Tortoise MLP & Pipeline Fund (TORIX/TORTX)

Tortoise MLP & Pipeline Fund (TORIX/TORTX) received a Four-Star Overall Morningstar Rating™ among 84 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 6/30/2020.

2Q 2020 QUARTERLY COMMENTARY

Investment strategy

The fund focuses on the large and diverse North American pipeline universe, providing access to the sizable pipeline network of one of the world's largest consumers of energy. The fund has the ability and flexibility to access traditional pipeline corporations alongside master limited partnerships (MLPs). We believe these pipeline companies and MLPs have strong business fundamentals and expanded growth opportunities.

The second quarter certainly had its highs and lows. When the period started, COVID-19 was becoming a serious concern in the U.S. and many other countries across the globe, with shelter-at-home orders and basic shutdowns of countries and economies becoming prevalent. By the end of the period, some parts of the world, including the U.S. began to emerge from several months of quarantine-induced economic slumber. While the virus is still gaining momentum in some parts of the globe, it is slowing in others and we are seeing more indicators that life is slowly making the first hesitant steps back towards normalcy. This has taken the form of direct data showing the narrowing gaps between oil and gas supply/demand, as well as untraditional metrics showing more people out on the roads requesting driving directions.

During the period, the broad equity markets were be driven by hopes and possibilities that the world could be closer to a COVID-19 vaccine. Markets vacillated as each drug saw successes or failures during trials but ended on a solid note with the S&P 500® Index returning 20.5% for the second quarter. Energy markets improved throughout the period as oil inventories declined with an increase in transportation demand and supply cuts and the market saw signs of balance. The broader energy sector, as represented by the S&P Energy Select Sector® Index, returned 32.1% during the second quarter.

Energy update

Rarely have we seen a sector experience two consecutive months with more extremes than energy did in April and May. In April, oil prices plummeted to negative $37 around expiration of the front-month futures contract. May's front-month futures contract expiration did not result in similar theatrics. The massively oversupplied global oil market in April that resulted in higher inventories subsided, resulting in higher prices. In fact, oil prices had the largest monthly gain in history in May. Crude oil spot prices, represented by West Texas Intermediate (WTI), began the quarter at $20.48 per barrel, troughed at -$37.63 on April 20. Prices briefly surpassed $40 in late June and ended the period at $39.27.

Indications are that China oil demand is approaching pre-COVID levels. U.S. demand appears to be increasing as well. Increased demand from two of the largest energy consumers in the world are helping balance the global oil supply and demand equation. Meanwhile, on the supply side, Saudi Arabia, Russia, and other OPEC nations are cutting production along with the U.S. In fact, the U.S. rig count is at its lowest level since 2009 indicating further production declines. According to Energy Information Administration (EIA) estimates, U.S. crude oil production fell from a record 12.9 million barrels per day (b/d) in November 2019 to 11.0 million b/d in June 2020. Baker Hughes reported that the U.S. had the fewest active drilling wells on record dating back to 1987. EIA forecasts that U.S. crude oil production will average 11.6 million b/d in 2020, and 11.0 million b/d in 2021, which would mark the first annual decline since 2016.1

While oil dominates the headlines, natural gas continues to provide a cleaner burning energy source. As a result, we continue to see natural gas as a critical source of energy supply going forward. A reduction in natural gas demand caused by COVID-19 has resulted in the convergence of global natural gas prices. Natural gas prices, represented by Henry Hub, opened the quarter at $1.71 per million British Thermal Units (mmbtu), peaked on May 5 at $1.93 before ending the quarter close to where it began at $1.76.

In the short term, the convergence of prices restricts the global liquefied natural gas (LNG) trade. It was reported that potentially 35-45 U.S. LNG cargoes scheduled for July loading could be canceled. On the demand side, the EIA expects U.S. LNG exports to decline through the end of the summer as a result of reduced global demand for natural gas, but to increase beginning in September as global natural gas demand gradually recovers. Longer term, lower natural gas prices are causing deferrals and cancelations of several LNG projects. Therefore, the global LNG market is expected to balance faster than analysts expected and there will likely be fewer players in the global LNG market. Existing LNG providers, with historically stable cash flows backed by long-term contracts will likely benefit from fewer market participants as LNG demand and commodity prices rise in the future.

However, low natural gas prices encourage coal-to-gas switching. We expect low natural gas prices in Europe to result in coal-to-gas fuel switching for electricity generation in countries like Germany this summer. Also, South Korea and Japan are expected to switch to natural gas from coal due to low prices as well. Clearly, more natural gas and less coal will reduce CO2 emissions. According to the EIA, U.S. dry natural gas production averaged 92.2 billion cubic feet per day (Bcf/d) in 2019, setting a new record and forecasts average dry natural gas production at 89.2 Bcf/d in 2020 and 84.2 Bcf/d in 2021 before production is expected to begin rising in the second quarter of 2021 in response to higher prices.[1]

Midstream

Midstream energy had a strong second quarter with the Tortoise North American Pipeline Index℠ return of 23.2%. MLPs had a very strong recovery with the Tortoise MLP Index® return of 49.4% during the period. In general, first quarter earnings for midstream companies were treated as a non-event, with an exclusive focus on company outlooks. Conditions appear to be improving, but are still far from normal. Full year guidance is now 8% lower on average. Companies with significant natural gas businesses and/or take or pay contracts reaffirmed guidance, whereas others with cash flows tied to wellhead volumes provided a wider range of outcomes. This falls in line with the sensitivity analysis we conducted. Management teams are seeking to insulate and improve their balance sheet while investor focus has remained on the sustainability of company cash flows and ultimately the dividends. Companies continued to reduce spending to better align activity with the new environment and we estimate capex is now 25% lower than original 2020 plans. Although, in most cases these projects did shift out of 2020 capital budgets, many of these projects will be necessary when demand stabilizes and may reappear in 2021 capital programs or beyond.

On the regulatory front, in early July, a DC District Court judge announced that the Dakota Access Pipeline (DAPL) must shut down by August 5 while the Army Corps of Engineers completes an environmental impact statement (EIS). The court ruled that a federal permit for DAPL fell short of requirements to allow the pipeline to continue operating while the Army Corps bolsters their analysis. The completion of the EIS is expected in mid-2021. It is important to note that the pipeline has operated safely for that past three years, delivering oil from North Dakota to Illinois. The next likely step is that the Army Corps will appeal the decision to a higher court, with the potential for a quick decision. Without DAPL available for transportation, we think the marginal barrel out of the Bakken will be transported by rail.

Separately, New York regulators denied a water permit for William's proposed Northeast Supply Enhancement natural gas pipeline. Now, it is unlikely that Williams will pursue this project which would have resulted in lower heating bills for certain New York residents. The project cancellation immediately improves Williams' free cash flow. And as we are emphasizing a free cash flow focus to management teams, we consequently view this and other project cancellations and deferrals favorably.

Capital markets

Capital markets activity was driven mostly by debt issuance with midstream companies raising approximately $14 billion in total during the second quarter of 2020, down from the first quarter. Merger and acquisition activity was minimal with approximately $250 million for the period. The largest deal was Plains All American (PAA) selling its natural gas liquids (NGL) terminal assets to Crestwood Equity Partners (CEQP) totaling approximately $160 million.

[1] EIA July 2020 STEO

Key quarterly asset performance drivers

- All pipeline segments had positive performance for the quarter
- The fund's large allocation to natural gas pipeline companies added the most to positive performance
- MLPs significantly outperformed C-corps during the quarter, which restrained the fund's performance due it's RIC structure limiting exposure to MLPs

Key quarterly asset performance drivers

Top five contributors	Company type	Performance driver
Williams Companies, Inc.	Natural gas pipeline company	Historically stable natural gas pipeline business
Cheniere Energy Inc.	Natural gas pipeline company	Long-term take or pay contracts provide visibility to historically stable cash flow
Targa Resources Corp.	Gathering and processing company	More optimism toward Permian volume improvement
ONEOK, Inc.	Natural gas pipeline company	More optimism toward Bakken volume improvement and stable demand for natural gas liquids (NGLs)
MPLX LP	Refined products pipeline company	Protection from minimum volume commitments and business diversification with Northeast midstream business

Bottom five contributors	Company type	Performance driver
TC Energy Corp.	Natural gas pipeline company	Stability of natural gas pipeline business was out of favor
Holly Energy Partners, L.P.	Refined products pipeline company	Reduced distribution following lower refined product demand
Altus Midstream Company	Natural gas pipeline company	Sponsor (Apache) reducing drilling activity
CNX Midstream Partners LP	Gathering and processing company	Distribution reduction in favor of building a stronger balance sheet
CMS Energy	Power company	Stability offered by regulated cash flows was out of favor

Portfolio as of 6/30/2020 (unaudited)

By asset type

Natural gas/ natural gas liquids pipelines	51%
Crude oil pipelines	25%
Refined product pipelines	12%
Gathering and processing	11%
Diversified infrastructure	1%

By ownership structure

C-corps/LLCs	71%
MLPs	29%

Fund holdings are subject to change and are not recommendations to buy or sell any security.

Top 10 holdings (as of 6/30/2020)

1. Kinder Morgan, Inc.	8.7%	6. Plains GP Holdings, L.P.	6.5%
2. Enbridge Inc.	8.4%	7. Enterprise Products Partners L.P.	5.6%
3. The Williams Companies, Inc.	8.3%	8. Energy Transfer LP	5.3%
4. Cheniere Energy, Inc.	7.8%	9. MPLX LP	5.2%
5. ONEOK, Inc.	7.6%	10. Targa Resources Corp.	5.1%

Performance (as of 6/30/2020)

	Class	2Q 2020	1 year	3 year	5 year	Since inception*	Expense ratio Gross
TORIX	Institutional	29.35%	-35.72%	-12.54%	-9.12%	0.92%	0.93%
TORTX	Investor (excluding load)	29.40%	-35.90%	-12.97%	-9.38%	0.63%	1.18%
TORTX	Investor (maximum load)	22.36%	-39.40%	-14.41%	-10.40%	0.01%	1.18%
TORCX	C Class (excluding CDSC)	29.04%	-36.38%	-13.40%	-10.03%	-0.10%	1.93%
TORCX	C Class (including CDSC)	28.04%	-36.99%	-13.40%	-10.03%	-0.10%	1.93%
SPXT	S&P 500® Index	20.54%	7.51%	10.73%	10.73%	11.94%	
TNAPT	Tortoise North American Pipeline Index℠	23.26%	-26.82%	-6.22%	-3.29%	3.62%	

Note: For periods over one year, performance reflected is for the average annual returns.
*The Institutional and A Class Shares commenced operations on 5/31/2011 and C Class Shares commenced operations on 9/19/2012. Performance shown prior to inception of the C Class Shares is based on the performance of the Institutional Class Shares, adjusted for the higher expenses applicable to C Class Shares. The S&P 500® Index is an unmanaged market-value weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance. Returns include reinvested dividends. The Tortoise North American Pipeline Index℠ is a float-adjusted, capitalization-weighted index of pipeline companies headquartered in the U.S. and Canada. It is not possible to invest directly in an index.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 855-TCA-Fund (855-822-3863).

Performance data shown reflecting the A Class (maximum load) reflects a sales charge of 5.50%. Performance data shown "excluding load" does not reflect the deduction of the maximum sales load. Performance data shown for the C Class (including CDSC) reflects a contingent deferred sales charge (CDSC) of 1% for the first 12 months of investment. Performance data shown "excluding CDSC" does not reflect the deduction of the CDSC. If reflected, the load and the CDSC would reduce the performance quoted. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

Disclosures

Tortoise Capital Advisors, L.L.C. is the adviser to the Tortoise MLP & Pipeline Fund. Tortoise Capital Advisors is an investment manager specializing in listed energy investments and is considered a pioneer in managing portfolios of MLP securities and other energy companies for individual, institutional and closed-end fund investors.

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 855-TCA-FUND (855-822-3863) or visiting www.tortoiseadvisors.com. Read it carefully before investing.

Mutual fund 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 infrastructure 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 pipelines and complementary assets, 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 differs 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. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The fund may also write call options which may limit the fund's ability to profit from increases in the market value of a security, but cause it to retain the risk of loss should the price of the security decline.

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 6/30/2020, TORIX/TORTX was rated against the following number of Energy Limited Partnership Funds over the following periods: 84 and 76 for the three-year and five-year time periods. TORIX/TORTX received three and four stars, respectively. Past performance is no guarantee of future results. Nothing contained on this communication constitutes tax, legal or investment advice. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. **Past performance is no guarantee of future results.**

The S&P 500® Index is an unmanaged market-value weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance. The Tortoise North American Pipeline Index℠ is a float-adjusted, capitalization weighted index of North American energy companies primarily engaged in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). Returns include reinvested distributions and dividends. The Tortoise MLP Index® is float-adjusted, capitalization-weighted index of energy MLPs. The S&P Energy Select Sector® Index is a modified market capitalization-based index of S&P 500® companies in the energy sector that develop and produce crude oil and natural gas and provide drilling and other energy related services. Returns include reinvested dividends. You may not directly invest in an index.

Free cash flow is the cash a company produces through its operations, less the cost of total capital expenditures (growth and maintenance).

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