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Hello, I'm Matt Sallee, President of Tortoise.

September brought another month of positive returns and closed out a strong Q3 for energy making it 3 consecutive positive quarters in 2023 and midstream is now up 7% for the AMNA and 20% for the MLP centric AMZ. Both beat the S&P500 in Q3 and the AMZ is now outperforming the S&P YTD; quite a comeback. The S&P Energy sector posted a very strong quarter as oil prices rallied with big draws in inventory and an acceptance by the market the balances are in a big deficit and are likely to remain so into or even through all of next year. Global demand has hit a new record, OPEC is sticking to its cuts and US producers are maintaining capital discipline so we think prices will remain well supported for the foreseeable future.

You probably picked up on this but MLPs are vastly outperforming midstream c-corp peers and we believe the primary driver is M&A with the latest MLP consolidation being the acquisition of Crestwood (CEQP) by Energy Transfer (ET). This marks the 5th MLP acquisition announced or closed in 2023 and creates a technical tailwind to MLPs as passive products reallocate proceeds into the remaining partnerships and investors place a potential acquisition premium on certain names.

M&A has indeed been a big energy and power infrastructure theme this year and a couple interesting developments recently include the previously mentioned Crestwood acquisition where CEQP's board is recommending investors accept an all equity bid for 2.07 Energy Transfer units per Crestwood unit. This was announced on August 16th when ET's prior close was \$12.56 yielding a \$26.00 offer price vs CEQP's prior close of \$26.19 and the prior 30-day average trading level of \$27.42.... creating the dreaded "take-under". I see the strategic merits of this combination but its sure seems ET is getting a really good deal. More to come on this in the future so stay tuned. The other big MLP consolidation news was the close of Magellan acquisition of ONEOK (OKE). The key update here was the vote narrowly passed with 76% of the total shares voting but only 55% voting for so you do the math and nearly 30% of the votes were a "NO" as we expected. Finally, Enbridge (ENB) announced a massive asset acquisition of Dominion's US natural gas utilities with a total price of \$14.0B! It is worth noting that ENB previously owned gas utilities in Canada, but this shifts their overall business mix considerably from 12% gas utility to 22%. On the surface this was a bit of a head-scratcher to us but when you dig in they expect 8% rate base growth from population growth and line replacement and the valuation metrics were favorable relative to comparable assets.

In the renewable world, things have been challenging this year to say the least and it doesn't seem the worst has passed. Higher interest rates and rising costs have plagued wind and solar projects and resource production has added further challenges to wind. As a reminder, Clearway cut their full year guidance several weeks ago on soft wind resource and NextEra Energy Partners (NEP) missed earnings for the same reason. NEP suffered another blow last week as it cut EBITDA guidance and lowered its multiyear distribution growth target by 50%. We expected the name to trade poorly, but it was down a whopping 37% over the next three days. While they may seem extreme on the surface, I think the market was surprised that parent company, NextEra Energy, didn't do more to support NEP through a difficult period for capital market access which is the crux of the issue. NEP needs to achieve a favorable multiple on a planned non-core asset sale to fund the near-term retirement of a previously issued structured equity instrument. If that doesn't happen the market is questioning not just the lower growth rate but the stability of the dividend itself. I think the parent would step in before things came to that since they are reliant on NEP as a financing source, but I've been surprised in the past making that bet.

I'll leave it there for now, thanks for listening.

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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