

February 8, 2021

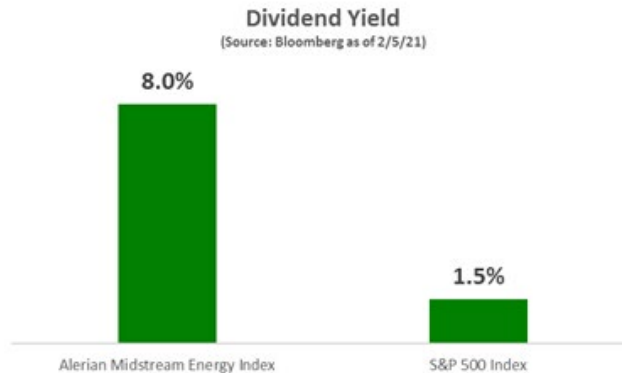
Welcome to the TortoiseEcofin QuickTake podcast. Thank you for joining us as we provide timely updates on the market.

Hello. I am Tortoise Senior Portfolio Manager Rob Thummel with this week's TortoiseEcofin QuickTake podcast.

Congratulations to our hometown Kansas City Chiefs for an outstanding season despite coming up a little short in Super Bowl 55.

Like the Buccaneers, the energy sector got off to a fast start in January and has extended its lead during the first week of February. Last week, the energy sector rose by 8%. The energy sector is best performing sector in the S&P 500 month-to-date and year-to-date. The sector was supported by a 9% increase in U.S. oil prices. At its monthly OPEC+ meeting, Saudi Arabia and Russia stressed "the importance of accelerating market rebalancing without delay". Oil prices responded positively to this statement as it signals that OPEC+ is on track to return global oil inventories to historical norms as soon as the end of the first quarter. That is just in time for the expected surge in global oil demand as the economy re-opens in the second half of 2021.

Figure 1



Congratulations also goes to Super Bowl MVP Tom Brady. What stock is the MVP of the energy sector so far in 2021? Several integrated energy companies made their cases last week. Exxon, BP, and Royal Dutch Shell reported earnings. Based on stock price performance, Exxon won the trophy rising by 11% last week and is up 21% year-to-date. Exxon is delivering many of the things that the market is looking for. Exxon has lowered 2021 capital expenditures to a level that allows projected operating cash flow to fund capex and keep Exxon's streak of paying a dividend for the 38th year in a row intact. But in my opinion the most significant factor leading to Exxon's strong performance came from its increased transparency related to its role in the energy evolution. Did you know that Exxon is one of the largest producers of hydrogen and is the second largest buyer of solar and wind power in the oil and gas industry. Exxon is also the world's leader in carbon capture representing 40% of current captured emissions. Exxon went even further creating a Low Carbon Solution Division inside the company. We applaud Exxon for taking steps to advance the global energy evolution. Continued research and development is essential. This was highlighted in a comment made by the Executive Director of the International Energy Agency. In testimony given to the Senate Committee on Energy and Natural Resources, Dr. Fatih Birol stated "almost half of the emissions reductions needed to reach net zero by 2050 will need to come from technologies that have not reached the market today." Carbon capture, hydrogen, and battery storage technologies are expected to advance and new technologies will emerge from research and development done by large energy companies like Exxon as well as smaller, dedicated companies that look to capitalize on the large total addressable market.

Back to the MVP of the energy sector talk, At Tortoise, when 2021 is over, we believe the midstream energy infrastructure sector will be the MVP of the sector. Here is why. Midstream adds an additional element to support its case. Yes, midstream provides investors with high current income. Figure 1 above illustrates the current yield of the Alerian

Midstream Energy Index that is almost 8% or 5 times higher than the 1.5% dividend yield of the S&P 500. Yes, the midstream sector is also beginning to invest in the energy transition that is starting to make an impact. On its fourth quarter conference call last week, one of the larger energy infrastructure stocks, Enterprise Products Partners, mentioned that 100 million homes in India have converted from burning wood and coal to lower carbon emitting liquefied petroleum gases such as propane and butane. Enterprise is making an impact through its record levels of propane exports including exports to India. But the added dimension offered by midstream is free cash flow after dividends. This excess cash can be used to buy back stock or pay down debt. Several midstream energy infrastructure companies highlighted 4Q stock buybacks when reporting earnings including MPLX, Magellan Midstream, and Enterprise. A game plan of high dividend yields, low capital expenditures, and excess cash flow after dividends is working so far in 2021 as the midstream sector is outperforming the S&P 500. We expect the midstream sector to increase its lead over the S&P 500 even more throughout 2021 if management teams stick with the game plan and don't pull a Bill O'Brien. What am I referring to? In last year's AFC divisional round game the Houston Texans were leading the Chiefs 24 to zero with 10 minutes left in the second quarter. Houston coached by Bill O'Brien decided to call a fake punt. We all know what happened from there. Midstream has a lead and if they stick to the game plan then we believe the sector can extend the lead and be the MVP of the energy sector in 2021.

To wrap up some M&A news from last week, Chevron offered to acquire midstream energy infrastructure MLP Noble Midstream Partners for \$12.47 per share in an all-stock deal. Noble Midstream is the infrastructure provider primarily for oil and gas producer Noble Energy that Chevron acquired last year. Chevron wants to simplify its corporate structure. However, Chevron's price offered a zero premium to the previous day closing stock price. Typically, these transactions require a premium to the current stock price to be successful. We will be requesting a higher offer price that is more in-line with the value of the business that generates steadier, more stable cash flows than Chevron's E&P business.

Those are the highlights from last week. Thanks for listening. We will talk to you next week.

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.

The S&P 500® Index is a market-value weighted index of equity securities.

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 basis (AMNA) and on a total-return basis (AMNAX).

Disclaimer: *Nothing contained in this communication constitutes tax, legal, or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. This podcast contains certain statements that may include "forward-looking statements." All statements, other than statements of historical fact, included herein are "forward-looking statements." Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements. This podcast reflects our views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention. Discussion or analysis of any specific company-related news or investment sectors are meant primarily as a result of recent newsworthy events surrounding those companies or by way of providing updates on certain sectors of the market. Through our family of registered investment advisers, we provide investment advice to related funds and others that includes investment into those sectors or companies discussed in these podcasts. As a result, we stand to beneficially profit from any rise in value from many of the companies mentioned herein including companies within the investment sectors broadly discussed.*