

First Quarter 2026 Update

The Westwood Salient MLP SMA Composite was up 22.5% in the first quarter, roughly in-line with the Alerian Midstream Energy Index (AMNA) return of 22.9%.^{1,2} The quarter was dominated by geopolitics, beginning with the capture of Venezuelan President Nicolás Maduro on January 3 (discussed in our 4Q25 letter) and subsequently overshadowed by the military buildup and eventual initiation of Operation Epic Fury on February 28. Global prices for crude oil and liquefied natural gas (LNG) spiked as the Strait of Hormuz was closed for the first time in history.

As of this writing, the U.S. and Iran have agreed to a two-week cease fire. But regardless of when the conflict ultimately ends, we believe there will be a higher floor to oil prices due to the inventory restocking that will need to take place and the possibility that some of the region's productive capacity will be impaired going forward. This should bode well for the U.S. energy complex as the world will need more of our resources. We run through some math around global supply balances and answer some frequently asked questions from investors below. One caveat: The situation is extremely fluid so the figures quoted below may be quite different by the time this letter hits your inbox.

A True World Changer

Entering 2026, the global crude oil market was 2.7 million barrels per day (mmbpd) oversupplied,³ while LNG markets were headed toward oversupply in the second half of the year. No longer. The closure of the Strait of Hormuz a few days after the bombing began quickly flipped the balances to meaningful deficits. Prior to the war, 18.8 mmbpd of oil on average was flowing through the Strait vs. only 7.7 mmbpd as of April 9 (see table below), swinging the balances to an undersupply of 8.4 mmbpd, all else equal.

¹ Westwood Management Corp., as of March 31, 2026. Performance shown is net of fees.

² Alerian, as of March 31, 2026. Past performance is not indicative of future results. One cannot invest directly in an index.

Please see "Notes to Performance Information" at the end of the document for a list of definitions.

Performance metrics sourced from Westwood Management Corp. Performance shown reflects composite performance for Westwood Salient MLP Separately Managed Accounts (SMA), including those accounts no longer with the firm. The Portfolio's performance is net of management fees and expenses, including transaction costs, and reflects reinvestment of dividends and income. Past performance is not indicative of future results. Individual results may vary in the Westwood Salient MLP SMA Strategy based upon the following factors, (i) individual account asset management fee, and (ii) when the investor enters and exits investment in the Portfolio. It should not be assumed that investors in the Portfolio will experience returns in the future, if any, comparable to those discussed herein. The performance results have not been audited and the results of the current year are subject to year-end adjustments. Past performance is not necessarily indicative of how the index will perform in the future. The index reflects the reinvestment of dividends and income and does not reflect deductions for fees, expenses, or taxes. The index is unmanaged and is not available for direct investment. No investment strategy can guarantee performance results.

³ International Energy Agency, March 2026.

Persian Gulf Oil Exports During the War

Country	2025 Avg	Pre-War 2026 Avg	7-Day Rolling Averages							War-to-Date Avg	
			2/27	4/3	4/4	4/5	4/6	4/7	4/8		4/9
Saudi Arabia	6,663	7,500	7,744	4,535	4,891	4,741	4,685	4,999	4,249	4,371	5,207
UAE	3,990	4,007	4,056	1,957	1,871	1,443	1,486	1,486	1,543	1,314	2,337
Iraq	3,404	3,472	3,635	282	139	228	228	90	90	90	909
Iran	1,725	1,563	4,557	1,300	1,622	1,180	1,851	1,851	2,237	1,951	2,193
Kuwait	1,372	1,190	1,143	0	0	0	0	0	0	0	368
Qatar	709	663	713	0	0	0	0	0	0	0	174
Neutral Zone	324	409	759	0	0	0	0	0	0	0	58
Daily Average	18,187	18,804	22,607	8,074	8,523	7,592	8,250	8,426	8,119	7,726	11,246
Outside the Strait											
Fujairah	1,209	1,158	1,098	1,957	1,871	1,443	1,486	1,486	1,543	1,314	1,608
Yanbu	1,300	1,344	1,793	4,535	4,891	4,741	4,685	4,999	4,249	4,371	3,582
Ceyhan (Turkey)	50	180	313	282	139	228	228	90	90	90	122
Daily Average	2,559	2,682	3,204	6,774	6,901	6,412	6,399	6,575	5,882	5,775	5,312

Source: Piper Sandler, April 2026.

There are only a few other avenues to export oil outside of the Strait of Hormuz: Yanbu (on the Red Sea in Saudi Arabia), Fujairah (just outside the Strait in UAE) and a pipeline that runs north from Iraq through Turkey. As shown in the bottom portion of the table above, about 1.35 mmbpd on average was flowing through Yanbu prior to the war. Saudi Arabia has since been able to divert another ~2.25 mmbpd on average through the port. The other two outlets have seen far less dramatic increases, with Fujairah increasing by ~450,000 bpd on average and the Iraq/Turkey pipeline actually decreasing since the onset of the war. Overall, exports from the region have averaged only 11.2 mmbpd since the war began vs. the pre-war average of 18.8 mmbpd.

OPEC production also fell ~7.5 mmbpd during March (see table below), as volumes were initially shut in due to lack of storage capacity. However, there have since been attacks on infrastructure in the region, and we do not yet know how much of the production decline will persist due to damage from the war.

OPEC Production

OPEC Production ('000 b/d)	March	February	Change
Iraq	1,630	4,390	(2,760)
Saudi Arabia	8,360	10,340	(1,980)
U.A.E.	2,160	3,600	(1,440)
Kuwait	1,380	2,550	(1,170)
Iran	3,230	3,410	(180)
Congo, Republic	240	270	(30)
Libya	1,270	1,300	(30)
Gabon	220	220	0
Nigeria	1,450	1,450	0
Algeria	980	970	10
Equatorial Guinea	50	40	10
Venezuela	1,080	980	100
Total OPEC	22,050	29,520	(7,470)

} Persian Gulf

Source: Bloomberg, April 2026.



The inventories that were built in 2025 due to oversupply are now being drawn at a rapid pace. Those inventories will need to be replenished, and we also find it likely that countries will want to fill and/or expand their strategic petroleum reserves (SPR) and that countries without any SPR may very well begin to build them. These dynamics will create a call on U.S. production and, in our opinion, raise the medium-term floor for crude oil prices.

Quantifying this demand is an inexact science, but we can arrive at some rough estimates. In terms of inventories, we are 50 days into the conflict at an average daily undersupply of 7.5 mmbpd, which is a total draw of 375 million barrels. The U.S. SPR level was at 413 million barrels as of April 3 vs. capacity of 714 million,^{4,5} requiring 301 million barrels to reach full capacity. The capacity of China's SPR is expected to be ~650 million barrels by the end of 2026⁶ vs. 415 million barrels of actual storage at the end of 2025, which implies 235 million barrels of additional demand.⁷ Just those three inputs total just over 900 million barrels, and that assumes that the war ends today and that exports instantly resume at the pre-war level (unlikely). Even if balances immediately returned to the pre-war oversupply level of 2.7 mmbpd (also unlikely), it would take 339 days to fill those inventories. Assuming a more moderate pace of 1 mmbpd, it could take 2.5 years to reach those levels.

Frequently Asked Questions Since the War Began

1. What is the ability/likelihood of U.S. oil and natural gas producers to increase production?

We met with several midstream companies at a conference in early April and asked if any of their customers had indicated that they might accelerate production plans. Some said not yet, and some said they were seeing early signs. The quickest method to increase production is to complete (i.e., frac) drilled-but-uncompleted wells, known as DUCs, and there are currently just under 5,000 DUCs in the U.S.⁸ In terms of increased drilling, private companies can generally move faster than public companies, but the crude oil futures curve will need to be supportive. As of this writing, futures are above \$70 through December 2027,⁹ which we would think is high enough to incentivize drilling. We are watching the rig count but have yet to see meaningful movement. That said, there is about a six-month lag from the time rigs are deployed to seeing actual production increases, so we may not see much growth until 2027.

2. How is U.S. energy infrastructure affected by the war?

One of the benefits of investing in energy infrastructure is that commodity price swings typically have very little impact on actual results. The vast majority of the industry's cash flows rise and fall based on volumes, which is a second derivative of prices. In simple terms, if prices are high enough to increase activity, volumes increase; if they are low enough to reduce activity, volumes at least flatline and potentially decrease. As mentioned in the first question above, we think producer activity will likely increase as the current futures curve seems supportive, although those volumes may not materialize until 2027.

3. What are the short-, medium- and long-term ramifications for U.S. LNG?

QatarEnergy's Ras Laffan LNG export facility is the largest in the world at 77 million tons per annum (mtpa) of capacity,¹⁰ representing roughly 16% of the 494 mtpa global capacity.¹¹ The facility shut down in early March following the outbreak of the war due to closure of the Strait of Hormuz and safety concerns, and subsequently

⁴ Mizuho, April 2026.

⁵ U.S. Department of Energy, April 2026.

⁶ Bernstein, March 2026.

⁷ Piper Sandler, April 2026.

⁸ JPMorgan Research, April 2026.

⁹ Bloomberg, April 2026.

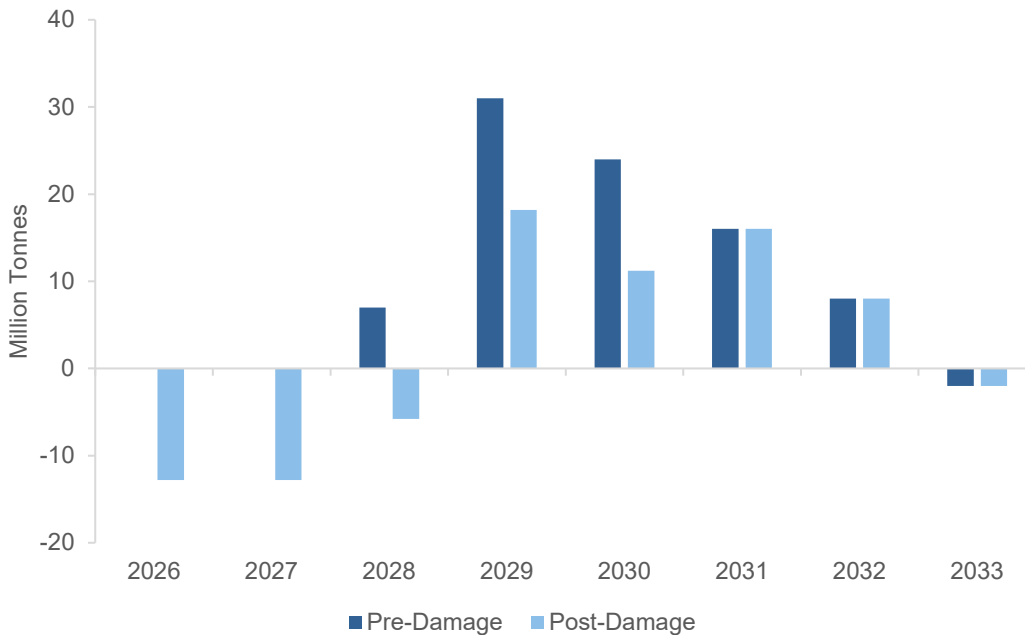
¹⁰ QatarEnergy LNG, April 2026.

¹¹ International Gas Union, May 2025.



reported damage to 17% of its capacity (or 12.8 mtpa) that could take three to five years to repair.¹² That is a big blow to the global market. Entering 2026, most analysts were pointing to a multiyear oversupply situation potentially starting in the second half of the year, accelerating in 2028 and ultimately lasting into the early 2030s. If the facility really is offline for three to five years, it would push the market into undersupply through 2028 (see graph below), at which point global expansions would more than compensate for the outage.

Global LNG Supply-Demand Balances by Year



Source: BAML, March 2026.

The two primary global LNG “markers” (i.e., prices) are in Europe (TTF) and the Far East (JKM), and those prices have moved from \$10–\$12 before the war to \$15–\$20 today.¹³ Exporters that have uncontracted volumes will benefit in this environment as the profitability of open cargoes is based on the spread between domestic U.S. natural gas prices and those global markers, minus the cost for liquefaction and shipping. In our investable universe, Venture Global (VG) is the largest beneficiary as they have significant uncontracted volumes. VG was up 131% in the first quarter.¹⁴

4. What is the worst-case scenario?

That is difficult to answer, but the longer the Strait of Hormuz is closed, the higher the probability becomes that we see physical product shortages (jet fuel, diesel, etc.) in some parts of the world that lead to even higher global prices. Could we see a COVID-type work-from-home scenario due to shortages? Possibly, but we believe the U.S. is relatively insulated given our refining capacity and the fact that we only import roughly 500,000 bpd of crude oil from the Persian Gulf.¹⁵ But if the war lasts significantly longer, we may eventually see export bans on both oil and products from the U.S.

¹² QatarEnergy LNG, March 2026.

¹³ Bloomberg, April 2026.

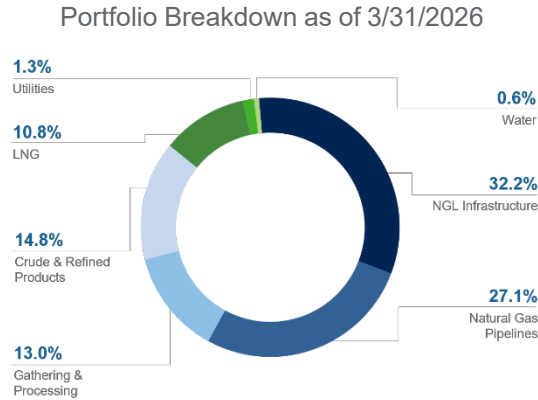
¹⁴ FactSet, March 31, 2026.

¹⁵ Energy Information Administration, March 31, 2026.



Portfolio Breakdown

The breakdown of the Westwood Salient MLP SMA Composite by subsector as of March 31, 2026, is shown in the graph below.



Source: FactSet, March 31, 2026. Percentages have been rounded to the nearest tenth for illustrative purposes only. The Composite's allocation may vary at any point in time. Sector weightings are stated ex-cash and shown as supplemental information.

Portfolio Performance, Contribution and Attribution

In the first quarter, the Westwood Salient SMA composite returned 22.5% vs. 22.9% for the AMNA. The rally to begin the year was widespread. In fact, there were no negative performers in our investable universe or portfolios. The top performers for the quarter were generally those with product lines affected by the war, while most of the natural gas-related names that led in 2025 underperformed. Venture Global and Cheniere Energy — both LNG exporters — were the top two performers overall, followed by crude and refined products and natural gas liquids (NGL) companies that generally exhibit more beta to crude oil.

Returns and Contribution of Top 10 Holdings – 1Q 2026

Ticker	Company	3/31/2026 Weight	Average Weight	Average Weight (AMNA)	1Q 2026 Return	1Q 2026 Contribution
ET	Energy Transfer L.P.	12.8%	13.1%	9.1%	19.2%	2.68%
WMB	Williams Companies, Inc.	12.1%	12.5%	10.1%	21.9%	2.85%
LNG	Cheniere Energy, Inc.	10.5%	9.2%	7.8%	46.4%	3.78%
KMI	Kinder Morgan, Inc.	10.3%	10.4%	9.7%	23.2%	2.43%
EPD	Enterprise Products Partners L.P.	9.3%	9.1%	8.2%	20.0%	1.83%
TRGP	Targa Resources Corp.	6.9%	7.1%	7.3%	36.6%	2.42%
OKE	ONEOK, Inc.	6.8%	7.4%	8.3%	24.7%	1.79%
ENB	Enbridge, Inc.	6.6%	5.3%	9.7%	14.8%	0.80%
TRP	TC Energy Corp.	4.8%	4.5%	9.9%	14.8%	0.67%
MPLX	MPLX L.P.	3.9%	4.2%	3.4%	9.0%	0.44%

Source: Westwood Management Corp., March 31, 2026. Numbers have been rounded for illustrative purposes only. Past performance is not indicative of future results.



Contribution

Cheniere Energy (LNG, 46.4% return, 3.78% contribution) was the top contributor to portfolio returns in the first quarter. The company benefited from the war-related impacts to global LNG markets discussed above. We added to our position in December when the share price declined below \$200, which proved to be a fortuitous decision. There were no detractors for the quarter.

Top 5 Contributors – 1Q 2026

Ticker	Company	3/31/2026 Weight	Average Weight	Average Weight (AMNA)	1Q 2026 Return	1Q 2026 Contribution
LNG	Cheniere Energy, Inc.	10.5%	9.2%	7.8%	46.4%	3.78%
WMB	Williams Companies, Inc.	12.1%	12.5%	10.1%	21.9%	2.85%
ET	Energy Transfer L.P.	12.8%	13.1%	9.1%	19.2%	2.68%
KMI	Kinder Morgan, Inc.	10.3%	10.4%	9.7%	23.2%	2.43%
TRGP	Targa Resources Corp.	6.9%	7.1%	7.3%	36.6%	2.42%

Source: FactSet, March 31, 2026. Numbers have been rounded for illustrative purposes only. Past performance is not indicative of future results.

Attribution

The underweight position in Enbridge (ENB) was the top individual source of alpha during the quarter at 43 basis points (bps), followed closely by the underweight in TC Energy (TRP) at 41 bps. Both are large weights in the AMNA and had respectable ~15% returns but both lagged the benchmark. Overweight positions in Cheniere (+32 bps), Solaris Energy Infrastructure (+11 bps) and WaterBridge Infrastructure (+7 bps) also contributed to alpha.

Venture Global (VG) was the top detractor from alpha during the quarter at 40 bps. As mentioned in the previous discussion about the LNG market, VG has a significant amount of uncontracted volumes, leaving the company's cash flow open to global LNG prices, which spiked during the quarter due to the events in the Middle East. We did not own VG coming into the year but established a small position when it became clear that the war with Iran would not be short-lived. The remaining four detractors were all overweight positions: Western Midstream Partners (-15 bps), Energy Transfer (-14 bps), MPLX (-13 bps) and Genesis Energy (-11 bps). Western and MPLX were the biggest laggards in the portfolio relative to the AMNA with each returning less than 10%.

Top 5 Attribution vs. AMNA – 1Q 2026

Ticker	Company	3/31/2026 Weight	Average Weight	Average Weight (AMNA)	1Q 2026 Return	1Q 2026 Attribution
ENB	Enbridge, Inc.	6.6%	5.3%	9.7%	14.8%	0.43%
TRP	TC Energy Corp.	4.8%	4.5%	9.9%	14.8%	0.41%
LNG	Cheniere Energy, Inc.	10.5%	9.2%	7.8%	46.4%	0.32%
SEI	Solaris Energy Infrastructure, Inc.	1.3%	1.2%	0.0%	25.3%	0.11%
WBI	Waterbridge Infrastructure, LLC	0.6%	0.6%	0.0%	34.2%	0.07%

Source: FactSet, March 31, 2026. Numbers have been rounded for illustrative purposes only. Past performance is not indicative of future results.



Bottom 5 Attribution vs. AMNA – 1Q 2026

Ticker	Company	3/31/2025 Weight	Average Weight	Average Weight (AMNA)	1Q 2026 Return	1Q 2026 Attribution
VG	Venture Global, Inc.	0.3%	0.1%	0.6%	29.5%	-0.40%
WES	Western Midstream Partners L.P.	2.5%	2.6%	1.6%	6.7%	-0.15%
ET	Energy Transfer L.P.	12.8%	13.1%	9.1%	19.2%	-0.14%
MPLX	MPLX L.P.	3.9%	4.2%	3.4%	9.0%	-0.13%
GEL	Genesis Energy L.P.	1.7%	1.8%	0.3%	15.5%	-0.11%

Source: FactSet, March 31, 2026. Numbers have been rounded for illustrative purposes only. Past performance is not indicative of future results.

As always, we sincerely appreciate your confidence and trust in us to manage your energy infrastructure investments. Please call us with any questions.

The Westwood Salient Energy Infrastructure Team



Risk Disclosure

Master Limited Partnership Risk

MLP returns have the potential to be highly volatile, an MLP is also subject to liquidity risk, potential conflicts of interest as a result of the MLP ownership structure and the risks of the specific sector in which the MLP is concentrated. Investments in the equity securities of master limited partnerships involve risks that differ from investments in the equity securities of corporate issuers, including risks related to limited control and limited rights to vote on matters affecting the partnership, risks related to potential conflicts of interest between the partnership and its general partner, cash flow risks, dilution risks, liquidity risks and risks related to the general partner's right to require unit holders to sell their common units at an undesirable time or price. These risks are not inclusive of all potential risks as they relate to investments in Master Limited Partnerships. All investments are subject to investment risk, including loss of principal invested. Performance described herein reflects the reinvestment of interest, dividends and other earnings, net of fees. The performance results have not been audited, and the results of the current year are subject to year-end adjustment. Prospective investors should read all documents thoroughly prior to making an investment in the Portfolio.

Market Risk

Market risk is the risk that the markets on which the Separately Managed Account (SMA) investments trade will increase or decrease in value. Prices may fluctuate widely over short or extended periods in response to company, market or economic news. Markets also tend to move in cycles, with periods of rising and falling prices. If there is a general decline in the securities and other markets, your investment in the SMA may lose value, regardless of the individual results of the securities and other instruments in which the SMA invests.

Tax Risk

Changes in tax laws or regulations, or interpretations thereof in the future, could adversely affect the SMA or the Energy Infrastructure Companies in which the SMA invests. Any such changes could negatively impact the investor. Legislation could also negatively impact the amount and tax characterization of distributions received by the investor.

Forward-Looking Statements

This newsletter contains "forward-looking statements". Forward-looking statements can be identified by the words "may," "will," "intend," "expect," "estimate," "continue," "plan," "anticipate," "could," "should" and similar terms and the negative of such terms. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect actual results are the performance of the portfolio of securities, the conditions in the U.S. and the international financial, natural gas, petroleum and other markets and other factors. Actual results could differ materially from those projected or assumed in our forward-looking statements.

The Alerian Midstream Energy Total Return Index (AMNAX) is the benchmark index for the Strategy. The benchmark for the Strategy changed 1/1/2019 from the Alerian MLP Total Return Index (AMZX). The AMNAX is a comprehensive midstream index that reflects the investable universe of midstream securities as it is agnostic to corporate structure. The AMZX is used in addition to the AMNAX in order to provide further market sector performance comparisons to exchange-traded energy related partnerships. Prior to 1/1/2019, the S&P MLP Index (SPMLP) was used in addition to the AMZX in order to provide further market sector performance comparisons.

"Alerian Midstream Energy Total Return Index", "Alerian MLP Total Return Index", "AMNAX" and "AMZX" are trademarks of Alerian and their use is granted under a license from Alerian.

Notes to Performance Information

1. Annualized returns are period returns re-scaled to a period of 1 year. This allows investors to compare returns of different assets that they have owned for different lengths of time.
2. Midstream sector involves the transportation (by pipeline, rail, barge, oil tanker or truck), storage, and wholesale marketing of crude or refined petroleum products.
3. Master limited partnerships (MLPs) are publicly traded limited partnerships and limited liability companies that are treated as partnerships for federal income tax purposes.
4. Alerian Midstream Energy Index (AMNA) is a market-capitalization weighted, float-adjusted index of North American energy infrastructure companies. Launch date of the AMNA is June 25, 2018.



5. Gathering and Processing (G&P) describes the actions important in the natural gas sector; when natural gas is produced from wells, the wells are connected to a gathering system comprising a network of smaller pipelines that collect the gas and deliver it to larger pipeline systems for longer-distance transport.
6. COVID-19 Coronavirus disease (COVID-19) is an infectious disease caused by a new virus. The disease was first identified in December 2019 in Wuhan, the capital of China's Hubei province, and has since spread globally, resulting in the ongoing 2019–20 coronavirus pandemic.
7. A commodity trading advisor (CTA) is an individual or firm that provides personalized advice regarding the buying and selling of futures contracts, options on futures and retail off-exchange forex contracts or swaps.
8. Beta (β) is a measure of the volatility—or systematic risk—of a security or portfolio compared to the market as a whole (usually the S&P 500).
9. Crude oil is a naturally occurring petroleum product composed of hydrocarbon deposits and other organic materials.
10. Natural gas liquids (NGLs) are components of natural gas that are separated from the gas state in the form of liquids.
11. Brent crude oil is a light, sweet oil produced in the North Sea, with most of it being refined in Northwest Europe.
12. Liquefied natural gas (LNG) is natural gas that has been cooled to a liquid state, at about -260° Fahrenheit, for shipping and storage.
13. A futures market is an auction market in which participants buy and sell commodity and futures contracts for delivery on a specified future date.
14. The International Energy Agency (IEA) is an international intergovernmental organization that was established in 1974 to ensure the world's oil supply.
15. Time spread is an options strategy in which an investor takes the same position in two different option contracts that are identical in every way.
16. Backwardation means that crude oil prices in the future are significantly lower than today – a sign of tight markets.
17. The Energy Information Administration (EIA) is a government agency formed in 1977. The EIA is responsible for objectively collecting energy data, conducting analysis and making forecasts.
18. Natural gas is a fossil energy source that formed deep beneath the earth's surface.
19. OPEC+ is a group of 24 oil-producing nations, made up of the 14 members of OPEC and 10 other non-OPEC members, including Russia and Mexico. The expanded group arose from a desire to coordinate oil production in a bid to stabilize global oil prices.
20. Organisation for Economic Co-operation and Development (OECD) is an international organization of 34 countries that accept the principles of representative democracy and a free market economy. The organization collaborates on domestic and international policies concerning economic, environmental and social issues.
21. Carbon capture is the process of capturing and storing carbon dioxide before it is released into the atmosphere.
22. Inflation Reduction Act (IRA) is a law passed in August 2022 that aims to curb inflation by reducing the deficit, lowering prescription drug prices and investing into domestic energy production while promoting clean energy.
23. National Environmental Policy Act (NEPA) was signed into law in 1970 to promote efforts that prevent or eliminate damage to the environment.
24. Strategic Petroleum Reserve (SPR) is an emergency stockpile of crude oil set aside to ensure supply in the event of a disruption.



Disclaimers

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