



2022 TortoiseEcofin Annual Letter



In 2021 we were pleased that our investment products broadly had positive absolute and relative performance while making a measurable impact despite navigating a global pandemic, horrendous climate events and rapidly changing energy and power markets. To achieve this success for our clients, we had to call on our core values of Perseverance, Entrepreneurial Spirit, and Humility.

At TortoiseEcofin we seek to generate compelling risk-adjusted returns for our clients by focusing on essential assets and services with an emphasis on sustainability through our two established brands, each backed by long-tenured investment teams. We believe sustainability will be the single largest megatrend for many years to come and will require enormous investment. Many investment managers claim to focus on ESG, however, to us, this concept is much broader. We think the world's greatest challenges need to be addressed by investment and engagement, not by divestment. Our Tortoise team actively engages with energy companies to improve their carbon footprints and our Ecofin team invests in listed renewable energy and water companies focused on climate action and water security, as well as private renewable energy and social impact projects that are making a direct impact on the environment and communities, driving toward a circular economy.

By concentrating on essential assets, our investment portfolios are filled with long-lived assets needed for societies to function. These assets typically have low obsolescence risk and attractive diversification benefits. When we couple essential assets with sustainability, we believe we can achieve our number one goal of providing our clients with compelling risk-adjusted returns. Our employees serve our clients, so their satisfaction and engagement ranks as a close secondary goal. When we successfully achieve these goals we make a positive impact on the lives of our clients, our people and society as a whole.

Tortoise

In last year's letter, we mentioned exceedingly difficult conditions and deeply negative absolute performance we were experiencing in our investment products focused on energy infrastructure. We reiterated our conviction in those companies and predicted much improved performance in 2021. Boy did our perseverance pay off! Energy was the top performing sector in 2021 and midstream energy outperformed the S&P 500 Index for the first time since 2016. We remain extremely optimistic on energy for 2022 and Wall Street remains bullish as well. Energy infrastructure should perform well in a higher inflationary environment. Further, we are seeing more global acceptance that natural gas should be included as a sustainable energy source. Finally, as the pandemic likely moves to an endemic in 2022, we anticipate a great boost for energy demand. We believe that all of these catalysts will lead to another year of strong returns for energy and power infrastructure companies.

Our publicly-traded closed-end funds had a great year performance wise, but still trade at troubling discounts to net asset value. We have implemented a variety of programs including share buybacks, moving to a managed distribution policy and increasing distributions. We also tried to merge two funds that did not win sufficient votes to pass. We maintain our conviction to the energy sector and the closed-end fund structure will continue to target narrowing the discounts to enhance shareholder value.

Ecofin

In 2021 we launched a new open-end mutual fund, the Ecofin Global Energy Transition Fund, which invests in equity securities that are exposed to decarbonization and the structural growth opportunities related to the energy transition.

Additionally, we launched our third social impact private credit fund and completed the first closing. We are very excited about this credit fund that focuses on education, housing, human services and waste transition projects.

Our second special purpose acquisition corporation (SPAC) completed its business combination with Volta (NYSE: VLTA) an industry leader in commerce-centric EV charging networks. In addition, we successfully raised our third SPAC that targets businesses in the broad energy transition or sustainability arena.*

For our listed sustainable strategies, we were pleased with relative performance, however, it was a fairly muted year as the world grapples with the pandemic and supply chain disruption. The start of 2022 has been challenging. With the world transitioning more comprehensively to address our environmental crises, including a unifying goal of 'Net Zero', we strongly believe investors will be rewarded with strong risk-adjusted returns while simultaneously making an impact with their investments for years to come.

There were also some great successes in 2021 that we are really proud of! Our Ecofin business has grown to nearly \$2 billion** at the end of 2021 from roughly \$500 million at the end of 2018. We launched the Ecofin Global Renewables Infrastructure Fund in the second half of 2020 and the assets have more than quintupled through a combination of asset performance and fund flows. We are grateful for the awards we received, proud of our Net Zero commitment, excited about new client partners, and enthusiastic about the launch of Ecofin's Advisory Board. A lot to be excited about, but plenty to work to do as well.

Key themes for 2022 and beyond

We continue to believe that we are in the early stages of a Sustainability Revolution. While sustainability is a broad topic, energy transition (or decarbonization) will be one of the leading expressions of the sustainability movement for years as the world needs to rapidly decarbonize. This will require enormous investment and will be a key driver in growth and profitability.

The Tortoise investment team published a playbook of best practices for midstream energy companies to reduce their carbon footprint and become better stewards of capital, and have been highly encouraged with the actions the portfolio companies have taken. Ecofin has nearly a two-decade legacy on bridging ecology and finance. Some simple numbers help frame the scope of the challenges – and investment opportunities we see.

- 940 million people across the globe lack access to electricity
- 3 billion people lack access to clean fuels for cooking
- 34% of all water produced is lost during transmission and distribution
- \$1 trillion is the projected private sector investment needed in water access and sanitation by 2030
- In total \$4.6 trillion is the annual global spending required on economic infrastructure to meet the UN's Sustainable Development Goals and keep pace with projected growth. This revolution will continue to spur growth in water as well as the need to provide improved access to quality education and affordable housing & human services.

In our view, skilled investment managers dedicated to sustainability will reap outsized returns for the risk taken. If we do our jobs right, we should serve our investors well and support our team while making a positive impact on society and the environment.

Thank you for your continued trust in us.

Sincerely,



Kevin Birzer

Chief Executive Officer

*Through Tortoise Acquisition Corp. I, II, and III.

**Parent company, TortoiseEcofin has approximately \$8.5 billion in assets under management through a family of registered investment advisors as of 12/31/2021. Ecofin Investments, LLC is the parent of registered investment advisors Ecofin Advisors, LLC and Ecofin Advisors Limited (collectively "Ecofin"). Ecofin has approximately \$1.7 billion in assets under management as of 12/31/2021. The remainder is comprised of Ecofin branded products or products managed by the team through an affiliated adviser.