Tortoise

# Tortoise North American Pipeline Fund (TPYP)

Tortoise North American Pipeline Fund received a Five-Star Overall Morningstar Rating™ among 99 Energy Limited Partnership Funds (based on a weighted average of the fund's three-, five and ten-year risk-adjusted return measure, if applicable) as of 6/30/2022.

## 2Q 2022 QUARTERLY COMMENTARY

MSCI ESG RATINGS AAA

CCC | B | BB | BBB | A | AA | AAA

Represents the aggregate ranking of the Fund's holdings as of 6/30/2022. Certain information ©2022 MSCI ESG Research LLC. Reproduced by permission; no further distribution.

The Tortoise North American Pipeline Fund is an exchange traded fund that uses a passive management approach and seeks to track the total return performance of the Tortoise North American Pipeline Index℠.

Tortoise provides research-driven indices that can be used as a realistic basis for exchange-traded products and thought leadership in the universe of essential assets. Its indices are intended to fill a void in the market and provide benchmarks and investable asset class universes for use by investment professionals, research analysts and industry executives to analyze relative performance as well as to provide a basis for passively managed exchange-traded products.

**The broader energy sector, as represented by the S&P Energy Select Sector® Index returned -5.26% for the second quarter. After a strong start to the year, energy sold off along with the broader market on concerns about a looming recession. Concerns around energy security persist, exacerbated by the impacts of the War in Ukraine and tightening global energy supply as demand rebounds post-COVID. Global underinvestment resulting from environmental, social and governance (ESG) commitments and energy transition is likely to keep global stock balances extremely tight for the foreseeable future, a dynamic that presents higher, but perhaps more volatile prices.**

**The global supply scarcity creates a renewed opportunity for short-cycle North American energy. In the second quarter, U.S. oil production crossed 12 million (mm) barrels per day (b/d), a level not seen since April 2020. Despite higher commodity prices, global supply is not responding. OPEC+ production continues to undershoot pledged production due to prolonged oil and gas underinvestment and rapidly shut-in production in 2020. In addition to OPEC's troubles, sanctions around exports of Russian energy took effect during the quarter. Russian volumes project to decline and or face longer transit times to their end market. On the demand side, the scarcity of commodities comes at a time as the world is entering summer, or peak demand season. Global inventories continue to draw and are well below their 5-year averages.**

### Energy infrastructure

Midstream energy, represented by the Tortoise North American Pipeline Index℠, returned -7.11% for the quarter. Investor sentiment remained positive in the first two months of the quarter but turned negative in June driven by recession concerns and investors locking in gains from the first half of the year. Despite the pullback, we remain constructive with companies buying back stock in the open market. We believe midstream serves as a hedge to many current risks investors face. Rising rates, inflation, higher commodity prices, and energy security all are key macro factors which could drive the global economy into recession.

It is important to note that not every recession equates to a significant dip in energy demand. While there were several recessions in the last 40 years, energy demand increased in 38 out of the last 40 years (ex. 2008 & 2020). While energy is viewed as a cyclical sector, the sector could be more countercyclical than investors may assume. The world remains undersupplied in energy, we believe sector balance sheets are in much better shape than in past recessions including 2001, 2008, and 2020 and in our opinion, energy is the one part of the market where earnings are growing at an accelerated rate.

With inflation surging to 40-year highs, midstream can provide inflation protection. Pipelines typically have long-term contracts with inflation protection from regulated tariff escalators. Additionally, tariffs on regulated liquid pipelines often include an inflation escalator aligned with the Producer Price Index (PPI). Federal Energy Regulatory Commission (FERC) indexing could be a material driver of cash flows with rates potentially increasing over 13% next summer on top of a massive 8.7% increase already going into effect July 1, 2022.

Higher commodity prices are positive as midstream companies should expect more volumes flowing through pipeline systems. For 2022, the Energy Information Agency (EIA) forecasts production will increase 1 mm b/d to 12.6 mm b/d, up from 11.6 mm b/d at the end of 2021. By the end of 2023, the EIA forecasts U.S. production growing to 13.4 mm b/d. We expect the Permian, America's biggest oil field, to be the primary driver of production growth.

Even before the Ukraine conflict, U.S. liquefied natural gas (LNG) cargoes were rapidly replenishing Europe's low gas storage levels via LNG tankers. The Russia-Ukraine conflict presents a large opportunity for U.S. liquefied natural gas. With energy security a higher priority and low natural gas inventories, Europe is turning to U.S. LNG imports. During the first four months of 2022, the European Union (EU) accounted for 74% of total U.S. LNG exports per the EIA. Throughout 2022, LNG exporters have contracted almost 5 Bcf/d of new contracts, signing 15-25-year contracts with European and Asian counterparties.

We expect the balanced return of capital story to continue for investors via debt reduction, share buybacks, and increased distributions. The other use of capital is on mergers and acquisitions (M&A). In the first half of 2022, there were several accretive bolt-on acquisitions of private assets completed by larger energy infrastructure companies. These assets expand the footprint of company existing assets and help operators keep volumes on systems across their value chains.

Regulatory news continues to be mixed. In the northeast, pipeline infrastructure is constrained. To alleviate this constraint, one major pipeline under construction is the Mountain Valley Pipeline (MVP). During the first half of the year, the U.S. Court of Appeals for the Fourth Circuit overturned federal approval of a forest-crossing permit. Seeing the setback with MVP, companies are doing what they can to avoid the red-tape that comes with building new pipelines. Adding compression stations, for example, can increase volumes and avoid the exhaustive permitting process affiliated with building new pipelines.

The focus of the fund is on companies with export infrastructure, both LNG and liquefied petroleum gas (LPG), and the ability to transport energy commodities to export centers. These companies can benefit from the growing shift away from Russian energy. The fund also maintains its emphasis on what we believe to be strong and growing free cash flow profiles and on those companies with exposure to the most competitive basins for hydrocarbon production, including the Permian and Marcellus basins.

| Top 10 holdings (as of 6/30/2022) | |
|---|---|
| 1. Enbridge Inc | 7.7% |
| 3. TC Energy Corp | 7.6% |
| 2. The Williams Companies, Inc. | 7.2% |
| 4. Kinder Morgan, Inc. | 6.9% |
| 5. Cheniere Energy Inc | 6.6% |
| 6. Enterprise Products Partners L.P. | 6.1% |
| 10. Atmos Energy Corp | 4.5% |
| 9. Nisource Inc | 4.4% |
| 7. Pembina Pipeline Corp | 3.8% |
| 8. Energy Transfer L.P. | 3.7% |

### Key quarterly asset performance drivers

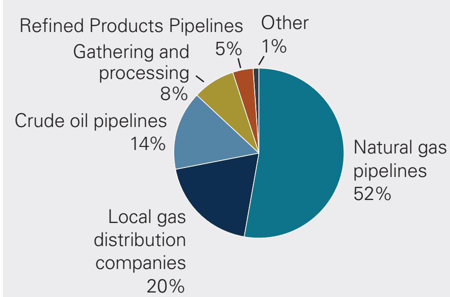
- The fund's largest allocation to natural gas pipeline companies was the largest detractor to performance
- The fund's allocation to local gas distribution, while negative for the quarter, provided positive relative performance
- The fund's smaller allocations in gathering & processing and crude oil pipelines were also performance detractors during the quarter

| Top five contributors |
|---|
| Southwest Gas Corporation |
| Spire Inc |
| Northwest Natural Holding Co. |
| Delek Logistics Partners LP |
| PBF Logistics LP |

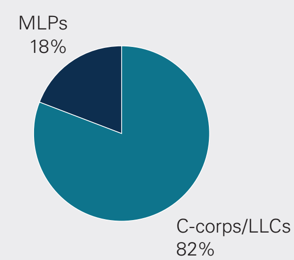
| Bottom five contributors |
|---|
| Targa Resources Corp. |
| ONEOK, Inc |
| Kinder Morgan Inc |
| Enbridge Inc |
| TC Energy Corp. |

### Portfolio* as of 6/30/2022

#### By pipeline type




#### By structure type




Due to rounding, totals may not equal 100%.

*Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser.

## Performance (as of 6/30/2022)

| | QTD | Calendar YTD | 1 year | 3 year | 5 year | Since inception[1] |
|---|---|---|---|---|---|---|
| TPYP market price (total return) | -7.42% | 11.53% | 12.93% | 6.08% | 5.82% | 4.30% |
| TPYP NAV (total return) | -7.24% | 11.65% | 12.83% | 6.13% | 5.88% | 4.31% |
| Tortoise North American Pipeline Index[SM] (TNAPT) | -7.11% | 12.03% | 13.64% | 6.59% | 6.42% | 4.87% |

Source: Bloomberg for TNAPT

[1]The fund commenced operations on 6/29/2015.

***Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Returns less than one year are not annualized. NAV prices are used to calculate market price performance prior to the date when the fund first traded on the New York Stock Exchange. Market performance is determined using the bid/ask midpoint at 4:00pm Eastern time, when the NAV is typically calculated. Market performance does not represent the returns you would receive if you traded shares at other times. For the fund's most recent month end performance, please call (844) TR-INDEX or (844) 874-6339.***

***As stated in the Prospectus, the total annual operating expenses are 0.40%. The advisor has agreed to pay all expenses incurred by the fund except for the advisory fee, interest, taxes, brokerage expenses and other fees, charges, taxes, levies or expenses (such as stamp taxes) incurred in connection with the execution of portfolio transactions or in connection with creation and redemption transactions.***

***Index returns are for illustrative purposes only. Unlike the fund return, index return is pre-expenses and taxes. Index performance returns do not reflect any management fees, transaction costs or expenses.***

## Disclosures

TIS Advisors is the adviser to the Tortoise North American Pipeline Fund and is a registered investment advisor providing research-driven indices that can be used as a realistic basis for exchange-traded products and thought leadership in the universe of essential assets. Its indices are intended to fill a void in the market and provide benchmarks and investable asset class universes for use by investment professionals, research analysts and industry executives to analyze relative performance as well as to provide a basis for passively managed exchange-traded products. Vident Investment Advisory, LLC serves as sub-adviser to the Fund.

***The fund's investment objective, risks, charges and expenses must be considered carefully before investing. The summary and statutory prospectus contains this and other important information about the fund and may be obtained by calling 844-TR-INDEX (844-874-6339) or visiting www.TortoiseEcofin.com. Read it carefully before investing.***

**Shares of Exchange Traded Funds (ETFs) are not individually redeemable and owners of the shares may acquire those shares from the ETF and tender those shares for redemption to the ETF in Creation Units only. See the ETF prospectus for additional information regarding Creation Units. Investors may purchase or sell ETF shares throughout the day through any brokerage account, which will result in typical brokerage commissions.**

**Investing involves risk. Principal loss is possible. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual stock volatility than a diversified fund. Investing in specific sectors such as energy pipelines may involve greater risk and volatility than less concentrated investments. Risks include, but are not limited to, risks associated with companies owning and/or operating energy pipelines, as well as Master Limited Partnerships (MLPs), MLP affiliates, capital markets, terrorism, natural disasters, climate change, operating, regulatory, environmental, supply and demand, and price volatility risks.**

**The tax benefits received by an investor investing in the fund differ from that of a direct investment in an MLP by an investor. The value of the fund's investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. Investments in non-U.S. companies (including Canadian issuers) involve risk not ordinarily associated with investments in securities and instruments of U.S. issuers, including risks related to political, social and economic developments abroad, differences between U.S. and foreign regulatory and accounting requirements, tax risk and market practices, as well as fluctuations in foreign currencies. The fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. The fund is not actively managed and therefore the fund generally will not sell a security due to current or projected underperformance of a security, industry or sector, unless that security is removed from the index or the selling of the security is otherwise required upon a rebalancing of the index. There is no guarantee that the fund will achieve a high degree of correlation to the index and therefore achieve its investment objective. Shares may trade at prices different than net asset value per share.**

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 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. The S&P 500® Index is a market-value weighted index of equity securities. The Tortoise North American Pipeline Index℠ is a float-adjusted, capitalization-weighted index of pipeline companies domiciled in the U.S. and Canada. The Tortoise MLP Index® is a float-adjusted, capitalization-weighted index of energy master limited partnerships. 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. It is not possible to invest directly in an index.

The Tortoise North American Pipeline Index℠ and the Tortoise MLP Index® (each an "Index") is the exclusive property of TIS Advisors, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Index. "Calculated by S&P Dow Jones Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by TIS Advisors and its affiliates. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). No portion of this publication may be reproduced in any format or by any means including electronically or mechanically, by photocopying, or by any other form or manner whatsoever, without the prior written consent of TIS Advisors. The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-through securities), asset-backed securities and commercial mortgage-backed securities (agency and non-agency).

Free Cash Flow is the cash a company produces through its operations, less the cost of total capital expenditures (growth and maintenance). EBITDA, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance. 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.



The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds and separate accounts) with at least a three-year history without adjustment for sales load. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive five stars, the next 22.5% receive four stars, the next 35% receive three stars, the next 22.5% receive two stars, and the bottom 10% receive one star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three-, five- and 10-year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three-year rating for 36 - 59 months of total returns, 60% five-year rating/40% three-year rating for 60 - 119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. As of 6/30/2022, TPYP was rated against 99 Energy Limited Partnership Funds over the three year period and 76 funds over the five year periods. TPYP received four stars for the three-year period and five stars for the five-year period. Past performance is no guarantee of future results. Past performance is no guarantee of future results.

MSCI ESG Research LLC's ("MSCI ESG") Fund Metrics and Ratings (the "Information") provide environmental, social and governance data with respect to underlying securities within more than 31,000 multi-asset class Mutual Funds and ETFs globally. MSCI ESG is a Registered Investment Adviser under the Investment Advisers Act of 1940. MSCI ESG materials have not been submitted to, nor received approval from, the US SEC or any other regulatory body. None of the Information constitutes an offer to buy or sell, or a promotion or recommendation of, any security, financial instrument or product or trading strategy, nor should it be taken as an indication or guarantee of any future performance, analysis, forecast or prediction. None of the Information can be used to determine which securities to buy or sell or when to buy or sell them. The Information is provided "as is" and the user of the Information assumes the entire risk of any use it may make or permit to be made of the Information.

The MSCI ESG Fund Ratings is designed to assess the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

- AAA, AA: Leader- The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events.

- A, BB, BB: Average- The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management.

- B, CCC: Laggard- The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events.

The Fund ESG Rating is calculated as a direct mapping of "Fund ESG Quality Score" to letter rating categories.

• 8.6- 10: AAA

• 7.1- 8.6: AA

• 5.7- 7.1: A

• 4.3- 5.7: BBB

• 2.9- 4.3: BB

• 1.4- 2.9: B

• 0.0- 1.4: CCC

The "Fund ESG Quality Score" assesses the resilience of a fund's aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular breakdown of each issuer's business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The "Fund ESG Quality Score" is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores.

The "Fund ESG Quality Score" is assessed using the underlying holding's "Overall ESG Scores", "Overall ESG Ratings", and "Overall ESG Rating Trends". It is calculated in a series of 3 steps.

Step 1: Calculate the "Fund Weighted Average ESG Score" of the underlying holding's "Overall ESG Scores". The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document.

Step 2: Calculate adjustment % based on fund exposure to "Fund ESG Laggards ()", "Fund ESG Trend Negative ()", and "Fund ESG Trend Positive (%)".

Step 3: Multiply the "Fund Weighted Average ESG Score" by
(1 + Adjustment %).

For more information please visit https://www.msci.com/esg-fund-ratings