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 host this week's QuickTake Podcast. As if the terrors of war in Ukraine and the resulting global disruption of commodity supplies weren't enough, there were reports last week that the Iranian backed Houthis fired missiles on Saudi Arabian petroleum facilities in Jeddah. Today one only needs to turn on the nightly news to see how fragile our energy supply is, and a trip to the pump will remind you of the cost of securing that supply. The certainty of our energy security is often taken for granted, but recent commodity price and energy equity performance suggests that the world is coming to realize the importance traditional energy in our daily lives.

Markets were positive last week:

- The Alerian MLP Index gained 6.8%, and the Index now sits up 19.8% for the year
- Other energy stocks, represented by the Energy Select Sector Index, were up 7.4% for the week and energy remains the top performing sector for the year
- In broader markets, the S&P 500 was up 1.8% and ten-year treasury yields rose, finishing at 2.47%

On the capital markets front we saw three notable events last week. First, CenterPoint Energy announced that it had completely exited its position in Energy Transfer. Recall that CenterPoint had gained an interest in Energy Transfer when it sold its underlying MLP, Enable Midstream Partners, to Energy Transfer last year. The other owner of Enable, OGE Energy, continues to hold its Energy Transfer position, so the equity overhang from that transaction remains. That said, ET is in a better technical position today than it was just a few months ago. Archaea Energy, a waste to energy company that produces methane from landfills, executed a secondary offering from an existing shareholder. Despite the shares being offered at a discount to the Tuesday close, shares rebounded and traded up on the week. This deal is interesting in that its shines a light on the importance of energy supply and sourcing that energy from responsible and renewable sources. Finally, Targa Resources took advantage of its newly minted investment grade rating and issued bonds last week. The ten and thirty year bonds were priced attractively and allowed Targa the flexibility to buy in its existing 2026 maturities.

On broader energy market news, as James discussed last week the US agreed to provide additional natural gas supplies to Europe in an effort to wean Europe off of Russian energy supplies. The agreement was vague and the source of supplies was unclear. Importantly, the FERC announced it would slow walk the implementation of new permitting guidelines that would consider greenhouse gas emissions as part of its process. Though subtle, the announcement seems to acknowledge the reality that assuring today's energy supply may come at a cost to the administration's political goals. Regardless, it is clear that the U.S. and others must accelerate development of energy supplies quickly to offset the impact of current and future sanctions on Russian energy supply. In other geopolitical energy news, reports suggest that JP Morgan CEO, Jamie Dimon, is pushing the Biden administration to incent higher energy production in the U.S. The press used the phrase "Marshall Plan" to describe the proposal, but succinctly put the idea is to shorten the regulatory timeline for the U.S. producers to bring new supply on line. This proposal is another means to meet the expected void from future sanctions on Russian energy supply to Europe. Along the same lines, Saudi Aramco announced plans to increase its oil production capacity. While not a direct increase today, it is another signal that the energy industry is moving to meet demand in world where Russian oil is not readily available to consumers.

In company news, Occidental Petroleum announced a deal to supply a customer with net zero emissions crude oil. Oxy will directly capture CO_2 from the atmosphere and inject it into its crude oil reservoirs to enhance oil production. Yet another example of how technology will aid traditional energy companies in transitioning to a lower carbon future. Last week also saw Delta Airlines sign an agreement to buy sustainable aviation fuel over the next seven years. Aviation carbon emissions have proven difficult to abate, so these types on announcements are a good sign of progress.

Company specific news has been quiet as we move towards quarter end. We look forward to an exciting earnings season in the weeks ahead. 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 basis (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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