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Hello I am Matt Sallee, President of Tortoise.

Last week carried some important data on the macro front with both the CPI and PPI releases. On the negative front CPI came in hotter than expected at .6% month over month, well over the consensus estimate and in contrast to recent data. This served as a reminder that the Fed still has a lot of work to do and increased the market's expectations for how aggressive the Fed will be in the next few meetings. The market did not like this data whatsoever and both the S&P and Dow fell 4%. The PPI data was much more muted with the small drop month over month in the headline number but still running 8.7% year over year. On the bright side, this latest PPI data points to a 13% FERC tariff escalator for liquids pipelines so things aren't all bad.

In company news, Cheniere had the most positive update announcing its fourth guidance increase for 2022 EBITDA. Their estimate now stands at \$11.25B at the midpoint, up nearly 90% from their original expectation for the year. To be fair, the majority of this year's improvement comes from their long exposure to the difference between gas prices in Europe and Asia relative to the US which won't last forever but it may last for a while. Either way, it is cash that can be used to pay down debt, fund export expansions and buy back stock. On that point, they expect to generate \$20B of cash flow by 2026 (assuming normal spread levels) that will be used to fund growth projects, achieve 4.0x debt to EBITDA, bump the shares repurchases by \$4B increase and the dividend 20% next quarter and 10% annually thereafter...and they will still have billions of cash left to allocate after that.

In other company news Crestwood announced the divestiture of its Marcellus gathering system to Antero Midstream (AM) for \$205M in cash. For CEQP this was a 7x sale multiple on non-core assets that fit better in AM's footprint and allows for Crestwood to focus on its Rockies and Permian assets. Some of the cash raised was used to buy back \$125M of their equity owned by Chord Energy, the former Oasis Petroleum, related to prior transaction. Chord sold another 11.4M CEQP units they owned to the public at a price of \$26.90. This deal priced on "CPI day" and I thought would trade horrible. Instead, it traded up 8% from the deal price which was a gain to the prior close despite being priced at a discount.

Next, US LNG up and comer, NextDecade, priced an \$85M private placement of equity which was announced last Thursday morning. The offering should provide them sufficient capital to get to final investment decision on the Rio Grande LNG export facility which is already 60% contracted and uniquely, will be built with carbon capture on the facility. The deal priced at \$5.50 which was a 20% discount to the prior day's close and 30% to the prior 30-day average. Typically with that size of discount, we would expect the deal to trade down somewhat since they issued new equity at a price well below the market. However, in its first day of trading it actually traded up!

Shifting gears, 3Q earnings are still a ways away but Credit Suisse recently shared some interesting data on Wall Street analyst earnings estimate revisions for the S&P500. Since mid-June analyst estimates for Q3 are down 5.5% with tech leading the pack at negative 11%. In fact, the only sector that isn't experiencing negative revisions is, you guessed it, energy with estimates increased nearly 10% for the upcoming quarter.

I'll leave it there for now but this coming week we have the FOMC meeting and associated rate decision so tune back in. Have a great 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 **Consumer Price Index (CPI)** is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

The **Dow Jones Industrial Average (DJIA)** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-GAAP measure used to provide an approximation of a company's profitability. This measure excludes the potential distortion that accounting and financing rules

April have on a company's earnings; therefore, EBITDA is a useful tool when comparing companies that incur large amounts of depreciation expense because it excludes these non-cash items which could understate the company's true performance.

Liquefied Natural Gas (LNG) is a natural gas that has been cooled to a liquid state for shipping and storage - the volume in this state is about 600 times smaller than in its gaseous state, able to transport for much longer distances when pipeline transport is not feasible.

The **Producer Price Index (PPI)** measures the average change over time in the selling prices received by domestic producers for their output. The prices included in the PPI are from the first commercial transaction for many products and some services.

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

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