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**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.

A jobs report described as a goldilocks scenario by many in the financial press wasn't enough to propel the stock market higher. Last week, the S&P 500 index and Alerian Midstream Energy Index declined by over 3%.

For the month of August, energy infrastructure continued to outperform the broader market. The Alerian MLP Index rose by 4% in August while the Alerian Midstream Energy Index was flat for the month. Both outperformed the S&P 500 which declined by 4%.

The energy sector maintained its status as the top performing sector in the S&P 500 year-to-date. The energy sector continues to deliver positive earnings adjustments, high dividend yields, and free cash flow growth. These compelling attributes are expected to remain in place for a while. Last week, Elon Musk acknowledged the essential nature of the energy sector stating in Norway: "Realistically, I think we need to use oil and gas in the short term because otherwise civilization will crumble". Musk went on to say that it will take some decades to transition to a sustainable economy. Just to reiterate, at Tortoise we believe decarbonization is important. An all-of-the-above approach that includes natural gas, wind, solar, and other future energy technologies are expected to lead the multi-decade energy transition.

As we finish the unofficial end of summer, the national average unleaded gasoline price has declined every day since June 12. That is 81 straight days.

You might have seen that Russia owned Gazprom has indefinitely halted natural gas exports into Europe via the Nord Stream 1 pipeline. This development is not getting enough attention in my opinion. We are fastly approaching the highest period of natural gas demand in Europe, which starts at the end of October and runs through March of the following calendar year. During this winter period, European natural gas demand is 8 times higher than domestic production. Historically, Europe has primarily relied on a combination of natural gas imported from Russia, natural gas piped from Algeria and Norway, and local natural gas storage to meet winter natural gas demand. With heightened uncertainty related to the availability of Russian imports, European countries are taking actions today to build natural gas inventories. In fact, European inventories are expected to be 90% full by the end of October. In addition, EU member states have committed to voluntary reductions of natural gas demand by 15% this winter. And Europe has increased its LNG imports with almost 70% of U.S. record level of LNG exports landing in Europe. All of these factors combined together offer a scenario whereby Europe could meet its winter demand without any Russian natural gas. However, there are also scenarios such as higher than expected natural gas demand due to colder than normal weather and/or less voluntary reduction that would result in Europe depleting its entire natural gas inventories. And then there are scenarios that result in record levels of natural gas inventories by the end of March if Russia's Nord Stream 1 returns to transporting some natural gas volumes into Europe. Stay tuned as this potential energy crisis could become a humanitarian crisis or it could become a big nothing burger.

To finish up, Magellan Midstream announced a refined products pipeline expansion project last week. As the U.S. refinery landscape changes so does the plumbing or infrastructure necessary to transport energy products like gasoline and diesel to key markets. In this case, Magellan is expanding its operating capabilities of delivering gasoline and diesel from Gulf Coast and Mid-Continent refineries to El Paso by constructing a new 30 mile pipeline between Odessa and Craine, Texas. The project will cost approximately \$125 million with the expanded capacity available in early 2024.

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](mailto:info@tortoiseecofin.com).**

The **Alerian Midstream Energy Index**<sup>®</sup> 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 **Alerian MLP Index** is the leading gauge of energy infrastructure master limited partnerships (MLPs). 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 (AMZ) and on a total-return basis (AMZX).

The **S&P 500® Index** is an unmanaged, market-value weighted index of stocks that is widely regarded as the standard for measuring large-cap U.S. stock market performance.

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