

SMART YIELD

Income fund

Broxton Capital Advisors manages wealth for Managers, Institutional Investors, and Households. Smart Yield is an income and growth fund with a target return of 8% and an objective of lower volatility.

INVEST/STAY CONNECTED



August 24, 2021

Teekay LNG Partners (TGP) Common Shares: \$ 13.86 / Teekay LNG Partners L.P. PFD UNIT SER A

Teekay LNG Partners is an owner operator of Liquefied Natural Gas (LNG) and (LPG) multi-gas carriers which are generally chartered to energy companies or ownership consortiums for periods of 5-25 years. [LNG carriers](#) are large tankers designed to carry liquified natural Gas. The companies' LNG segment accounts for close to 93% of revenues with the LPG segment accounting for the remainder. TGP operates 47 LNG carriers and 30 LPG carriers as of August 1, 2021. Currently, the companies' LNG fleet is 98 percent chartered or "fixed" for the remainder of 2021, and 89 percent chartered for 2022. The company and the companies' customers continue to benefit from strong Asian LNG demand, LNG pricing and healthy LNG shipping rates. China is a growing consumer of LNG, recently passing Japan as the worlds largest importer. U.S. exports also continue to grow, hitting new highs in 2021. We also view TGP's customer base to be stable. TGP's largest customer is Royal Dutch Shell, which accounted for 23% of 2020 revenues.

The common shares trade at a discount to book value, a low PE and offer a relatively high yield of 8.39%. Although we consider the company to be healthy, we do not see a catalyst for moving revenues or the common shares immediately higher, but TGP has strong and above average dividend growth. The dividend has doubled since January of 2019 from 14 cents to 28 cents per quarter. And we believe that further increases, of 10-15 cents per year would be relatively easy for TGP. So, we view the shares as a stable dividend payor with a probability of further dividend increases. TGP also has 2 preferred shares. We recommend the Series A preferred shares due to the stability of the company and the relatively high yield of 8.8%. We do not recommend the Series B due to the floating rate feature, lower yield and the premium to par value (\$26.94, 7.9% current yield). Importantly Teekay has elected to be treated as a C-Corporation for tax purposes. Distributions paid to U.S. unitholders are treated as dividends or return of capital for U.S. federal income tax purposes and investors receive 1099s not K-1s.

The chart below: January 2017 through August 2021

[Recent Presentation](#)

TGP Company Description: Teekay LNG Partners L.P. is an international provider of marine transportation services focusing on LNG and LPG. We were formed in 2004 by Teekay Corporation (NYSE: TK), a portfolio manager of marine services to the global oil and natural gas industries, to expand its operations in the LNG shipping sector. Our primary strategy focuses on servicing our customers through our fleet of LNG and LPG carriers under medium to long-term, fixed-rate charters.



As of August 23, 2021	SYM	Price	DIV	Yield
Teekay LNG Partners common shares	TGP	\$13.84	\$1.15	8.39%
Book value common shares		\$16.94		
Teekay LNG Partners Series A PFD	TGP-PA	\$25.49	\$2.25	8.83%
Teekay LNG Partners Series B PFD	TGP-PB	\$26.94	\$2.125	7.89%

BROXTON CAPITAL ADVISORS

Wednesday, August 25, 2021

share price (TGP)

\$13.86

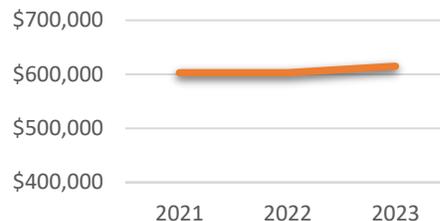
Teekay LNG Partners AS OF 6/30/2021

PROJECTIONS (1,000s)	2021	2022	2023
Income Statement			
Revenue	\$602,925	\$602,925	\$614,984
Gross Profit	\$482,340	\$482,340	\$491,987
Operating Income	\$273,436	\$270,916	\$280,032
Pre-Tax Income	\$248,320	\$238,800	\$249,916
Net Income	\$197,668	\$187,434	\$197,217
EPS	\$2.37	\$2.25	\$2.36
Non Gaap EPS	\$2.37	\$2.25	\$2.36
EBITDA*	\$465,436	\$454,916	\$464,032
Interest	\$122,000	\$119,000	\$117,000
Capitalized Expense	\$15,000	\$15,000	\$15,000
Cash Flow after Cap Ex	\$310,370	\$302,136	\$311,919
Common & Pfd. Dividends	\$130,099	\$130,099	\$130,099
Cash Flow Equity Dividend Coverage	239%	232%	240%
Retained Cash Flow *	\$110,289	\$102,055	\$111,838
Retained Cash Flow Compounded	\$110,289	\$212,344	\$324,182
Revenue Growth	2%	0%	2%
Valuations			
Cash Flow Yield Vs. Mkt Cap	26.9%	26.1%	27.0%
EV/EBITDA	8.33	8.53	8.36
P.E Ratio	5.85	6.17	5.86
Enterprise Value	\$3,878,358		
Total Debt	\$2,722,434		
Equity Market Cap	\$1,155,924	\$1,155,924	\$1,155,924
Debt Ratios			
EBITDA/Interest Coverage ratio	3.82	3.82	3.97
Debt/EBITDA	5.85		
Liquidity			
Cash	\$144		
Borrowing Availability est.	\$200		
Current Assets	\$209		
Current Liabilities*	\$562		
Quick Ratio	0.37		
Debt			
Debt + finance lease liabilities	\$2,722,434		
Total	\$2,722,434		

NOTES:

*EBITDA = consolidated EBITDA only + net distributions to and from unconsolidated entities. TGP also presents *total adjusted EBITDA* which = consolidated *adjusted EBITDA* + proportional EBITDA from equity accounted vessels. Broxton retained cash flow deducts amortizations of principal payments for finance leases. Current liabilities include \$355mm in short term debt

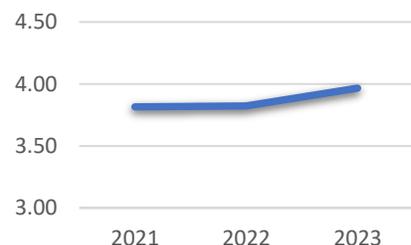
Revenue Projection



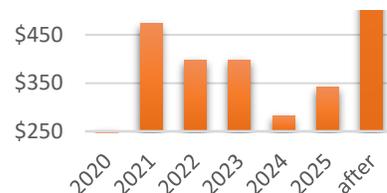
EPS Projection



EBITDA / Int. Coverage



Obligation Amortization Schedule in mm



Disclosures

Smart Yield Fund targets a mix of different security classes that contain the risk of loss. Investors should carefully consider the Fund's investment objectives and risk factors before investing. Investing involves risk, including possible loss of principal. Investors should consider the loss of principle and targeted returns are not guaranteed. Individual investors in Smart Yield are generally required to be accredited investors. Smart Yield is a fund operated through individual accounts creating the composite. Smart Yield Fund is a new product with an inception date of September 30, 2020 and as such does not have historical data. Asset Mix Projections on page 2 and 6, Smart Yield Portfolio Metrics on page 5 are estimated or targets of the fund. Asset class mix and targets may change based on the direction of the managers. Portfolio allocation projected annual return and beta assumption for each asset class on pages 7-10 are estimated. Beta for the fund and each asset class is estimated versus the S&P 500. The average beta for the entire fund is projected to be .32. Beta is a measure of the fund's volatility in relation to S&P 500 Index. This index has a beta of 1.0. The fund targets a total gross return before fees and expenses of 9.24%. The fund projects a blended return based on income securities and capital gains. Smart Yield attempts to continuously improve the value of investment portfolios by investing in corporate bonds, convertible bonds, other types of bonds (investment grade and sub-investment grade, [which may also have limited liquidity]), dividend paying equities, non-dividend paying equities, ETFs, including leveraged ETFs, and other securities. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. All securities types mentioned in this brochure have the risk of loss. Long term strategies purchase securities which are underpriced according to our appraisal methodologies. Broxton uses regression analysis to obtain an average appraisal value for an individual company and places a priority on the securities of companies with improving financial performance and or additional catalysts that provide for increases in earnings and valuation. We use financial modeling, technical analysis, proprietary and third-party research. Smart Yield does not have any capitalization (market size), sector or industry allocation mandates. Asset class allocation percentages may be changed without notice. Broxton deploys technical analysis and momentum as indicators of movement for shorter term strategies, that may not involve deep fundamental analysis. Shorting (selling and then buying) of securities can be used for hedging and as a long term or short-term strategy. We exit positions in accordance with our discipline, this includes when valuation targets are clearly exceeded, or financial performance falls below our projections. Since Smart Yield returns will be calculated using a composite of accounts, the average account will not match the composite return and the return could be higher or lower. Broxton offers Smart Yield for other investment managers. Any commentary is solely the opinion of the Broxton Capital Advisors. It refers to securities we hold in our portfolio and sometimes ones we are considering but does not represent a complete list of positions held at Broxton Capital Advisors. A complete list covering the last twelve months will be furnished upon request. Price targets are mentioned for information purposes only. Nothing contained herein constitutes a recommendation to purchase or sell securities at any designated price or time. Targeted performance does not guarantee future results. 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Also, from time-to-time we may also discuss and display, charts, graphs, formulas which are not intended to be used by themselves to determine which securities to buy or sell, or when to buy or sell them. Such charts and graphs offer limited information and should not be used on their own to make investment decisions.



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