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# THE RISKS AND OPPORTUNITIES IN U.S. ENERGY INFRASTRUCTURE

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Last week's "Behind the Markets" podcast focused on opportunities and risks in the U.S. energy infrastructure space, with two great guests: Simon Lack of SL Advisors and Bill Stone, Chief Investment Officer at Stone Investment Partners.

In this conversation we touched on:

- The disconnect between U.S. energy infrastructure [fundamentals](#), what we have accomplished in the U.S. and the sector's performance; that is to say, how the U.S. is already an exporter of natural gas and can become the world's largest producer of oil by the end of 2019, yet how many energy infrastructure indexes are down over one-third of their [value](#) over the last four to five years
- How the U.S. capitalist model overcame [OPEC](#) trying to put the U.S. shale producers out of business
- The different index approaches for capturing U.S. energy infrastructure
- How a number of energy infrastructure companies that are focused on income investors burned their legacy shareholders by cutting current distributions and how the management teams running these companies now face the difficult task of recruiting a new generation of investors with different goals
- How changing tax incentives are encouraging different operating structures, and the impact this may have on the industry

The conversation was rich in insights on a very important sector of the U.S. economy. Listen to the full conversation below.

For standardized performance and the most recent month-end performance click [here](#) NOTE, this material is intended for electronic use only. Individuals who intend to print and physically deliver to an investor must print the monthly performance report to accompany this blog.

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## **DEFINITIONS**

**Fundamentals** : Attributes related to a company's actual operations and production as opposed to changes in share price.

**Value** : Characterized by lower price levels relative to fundamentals, such as earnings or dividends. Prices are lower because investors are less certain of the performance of these fundamentals in the future. This term is also related to the Value Factor, which associates these stock characteristics with excess returns vs the market over time.

**Organization of the Petroleum Exporting Countries (OPEC)** : whose mandate is to coordinate and unify the petroleum policies of its members and to ensure the stabilization of oil markets in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers, and a fair return on capital for those investing in the petroleum industry.