TortoiseEcofin QuickTake Podcast

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Welcome to the TortoiseEcofin QuickTake podcast. Thank you for joining us as we provide timely updates on the market.

Good to be with you today, I am Quinn Kiley, Managing Director and energy Portfolio Manager at Tortoise and I am happy to be with you for this week's Energy Podcast. Last week certainly felt more normal on the political front compared to the previous week's insurrection on the Capitol. However, last week saw another monumental political development with the unprecedented second impeachment of the President. Equities were surprisingly buoyant as this news did not shake markets. Perhaps because President-elect Biden released a $1.9 trillion stimulus package last week as well. If effective, it could speed the economic recovery in the U.S. and lift markets. As the catalysts for recovery continue to take shape, the outlook for energy demand continues to improve. The EIA announced an improved outlook for global oil demand to 101 million barrels per day for 2021, which is above pre-COVID levels. With that quick update, let's look at market performance for the week.

Markets were mixed:
- The Alerian MLP Index finished 6.5%, and up 15.2% year to date
- Other energy stocks, represented by the Energy Select Sector SPDR (XLE), was up 3.2% for the week
- In broader markets, the S&P 500 lost -1.5% for the week and the ten-year treasury was basically flat

The vaccine roll out is under way and while some might quibble with the pace, side effects seems to be minimal and many healthcare workers have already received their second dose. All in all, this should prove to be a positive for the economy and markets longer term. Key to an energy infrastructure equity market recovery is global fuel demand. The U.S. is struggling more than many developed nations to control the surge of the disease, so looking to other countries that have had more success can be insightful. Parts of Asia and Europe are experiencing extreme low temperatures. As a result, we have seen liquified natural gas (LNG) prices soar in those markets. Spain, Europe's largest LNG importer, has seen prices rise as increased demand is creating a potential call on U.S. LNG cargoes. Robust demand and higher prices could be a boon for Cheniere, an LNG exporter widely held across our portfolios. India had one of the strictest lockdowns in the world, and as a result is seeing increased economic activity. With that we are seeing increased demand for fuels. Tudor Pickering reports that India's petroleum demand is only two percent below pre-COVID levels, an encouraging data point. In the midst of all the political turmoil, the energy transition marches on and European companies continue to lead the way. Total, the French integrated oil company, announced the acquisition of Fonroche Biogaz, the market leader in renewable gas in Europe with ten percent market share. This is the most recent of a long list of moves by traditional refiners to pivot towards renewable fuels around the globe, including the U.S. Total is aggressively trying to increase its exposure to renewable energy. It was announced that the company put in a joint bid to develop a huge Danish wind farm, potentially 1 gigawatt in size. In similar news BP and Equinor, the British and Norwegian integrated oil companies, announced a commitment to build three offshore wind farms to supply New York. The total commitment is for over three gigawatts of power.

There was more company news on the acquisition front last week. New Fortress Energy has a business strategy to deliver LNG to underserved regions and displace more polluting fuels with the cleaner burning natural gas. The company announced it would be acquiring Hygo Energy Transition Ltd. and Golar LNG Partners LP in a combined $5 billion transaction. This marks New Fortress' entry into the Brazilian market and accelerates their growth trajectory, which had been based on constructing new facilities up until his point. Like New Fortress' strategy to deliver a cleaner energy supply, other traditional energy companies can improve what they are doing as well. Halliburton, one of the leading oilfield services companies in the world, announced they have delivered the first of its kind grid-powered hydraulic fracturing system. Powering these operations from the local grid means the electricity is sourced from a power supply that has a meaningful percentage of renewable energy. This will lower emissions compared to using diesel or natural gas in the field.

Finally, as energy markets surge it should allow improved access to capital markets in the future. We may have seen the beginning of this last week as Pioneer Resources raised $2.5 billion in ten-year notes at a coupon of only 2.15%. Let's hope this is a sign of positive market conditions in 2021. A coming key indicator will be earnings, and Kinder Morgan kicks off fourth quarter reporting on Wednesday.

Thanks for joining us and we will be back next week. Please stay safe.

Thank you for joining us. And stay tuned for our next episode. Have topics you want covered or other feedback to share? Write us at info@tortoiseecofin.com.

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The **Alerian Midstream Energy Index®** is a broad-based composite of North American energy infrastructure. The capped, float-adjusted, capitalization-weighted index, whose constituents earn the majority of their cash flow from midstream activities involving energy commodities, is disseminated real-time on a price-return basas (AMNA) and on a total-return basis (AMNAX).

The **PCE inflation rate** is the Personal Consumption Expenditures Price Index. It measures price changes for household goods and services. Increases in the PCEPI warn of inflation while decreases indicate deflation.

Broad Energy = The S&P Energy Select Sector® Index is a capitalization-weighted index of S&P 500® Index companies in the energy sector involved in the development or production of energy products.

Producers = Tortoise North American Oil & Gas Producers Index℠
The Tortoise North American Oil & Gas Producers Index℠ is a float-adjusted, capitalization weighted index of North American energy companies primarily engaged in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The index includes exploration and production companies structured as corporations, limited liability companies and master limited partnerships but excludes United States royalty trusts.

MLPs = The Tortoise MLP Index® is a float-adjusted, capitalization weighted index of energy master limited partnerships (MLPs). The index is comprised of publicly traded companies organized in the form of limited partnerships or limited liability companies engaged in transportation, production, processing and/or storage of energy commodities.

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