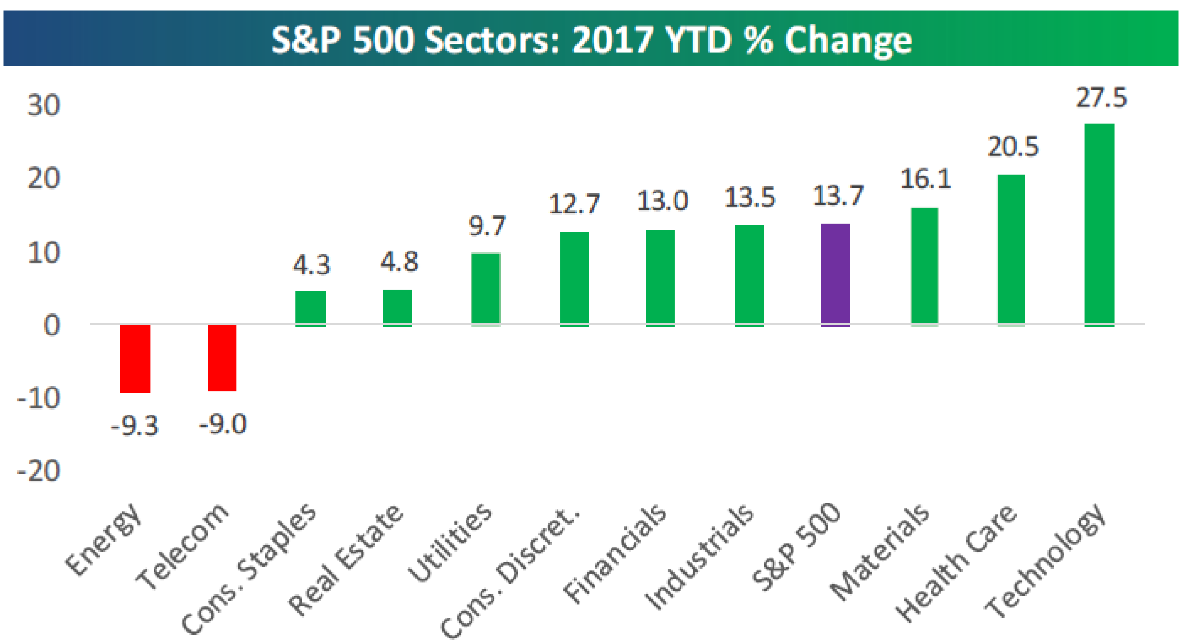
Source: Bespoke Investment Group

Chart 3



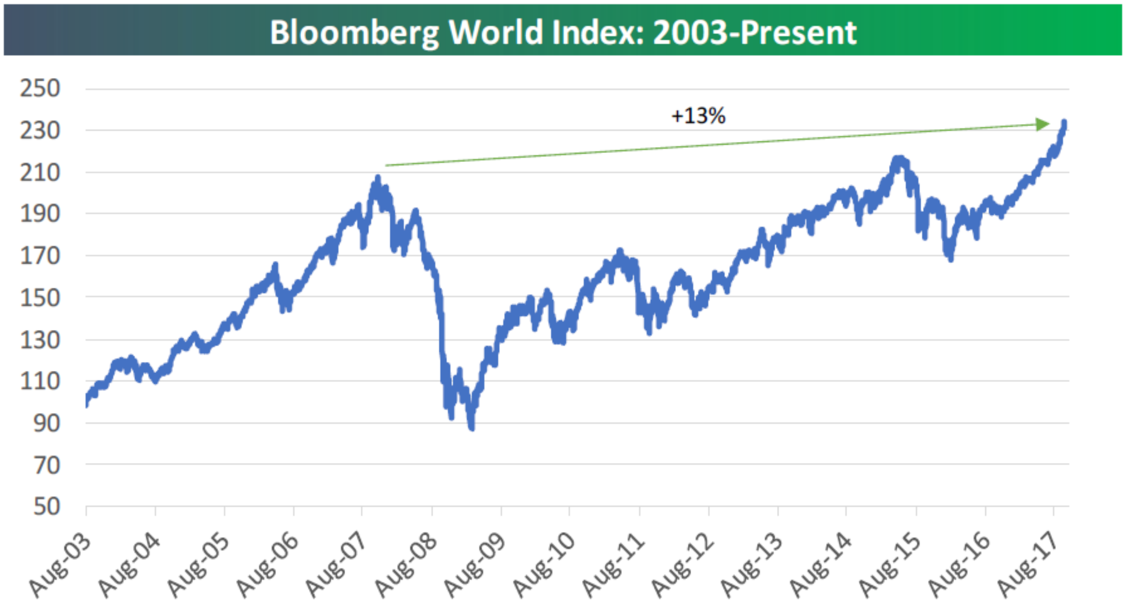
Source: Bespoke Investment Group

Chart 4



Source: Bespoke Investment Group

Chart 5



Source: Bespoke Investment Group

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Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.
Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.
Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.
Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

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Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.
Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.
Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.
Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

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Strong Buy (1) Expected to appreciate, produce a total return of at least 15%, and outperform the Stoxx 600 over the next 6 to 12 months.
Outperform (2) Expected to appreciate and outperform the Stoxx 600 over the next 12 months.
Market Perform (3) Expected to perform generally in line with the Stoxx 600 over the next 12 months.
Underperform (4) Expected to underperform the Stoxx 600 or its sector over the next 6 to 12 months.
Suspended (S) The rating and target price have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and target price are no longer in effect for this security and should not be relied upon.

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	Coverage Universe Rating Distribution*			Investment Banking Distribution		
	RJA	RJL	RJEE/RJFI	RJA	RJL	RJEE/RJFI
Strong Buy and Outperform (Buy)	53%	71%	56%	23%	45%	0%
Market Perform (Hold)	42%	28%	33%	12%	27%	0%
Underperform (Sell)	5%	2%	12%	11%	25%	0%

* Columns may not add to 100% due to rounding.

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Medium Risk/Income (M/INC) Lower to average risk equities of companies with sound financials, consistent earnings, and dividend yields above that of the S&P 500. Many securities in this category are structured with a focus on providing a consistent dividend or return of capital.

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High Risk/Growth (H/GRW) Medium to higher risk equities of companies in fast growing and competitive industries, with less predictable earnings (or losses), more leveraged balance sheets, rapidly changing market dynamics, financial or legal issues, higher price volatility (beta), and potential risk of principal.

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	Raymond James & Associates makes a market in shares of ETE.
	Raymond James & Associates received non-securities-related compensation from ETE within the past 12 months.
Enterprise Products Partners L.P.	Limited partnerships may generate unrelated business taxable income (UBTI), which can create a tax liability that must be paid from a retirement account. To the extent that Raymond James is your IRA custodian, and there is a potential tax liability for UBTI generated by the fund, Raymond James will take the necessary steps to pay the tax from the retirement account by working with a third party to compute the tax liability and prepare IRS form 990-T for submission to the IRS.
	Raymond James & Associates has acted within the past 12 months or may be acting as an agent in an at-the-market offering of EPD shares.
	Raymond James & Associates makes a market in shares of EPD.
	Raymond James & Associates received non-investment banking securities-related compensation from EPD within the past 12 months.
	Raymond James & Associates received non-securities-related compensation from EPD within the past 12 months.
Genesis Energy, L.P.	Limited partnerships may generate unrelated business taxable income (UBTI), which can create a tax liability that must be paid from a retirement account. To the extent that Raymond James is your IRA custodian, and there is a potential tax liability for UBTI generated by the fund, Raymond James will take the necessary steps to pay the tax from the retirement account by working with a third party to compute the tax liability and prepare IRS form 990-T for submission to the IRS.
	Raymond James & Associates makes a market in shares of GEL.
IBERIABANK Corporation	Raymond James & Associates co-managed a follow-on offering of IBKC shares within the past 12 months.
	Raymond James & Associates makes a market in shares of IBKC.
PacWest Bancorp	Raymond James & Associates makes a market in shares of PACW.

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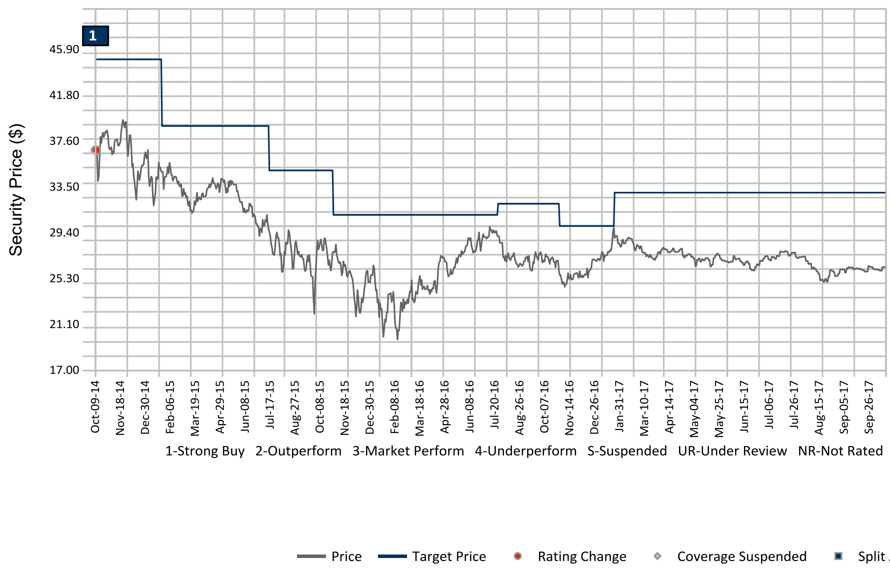
Valuation Methodology: The Raymond James methodology for assigning ratings and target prices includes a number of qualitative and quantitative factors including an assessment of industry size, structure, business trends and overall attractiveness; management effectiveness; competition; visibility; financial condition, and expected total return, among other factors. These factors are subject to change depending on overall economic conditions or industry- or company-specific occurrences. Only stocks rated Strong Buy (SB1) or Outperform (MO2) have target prices and thus valuation methodologies.

Target Prices: The information below indicates target price and rating changes for the subject companies included in this research.

Enterprise Products Partners L.P. (EPD:NYSE) Date: October 07 2017

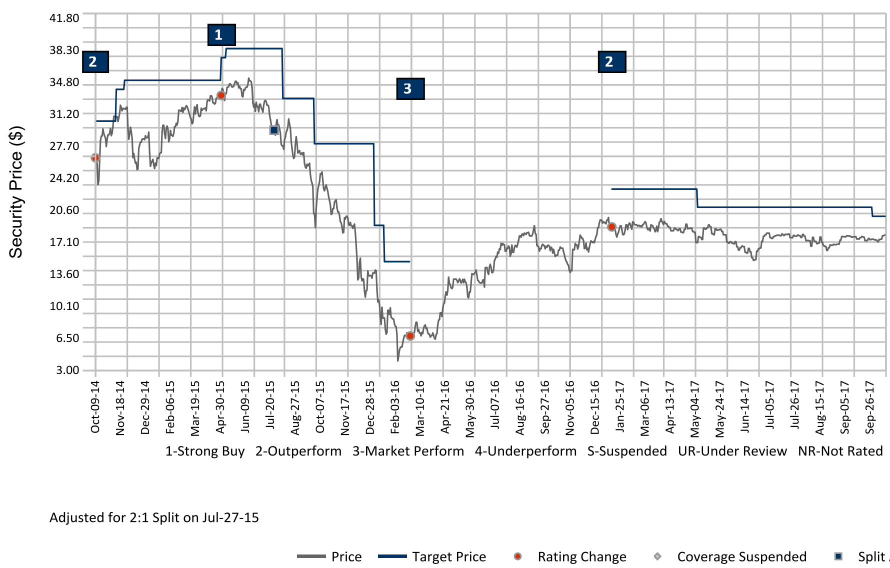


Rating & Target changes

Date	Curr.	Price	Target	Rating
Jan-27-17	$	28.91	33.00	1
Oct-28-16	$	25.57	30.00	1
Jul-25-16	$	29.10	32.00	1
Oct-30-15	$	27.68	31.00	1
Jul-17-15	$	29.43	35.00	1
Jan-27-15	$	34.86	39.00	1
Oct-09-14	$	36.82	45.00	1

Valuation Methodology: Our updated valuation methodology is based on a blended valuation comprising 1) a 10-year, three-stage distribution/ dividend discount model (DDM), 2) forward price-to-distributable cash flow (P/DCF) multiples relative to comparable industry peers, and 3) forward enterprise value-to-EBITDA (EV/EBITDA) multiples relative to comparable industry peers. Our DDM assumes 1) cash distributions based on our forward-looking assumptions of the asset base, 2) a general cost of equity/discount rate/required rate of return for LP holders utilizing either the capital asset pricing model (CAPM), the dividend discount model (forward yield growth), or the bond yield equity risk premium approach, and 3) a perpetual growth rate/terminal growth rate based on the growth profile of the partnership.

Energy Transfer Equity, L.P. (ETE:NYSE) Date: October 07 2017

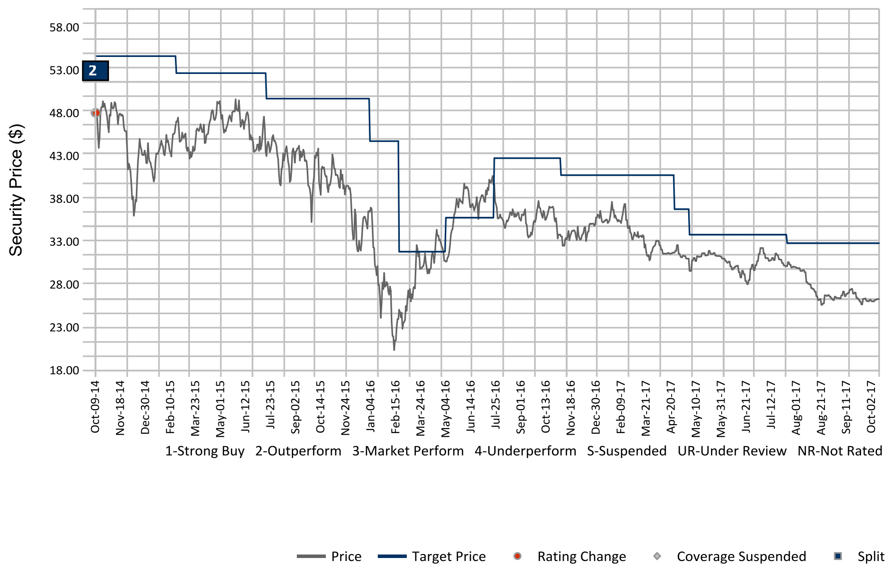


Rating & Target changes

Date	Curr.	Price	Target	Rating
Sep-28-17	$	17.48	20.00	2
May-05-17	$	17.11	21.00	2
Jan-12-17	$	18.83	23.00	2
Feb-26-16	$	6.80	NM	3
Jan-19-16	$	8.78	15.00	1
Jan-04-16	$	13.74	19.00	1
Sep-29-15	$	20.29	28.00	1
Aug-07-15	$	27.78	33.00	1
May-08-15	$	33.52	38.50	1
May-01-15	$	33.33	37.50	1
Nov-25-14	$	31.87	35.00	2
Nov-12-14	$	30.98	34.00	2
Oct-09-14	$	26.45	30.50	2

Valuation Methodology: Our valuation methodology is based on a blended valuation comprising a dividend discount model, P/DCF multiple analysis, and EV/EBITDA multiple analysis.

Genesis Energy, L.P. (GEL:NYSE) Date: October 07 2017

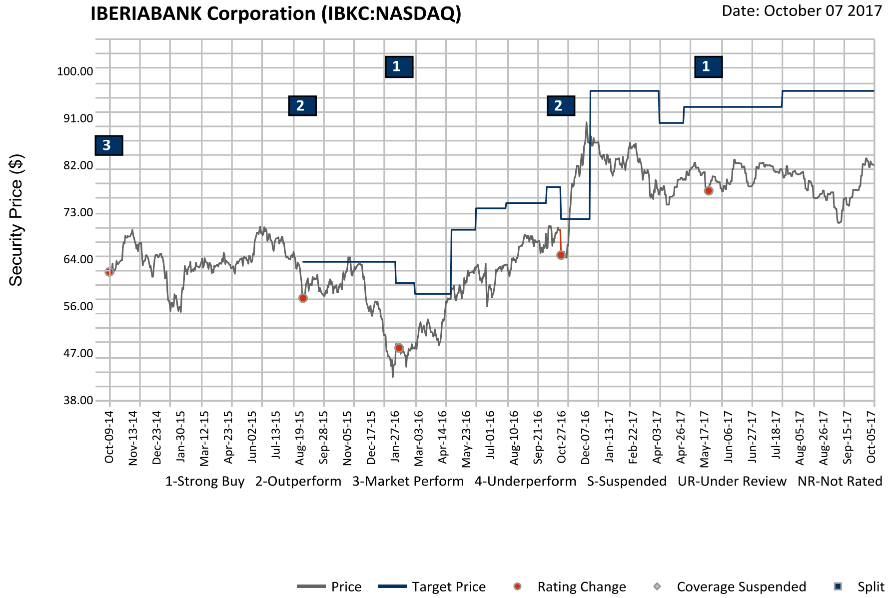


Rating & Target changes

Date	Curr.	Price	Target	Rating
Jul-25-17	$	30.30	33.00	2
May-04-17	$	29.75	34.00	2
Apr-24-17	$	31.89	37.00	2
Nov-03-16	$	33.79	41.00	2
Jul-22-16	$	39.90	43.00	2
May-04-16	$	30.82	36.00	2
Feb-18-16	$	25.17	32.00	2
Jan-04-16	$	36.74	45.00	2
Jul-17-15	$	43.25	50.00	2
Feb-19-15	$	47.32	53.00	2
Oct-09-14	$	48.33	55.00	2

Valuation Methodology: Our valuation methodology is based on a blended valuation comprised of 1) a 10-Yr Three Stage Distribution/Dividend Discount Model (DDM), 2) a forward Price-to-Distributable Cash Flow (P/DCF) multiple relative to comparable industry peers, and 3) a forward enterprise value to EBITDA (EV/EBITDA) multiple relative to comparable industry peers. Our DDM assumes 1) cash distributions based on our forward-looking assumptions of the asset base, 2) a general cost of equity/discount rate/required rate of return for LP unitholders utilizing either the Capital Asset Pricing Model (CAPM), the Dividend Discount Model (Forward Yield   Growth), or the Bond Yield   Equity Risk Premium Approach, and 3) a perpetual growth rate/terminal growth rate based on the growth profile of the Partnership.

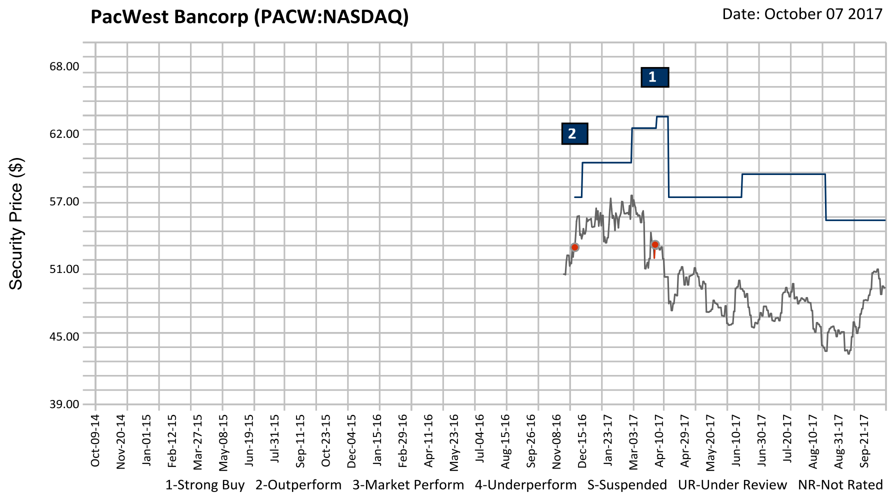
IBERIABANK Corporation (IBKC:NASDAQ) Date: October 07 2017



Rating & Target changes

Date	Curr.	Price	Target	Rating
Jul-21-17	$	80.80	96.00	1
May-19-17	$	77.30	93.00	1
Apr-28-17	$	79.55	93.00	2
Apr-06-17	$	76.60	90.00	2
Dec-15-16	$	86.20	96.00	2
Oct-27-16	$	65.25	72.00	2
Oct-06-16	$	66.59	78.00	1
Jul-28-16	$	63.49	75.00	1
Jun-08-16	$	63.10	74.00	1
Apr-28-16	$	59.06	70.00	1
Feb-25-16	$	47.74	58.00	1
Feb-01-16	$	47.85	60.00	1
Jan-28-16	$	48.57	60.00	2
Aug-25-15	$	57.19	64.00	2
Oct-09-14	$	62.10	NM	3

Valuation Methodology: For IBERIABANK Corporation, our valuation methodology utilizes a 12-month estimate of intrinsic value and also takes into consideration the company's P/E ratio in comparison to comparable P/Es from a peer group and the company's tangible book multiple in comparison to tangible book multiples from a peer group.



Rating & Target changes

Date	Curr.	Price	Target	Rating
Aug-22-17	$	43.64	55.00	1
Jun-15-17	$	49.04	59.00	1
Apr-17-17	$	47.77	57.00	1
Apr-06-17	$	52.50	64.00	1
Apr-06-17	$	52.88	63.00	1
Mar-02-17	$	57.15	63.00	2
Dec-15-16	$	53.70	60.00	2
Dec-06-16	$	52.65	57.00	2

Price Target Price Rating Change Coverage Suspended Split Adjustment

Valuation Methodology: For PacWest Bancorp, our valuation methodology utilizes a projected P/E on a comparative basis to peers. The valuation methodology also takes into consideration a projected P/TBV multiple based on our earnings projections, taking into account growth potential, earnings quality and visibility, and risk profile on a comparative basis to peers and historical levels in terms of forward P/TBV multiples.

Risk Factors

General Risk Factors: Following are some general risk factors that pertain to the businesses of the subject companies and the projected target prices and recommendations included on Raymond James research: (1) Industry fundamentals with respect to customer demand or product / service pricing could change and adversely impact expected revenues and earnings; (2) Issues relating to major competitors or market shares or new product expectations could change investor attitudes toward the sector or this stock; (3) Unforeseen developments with respect to the management, financial condition or accounting policies or practices could alter the prospective valuation; or (4) External factors that affect the U.S. economy, interest rates, the U.S. dollar or major segments of the economy could alter investor confidence and investment prospects. International investments involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability.

Specific Investment Risks Related to the Industry or Issuer

Company-Specific Risks for Energy Transfer Equity L.P.

Inability to Remove the General Partner
Management and other non-public investors control a meaningful portion of Energy Transfer Equity common units, making the removal of the general partner or individuals in management highly unlikely. As a result, unitholders have a very limited voice in corporate governance.

Distributions Are Not Guaranteed
The actual amount of cash distributed to unitholders may fluctuate and will depend on the operating performance of Energy Transfer Partners and Energy Transfer Equity. Cash distributions for Energy Transfer Partners are dependent primarily on margins and throughput volumes, while distributions at Energy Transfer Equity depend on ETP distributions as well as other expenses, such as interest expense and SG&A. Should operating performance at either partnership falter, cash distributions could be decreased or terminated.

Volumes Could Decline
Gathering and transmission pipelines, such as those that Energy Transfer Partners owns, generally do not carry an inordinate amount of commodity price risk but are exposed to supply risk. Supply decreases could result from normal declines in production, a failure to secure new supply agreements, and competition from other pipelines. If supplies and pipeline throughput decrease, then Energy Transfer Partners' revenues will decrease accordingly, which may affect the distributions it pays, and in turn, affect distributions to Energy Transfer Equity unitholders.

Commodity Price Risk

Energy Transfer Partners' operations or margins could be exposed to volatility in commodity prices. While a pipeline MLP's revenues are typically generated primarily by tolling fees, margin-based businesses such as propane, marketing activities, and natural gas processing and gathering can be directly and/or indirectly impacted by increases or decreases in commodity prices. Further, Energy Transfer Partners has begun to experience commodity exposure due to its natural gas storage business, acquired in January 2005. In practice, the partnership typically buys natural gas during the spring and summer months to increase inventories at its Bammel storage facility for delivery to customers in the fall and winter months. Energy Transfer Partners attempts to hedge these natural gas volumes to avoid significant adverse price movements. There is no guarantee that hedging activities will be effective, and it is conceivable that the recent gains could be offset in the future. Energy Transfer Equity's distributions could be impacted given Energy Transfer Partners' exposure to commodity prices.

Potential Conflicts of Interest
The general partners of Energy Transfer Partners and Energy Transfer Equity share some of the same board members. As such, conflicts of interest could arise whereby the resolution may not always be in the best interest of Energy Transfer Equity's unitholders. Further, affiliates of the general partner are not prohibited from engaging in other businesses that could potentially be in direct competition with the partnership.

Dependence on Capital Markets
Limited partnerships pay out all available cash in the form of distributions to unitholders. As a result, when growth projects/acquisitions become available, companies are forced to tap the capital markets for the necessary financing. Market conditions may or may not be attractive to the company at the time it needs external funding. Given ETP's high-level of forecasted capital expenditures over the next few years, its ability to access capital at reasonable rates is critical to sustaining current cash flow levels to ETE.

Valuation Assumptions
Our valuation methodology for limited partnerships makes certain assumptions regarding the future growth in distributions for a company. If the actual growth rate of distributions varies from our expectations, it can have a significant effect on the forecasted price target. This sensitivity to growth assumptions is even more acute in the case of general partners, since the majority of the current price is derived from the expected growth in distributions to GP holders over the next few years, rather than the current yield. Further, the general partner structure in itself is fairly new to the marketplace. As such, the valuation approach for publicly-traded general partners could evolve in the coming years.

General Partner Reporting Conventions
Most publicly-traded general partners, including Energy Transfer Equity, generate the vast majority (100% in most cases) of their earnings and cash flows from their ownership interests in the underlying partnership. Most of the general partners do not publish separate earnings releases or conference calls surrounding results, therefore analysts typically "back calculate" the general partner results by using the results of the underlying MLP. Since the majority of GP cash flows are passthroughs from the underlying MLP, this approach does not present a major difficulty at this point. However, if a general partner begins to finance the underlying MLP's operations with additional debt at the GP level, or begins to conduct significant operations outside the underlying MLP, the interpretation of the reported information of the general partner could become even more difficult.

Interest Rate Risk
Increasing interest rates could increase debt service costs and interest expense and this might negatively affect the partnership's distributable cash flow.

Company-Specific Risks for Enterprise Products Partners L.P.

Distributions Are Not Guaranteed
The actual amount of cash distributed to unitholders may fluctuate and will depend on Enterprise Products' future operating performance. Cash distributions are dependent primarily on margins and throughput volumes. Should Enterprise Products experience significantly lower margins or throughput volumes, cash distributions could be decreased or terminated.

Volumes Could Decline
Gathering and transmission pipelines generally do not carry commodity price risk but are exposed to supply risk. If supplies decrease and the related throughput in the pipeline decreases, then Enterprise Products Partners' revenues will decrease accordingly. Supply decreases result from normal declines in production, a failure to secure new supply agreements, and competition from other pipelines.

Interest Rates Could Rise
Interest rate movements can affect yield-based investments, such as MLPs. Increasing interest rates could have an adverse effect on Enterprise Products' unit price as alternative yield investments, such as U.S. Treasuries, become more attractive. In addition, increased debt service costs and interest expense might negatively affect the partnership's distributable cash flow.

Commodity Price Risk
Although limited, Enterprise Products' operations or margins could be exposed to volatility in commodity prices. While an MLP's revenues are typically generated primarily by tolling fees, margin-based businesses, such as Natural Gas Processing, can be directly and/or indirectly impacted by increases or decreases in commodity prices.

Acquisition Risk
The risk of a dilutive or unsuccessful acquisition by Enterprise Products Partners exists. There are inherent risks involved (integration risk, limited operating history, competition, etc.) when making acquisitions that could impair a partnership's ability to make cash distributions. Management teams typically attempt to minimize these risks by doing extensive due diligence work.

Dependence on Capital Markets
Midstream and MLP entities pay out a significant portion of available cash in the form of dividends or distributions to shareholders or unitholders. When growth projects/acquisitions become available, companies and partnerships typically tap the capital markets for the necessary financing to fund such projects. Market conditions may or may not be attractive for Enterprise Products Partners L.P. at the time it needs external funding.

Inability to Remove the General Partner
Consistent with the MLP structure, Class A common unitholders are not entitled to elect the partnership's general partner or the general partner's directors. Even if unitholders are dissatisfied, they cannot remove the general partner except in rare circumstances. Given that a majority of holders vote to remove the general partner, they would also have the right to elect a successor general partner.

Company-Specific Risks for Genesis Energy L.P.

Conflicts of Interest
The Robertson Group, which owns the majority voting rights to elect the Board via its 74% Class B interest, retains an interest in a wide array of companies, some of which may compete directly or indirectly with Genesis. As a result, its interests may not always be consistent with Genesis Energy L.P.'s interests or the interests of the unitholders. The Robertson Group may also pursue acquisitions or business opportunities that may be complementary to Genesis Energy L.P. Per the partnership's organizational documents, The Robertson Group is allowed to take advantage of such corporate opportunities without a right of first offer (ROFO) to Genesis. As a result, corporate opportunities that may benefit Genesis Energy L.P. may not be available in a timely manner or at all. To the extent that conflicts of interest may arise among Genesis Energy L.P. and members of The Robertson Group, those conflicts may be resolved in a manner adverse to Genesis Energy L.P., its value, and/or its unitholders.

Counterparty Risk
Genesis Energy LP relies on third parties for services, product, and demand. As a result, the partnership could be impacted in a number of ways by counterparty risk. Genesis' business would be adversely affected if the operations of its refinery customers experienced significant interruption. Since it provides sulfur removal services to less than 15 refiners. Genesis could be materially impacted by re-contracting, financial difficulties, plant turnaround, unexpected shutdowns, changes in strategy regarding sulfur removal, etc. In addition, the partnership relies on third parties for pipeline transport. In Mississippi, the partnership relies on third-party interconnections to move crude oil to market, while in Texas it is dependent on third-party interconnections to provide shippers transportation to Genesis Energy LP's pipelines. Separately, in selling product downstream, the partnership is subject to the credit risk of counterparties given that, at times, it sells to wholesalers and end-users that are small or privately-owned.

Commodity Price Risk
While Genesis has limited commodity exposure given its 1) tariff-based pipeline transport business, 2) price-indexed contracting on the sale of NaHS and NaOH, and 3) back-to-back purchase and sale structure of crude oil and products within the supply and logistics business, commodity price volatility of oil, natural gas, petroleum products, NaHS and caustic soda could have an adverse effect on profits and cash flow. Given that price is a natural response to demand, materially lower prices could affect throughput volumes in all three of Genesis' segments. Despite structural measures that help create a "fixed" margin mechanism in its Refinery Services and S&L segments, in some cases, price volatility may also impact margins. Separately, there is no guarantee concerning the future activities of the partnership. Genesis could purchase assets with greater commodity exposure to fluctuations in commodity prices.

Acquisition/Integration Risk
Acquisitions are an important avenue for future growth, particularly in its Pipeline Transportation segment. Genesis may be unable to make such acquisitions under accretive terms and/or obtain the necessary financing to fund such acquisitions. Even if an acquisition is completed, the partnership could run the risk of unsuccessful integration, overpayment, environmental liabilities, and/or asset underperformance following the acquisition. These risks could impair Genesis Energy LP's ability to make cash distributions.

Interest Rate Risk
Interest rate movements can impact yield-oriented investments such as MLPs. Increasing interest rates could have an adverse effect on Genesis' unit price if alternative yield-oriented investments become more attractive. Rising interest rates could also increase the partnership's financing costs, reducing the amount of cash flow available for distribution to common unitholders. It is worth noting that Genesis has particular exposure to interest rate volatility given that interest on its credit facility is set by a variable rate.

Dependence on Capital Markets
MLPs pay out a significant portion of available cash in the form of distributions to unitholders. When growth projects/acquisitions become available, partnerships typically access the capital markets for the necessary funds to finance this growth. Market conditions may or may not be attractive for Genesis at the time it seeks external funding, which may result in higher capital costs, lower returns, and in some instances the inability to fund growth.

Distributions Are Not Guaranteed
The actual amount of cash distributed to Genesis Energy LP unitholders may fluctuate and will depend on the partnership's ability to capture consistent margins in its three business segments. The partnership's ability to maintain adequate and stable coverage can fluctuate from quarter to quarter depending on the volumes and prices at which the partnership buys and sells its products, demand for its services, its ability to maintain steady operating costs, working capital changes, and macroeconomic and sociopolitical factors.

Competition Risk
Genesis competes with other gatherers, transporters, marketers, brokers, and aggregators, including independents and major integrated companies, as well as their marketing affiliates, which may have greater capital resources and/or a larger supply of petroleum products. Its ability to compete could be harmed by a competitor's construction of new assets or redeployment of existing assets so as to capture market share, the perception that competitors offer better service, and the availability of alternative supply located closer to customers. Moreover, while the partnership intends to grow its business by identifying opportunities to offer services to third parties, there is no guarantee that the partnership will be successful at securing such business. Any of these factors could result in customers utilizing the assets and services of competitors or price degradation, either of which could impact operating results, financial position, cash flow, and coverage.

Volume Risk
Since in substantially all cases, volume is apportioned to the system based on the end demand for the petroleum and chemical products that Genesis Energy provides, any decrease in demand could have a negative effect on volumes. In its Pipeline Transportation business, most of Genesis Energy's third-party shippers do not have long-term contractual obligations to ship crude oil on its pipelines. A decision by a shipper to reduce volumes could have a negative impact on cash flow. Similarly, crude oil and CO_2 volumes could be impacted by the prevailing market price of the commodity, the capital budgets of producers, the depletion rate of existing reservoirs, the success of new wells drilled, environmental concerns, regulatory initiatives, cost and availability of equipment, capital budget limitations or the lack of available capital, and other matters beyond the partnership's control. In Refinery Services, the partnership relies on third parties to supply NaOH, which is a primary input in the sulfur removal process and could be negatively impacted if the ability to secure necessary volumes from such suppliers is impacted. Moreover, its proprietary sulfur removal services depend on refinery demand for these services and could be adversely affected by lower refinery utilization rates, a heavier reliance by refiners on "sweet" instead of sour crude, and the development of alternative sulfur removal processes that might be more economical for refiners.

Terrorism
Pipelines and other midstream energy assets could be targets of terrorist activities. Genesis may be subject to an elevated risk of terrorism. There is no guarantee that insurance to protect against these events will be available at reasonable rates in the future. The partnership may also face rising compliance costs to adhere to new government-imposed security measures.

Regulatory Risk
The ownership, operation, and development of midstream energy assets involve numerous regulatory, environmental, political, and legal uncertainties that are outside of Genesis' control. Environmental laws and regulations have recently raised operating costs for the oil and refined products industry. Compliance with such laws and regulations may cause the partnership to incur higher integrity and maintenance costs in the future. Genesis is also subject to the Jones Act and other federal laws that restrict maritime cargo transportation between points in the United States only to vessels operating under the U.S. flag, built in the United States, at least 75% owned and operated by U.S. citizens (or owned and operated by other entities meeting U.S. citizenship requirements to own vessels operating in the U.S. coastwise trade and, in the case of limited partnerships, where the general partner meets U.S. citizenship requirements) and manned by U.S. crews. In order to maintain this privilege, the partnership must be classified as a U.S. citizen. The ability of the partnership to maintain its U.S. citizenship status would be impaired if non-U.S. citizens were to acquire over 25% of Genesis Energy LP's equity interest.

Asset Concentration Risk
Substantially all of Genesis Energy LP's assets are located on the Gulf Coast of the United States. As such, various natural and unnatural catastrophes could materially impact the partnership's business operations. The resulting impact could delay the timing and magnitude of future cash flows and/or damage its ability to meet cash distribution targets.

Company-Specific Risks for IBERIABANK Corporation

Interest Rate Risk
Interest rate risk is always an important consideration when investing in bank stocks. IBERIABANK Corporation continues to limit its risk to changes in interest rates. Based on the company's market-risk scenario analysis, IBERIABANK Corporation is asset-sensitive, implying the net interest income would benefit from an increase in interest rates. Conversely, decreases in interest rates would compress IBERIABANK's net interest margin, potentially leading to a shortfall in net interest income relative to our earnings model.

Asset Quality Risk
Asset quality risk is another key consideration when investing in bank stocks. An economic slowdown or prolonged recession on a national or regional basis could result in higher nonperforming assets and net charge-offs, which could in turn create a shortfall in IBERIABANK Corporation's net income relative to our EPS estimates. Historically, IBERIABANK Corporation has maintained solid asset quality.

Acquisition Risk
Acquisition risk is another factor investors should bear in mind before purchasing shares of IBKC. Potential acquisitions could increase the company's operational risk (integration problems and customer attrition) and financial risk (EPS dilution and asset quality problems).

Company-Specific Risks for PacWest Bancorp

Acquisitions and Integration
PacWest's substantial growth over the years has been aided by acquisitions, which will likely continue, albeit at a slower pace. The integration of acquired banks and subsequent financial performance has been sound. However, an active acquisition strategy inherently introduces the

potential for a diversion of management's attention from its existing business, attrition of clients and key personnel, misjudged credit risk of acquired loans, and elevated expenses arising from the due diligence and integration processes.

Potential Credit Headwinds Could Hamper Profitability
PacWest's net charge-off (NCO) and nonperforming asset (NPA) ratios are quite good. In general, the credit environment has been benign for the banking industry and it seems to be reluctant to normalize as charge-offs and provisions remain relatively low. Nonetheless, we believe credit will eventually normalize and PacWest could experience credit headwinds compared to some of its peers given its high-yielding venture capital and cash flow loan portfolios. We note that the bank properly prices for the risk, as these products yield 5%+.

Downturn in VC Fund Raising or a Slowdown IPO and Merger Activity
PacWest's Square 1 Bank division primarily offers banking products and services to startups and entrepreneurial businesses, including early and expansion-stage companies. PacWest derives a meaningful amount of deposits from these companies and provide them with loans and other banking services. If venture capital fund raising weakens, there may be fewer deposit gathering and lending opportunities for Square 1. Furthermore, if the IPO or M&A market slowed, sponsor abandonments could increase and lead to higher credit losses for the bank.

Acquired Loans Result in Inherent Accounting Volatility and Temporary Accretion Income
As part of its acquisitive nature, PacWest carries acquired loans. The marking of these loans to fair value gives rise to inherent volatility in operating results and cash flow recognition on a quarter-to-quarter basis. Ultimately, the accretion recognized on acquired loans marked to fair value is only temporary, and the accretable yield benefit embedded within its net interest margin will decline.

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Simple Moving Average (SMA) - A simple, or arithmetic, moving average is calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods.
Exponential Moving Average (EMA) - A type of moving average that is similar to a simple moving average, except that more weight is given to the latest data.
Relative Strength Index (RSI) - The Relative Strength Index is a technical momentum indicator that compares the magnitude of recent gains to recent losses in an attempt to determine overbought and oversold conditions of an asset.

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