# Issuer Spotlight:
# Q&A TortoiseEcofin

**Mark Marifian**
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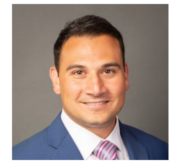

**Q. Joining us today is Mark Marifian, Director and Client Portfolio Manager for TortoiseEcofin, who will be focusing on energy, more specifically energy infrastructure, for this segment. So, when you think about fundamentals, you are evaluating energy demand. How is that impacting energy and energy infrastructure sector?**

Energy demand, despite some fits and starts we're seeing globally due to the COVID-19 Delta variant, is rebounding. The mobility surge is being driven by the reopening of economies around the world. Gasoline and diesel demand are near pre-pandemic levels while jet fuel demand is rebounding as well. This past weekend we saw TSA travelers exceeded 2.2mm daily travelers for the first time since post-pandemic.

Energy agencies who forecast energy demand now expect crude oil demand to reach pre pandemic levels in 2022. This comes after there were many prognosticators saying that we'd never reach pre-pandemic crude oil demand levels ever again, post Covid. North American midstream infrastructure has operational leverage to the upside and the infrastructure in place, so should additional volumes start flowing through pipelines as the economy reopens, midstream stocks can benefit.

From a fundamental standpoint companies are focused on generating free cash flow. What companies are doing with all their free cash flow is returning it to shareholders. Specifically, they are paying down debt, paying distributions, buying back stock, and I think eventually you're going to start seeing companies start to grow their distributions as well.

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**Q. Let's move to valuations. Energy, along with other cyclicals sold off in 2020. Have valuations recovered the losses from last year's selloff?**

Energy securities today remain cheap and we think are under owned by investors. We think generalists as the economy starts to rebound are going to need to get equal weight energy in their overall portfolios. We can look at this from a few different ways on a valuation perspective.

So first, if you look at free cash flow yields, energy infrastructure has a free cash flow yield of 10% after their capital spending needs, that's more than double the S&P 500.

Relative valuation metrics, the most common one we've looked at for many years is enterprise valuation to EBITDA, show energy infrastructure stocks trading below more than 25% below their long-term fair value average.

Finally, we can look at transactions in the market, in terms of asset sales, who's buying and selling. From a private equity perspective, we've seen several transactions this year result in a higher multiple than where midstream stocks are trading today.

So, despite the recent run midstream has had in the first half of 2021, we believe opportunity lies ahead.

**Q. There has been a spate of announcements by energy companies over the past few months on the steps they're taking to reduce or offset their greenhouse gas emissions. Can you talk about how companies are participating in the energy transition?**

Midstream companies are embracing a shift towards energy transition. As we look to the future pipelines can be retrofitted to move different forms of energy, and not just traditional fossil fuels.

We've identified four pillars of energy transition growth for midstream companies: 1) carbon capture utilization and storage, 2) hydrogen, 3) renewable diesel, and 4) renewable natural gas. So we'll just give you a quick preview of what each of those pillars are.

Carbon capture utilization and storage – this is where carbon is captured from the atmosphere. You can capture the carbon in higher concentrations, particularly if you're focusing on point sources such as industrial exhaust. We think about the Gulf Coast where there is a significant amount of heavy industry. You capture the carbon from the Gulf Coast, transport that carbon via pipeline, then the carbon can be stored underground, or you can take the carbon and inject it into already drilled oil wells and help enhance additional recovery of volumes.

Second, you have hydrogen. This pillar is very interesting, it could be really, really large. Hydrogen, we think by 2050 could make up to 25% of the world's energy needs. This would happen by displacing fuel used in the power sector, transportation sector, and for heating. Today, we're seeing natural gas pipeline operators assess the ability to mix hydrogen into natural gas streams for existing pipelines. So expect more of this to come in the future.

Third, we have renewable diesel. Renewable diesel is indistinguishable from traditional diesel. It inputs are mostly thought of as animal and vegetable fats. This fuel will help extend the useful life of energy infrastructure assets tied to refineries as well.

And finally, you have renewable natural gas. Renewable natural gas, like renewable diesel, is indistinguishable from natural gas. Renewable natural gas takes organic waste, which would otherwise decay, and emit the methane into the atmosphere, and instead is captured and used to replace existing fossil fuel based natural gas, creating a carbon negative solution. Today, both pipeline companies and utility companies are looking at blending renewable natural gas into their gas distribution systems.

We believe these four pillars provide a growth opportunity for energy infrastructure as energy transitions.

Our product, The Tortoise North American Pipeline Fund, TPYP, invests in companies focused on the energy infrastructure opportunities mentioned today.

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**Note from TortoiseEcofin:**

TIS Advisors 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. For additional information, please call 844-TR-INDEX (844-874-6339) or email **info@tortoiseecofin.com.**

*Before investing in the funds, investors should consider their investment goals, time horizons and risk tolerance. The funds' investment objective, risks, charges and expenses must be considered carefully before investing. The statutory prospectuses and the summary prospectuses **(click here)** contain this and other important information about the funds. Copies of the funds' prospectus may be obtained by calling 844-TR-INDEX. 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. TPYP is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the funds are 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. The ETF funds are not actively managed and therefore the funds 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.

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**TPYP:**

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 midcap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies.

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.

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

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