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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. Last week saw the end of the third quarter, so today is a good time to review performance for the period. The third quarter, driven mainly by weakness in September, was a generally risk off period for markets. Broader markets represented by the S&P 500 fell -4.9%. Bonds were no place to hide, as the Barclay's Aggregate U.S. Bond Index lost -4.8% as well. Energy remained a positive data point, putting up gains second only to the Consumer Discretionary sector. Energy, represented by the Energy Select Index, gained 1.5% in the quarter and remains the best performing sector year-to-date with returns of 33.6%, leaving it the only sector in the green this year. MLPs followed suit with the Alerian MLP Index returning 8.0% for the three months ended September 30th. Despite the positive returns from energy, the consensus view is that the Federal Reserve's conviction that it must continue to increase interest rates to fight inflation in the near term will cause them to overdo it and send the economy into recession. Hence the risk off nature of recent months, which continued last week. The bear case was supported by news that the U.S. economy shrank in the second quarter, despite continued strong jobs reports.

All of that macro news led to another down week for markets.

- In broader markets, the S&P 500 was down -2.9%, while the ten year treasury yield rose closing at 3.8%.
- The Alerian MLP Index gained 2.2%, and the Index now sits up 18.6% for the year
- Other energy stocks, represented by the Energy Select Sector Index, were up 1.9% for the week

If it seems like each week we spend an inordinate amount of time discussing liquefied natural gas, it is because it is a huge mega-trend globally and we got a really interesting data point last week. Kinder Morgan sold a twenty-five percent interest in the Elba Liquefaction Facility in Georgia that is co-owned with Southern Company. The implied valuation of this non-controlled interest was estimated to be thirteen times EBITDA. We view this as a very bullish data point, and it highlights that despite how well energy names have traded year to date, they remain undervalued.

In related natural gas news Gazprom's Nordstream I and II pipelines suffered explosions under the Baltic Sea in suspected sabotage incidents. The pipeline was not flowing but it was full of natural gas and that gas is now bubbling up and spewing into the atmosphere. As a reminder to readers, natural gas is a greenhouse gas and is approximately twenty-five times worse than carbon dioxide. As such, this is not only a geo-political and economic crisis, but also an environmental one. While not directly related, Germany announced it would restart one gigawatt of coal-fired generation for the winter. Additionally, the government of Denmark mandated that Orsted put certain of coal and oil-fired power plants into operation to ensure electricity supply this winter. Ironically, Orsted is one of if not the largest operator and developer of renewable wind power on the planet. All of these items remind us that the European energy supply is volatile and is a must watch during the coming winter.

Both traditional and renewable energy companies were hopeful Senator Manchin would be able to pass his expedited permitting legislation this year. Unfortunately, the language was removed from the continuing resolution bill to fund the government last week. The effort is not necessarily dead as it was part of the negotiations to pass the Inflation Reduction Act. Manchin's goal is to limit the time it takes to permit infrastructure projects, which can in some cases take a decade to be permitted.

Switching our focus to oil, OPEC+ will meet this week and a possible introduction of new capacity constraints is on the table as the group looks to support crude oil prices. Noise around the meeting suggests that OPEC+ sees Brent crude oil prices at \$80 per barrel or higher as attractive. If so, we would expect that price floor to imply a floor for WTI near \$75 per barrel. Energy stocks could move higher if the group officially communicates something along these lines.

On the company news front, Enbridge announced it would acquire Tri Global Energy, one of the largest on-shore wind developers in the U.S., for \$270 million. Furthermore, the company announced its intention to sell a minority interest in seven pipelines in northern Alberta to a group of indigenous communities.

Finally, Williams guided investors to the high end of its previously announced financial guidance. This is good news for the company and possibly a read through for the group that unlike most other sectors of the economy energy companies continue to execute in what is an otherwise difficult economic backdrop. Third quarter earnings announcements begin in a couple of weeks, so we will see if the read through holds. Until next week thanks for listening and 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.

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).

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.

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 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.

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.

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

West Texas Intermediate (WTI) is a light, sweet crude oil commonly referred to as "oil" in the Western world. West Texas Intermediate is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.

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