Tortoise

Tortoise MLP & Energy Infrastructure Fund (MLPPX)

3Q 2019 QUARTERLY COMMENTARY

Investment strategy

Under normal market conditions, the fund will invest at least 80% of its total assets in equity and debt securities of MLPs focused on the energy infrastructure sector, and in equity and debt securities of other companies focused on the energy infrastructure sector. Asset allocation is flexible and can shift as opportunities and valuations change.

Market overview

Master Limited Partnerships (MLPs), as represented by the Alerian MLP Index returned -5.02% for the quarter and -8.13% for the one-year period ending September 30, 2019. In comparison, the S&P 500® Index returned 1.70% and 4.25% for the quarter and one-year, respectively. Year to date, MLPs returned a strong 11.08% in comparison to broader energy indices but underperformed other higher-yielding assets such as real estate investment trusts (REITs) and utilities which each returned more than 20% for the same time period.

We believe political and regulatory risk, in addition to weaker crude oil prices are key factors affecting investor sentiment towards energy equities and the reason why midstream equity prices have only marginally improved despite reduced risk in the energy industry through stronger balance sheets and lower capital spending plans. Our long-term outlook is bullish as we believe the industry is much healthier than investor sentiment indicates. Valuations are attractive and energy securities should benefit if value investing begins to outperform.

The Advisory Research MLP team officially joined forces with the Tortoise team in a transaction that closed during the third quarter. This brings together two highly experienced and tenured midstream energy pioneers with strong track records and complementary investment philosophies anchored in fundamental research. We believe the combined entity will be best-in-class. Other than the Tortoise name, our clients should notice little change as the St. Louis investment team will continue to manage differentiated strategies for our clients.

Asset allocation

The fund's equity allocation of 71.5% at quarter-end is in-line with the fund's average equity allocation since inception of 71.5%. Our positive outlook remains unchanged and longer-term, we expect the fund's positioning to reflect our view that the fundamentals for the energy industry have recovered and continue to improve. Bonds issued by energy companies should experience moderate returns moving forward, whereas we believe the equities issued by these same companies remain significantly discounted.

Fund attribution commentary

MLPPX returned -2.04% and 12.53% versus the Index's -5.02% and 11.08% returns for the quarter and year-to-date, respectively. In a negative market, during the quarter, the fund's performance was in-line with expectations.

- The equity portion of the portfolio, which consists of MLPs and energy infrastructure equities, returned -2.93% for the quarter. Energy infrastructure equities trailed MLPs during the quarter. Weakness in the quarter was likely driven by investor concerns over midstream infrastructure tied to northeast gas producers. For the year-to-date period, the equity portion of the portfolio returned 14.62%, driven by strong performance from larger-cap, higher quality midstream entities.
- As expected, fixed income returns were more subdued following a strong first quarter performance. For the quarter, the fixed income portion of the fund returned 0.57%, ahead of the Bloomberg Barclays U.S. High Yield Energy Bond Index's return of -4.38%. Despite similar credit metrics, a valuation gap remains between smaller high-yield issues and larger investment grade issues. At quarter-end, approximately 86% of the fixed income holdings were high yield bonds. We believe high-yield bonds are a safer and less volatile part of the capital structure versus equities. For the year-to-date period, the fixed income portion of the portfolio returned 10.37%.

Performance attribution of asset classes will not equate to the total return performance of the Fund. Relative performance in a particular asset class due to asset allocation or stock selection over a short period is no indication or guarantee of fund performance over longer time horizons.

Portfolio positioning

Midstream equities had negative performance for the quarter. Large-cap, diversified names were defensive during the period resulting in stronger year-to-date performance for higher quality names compared to lower quality issuers. Previously, most of the midstream space had participated in the recovery, but the breadth of the recovery narrowed during the third quarter.

The equity holdings continue to be concentrated in higher quality, stable cash flow companies and throughout the year the portfolio has increased its defensive positioning. During the quarter the portfolio moved towards higher quality, lower yielding names and away from companies hindered by negative sentiment related to low natural gas and natural gas liquids (NGL) prices. Additionally, during the quarter the fund implemented a hedging strategy of selling covered calls to provide modest downside protection and generate cash.

Themes in our portfolio include a preference for midstream infrastructure that is integrated from the wellhead to the end user. These companies, which generally reside in the diversified infrastructure sector, should benefit from touching volumes multiple times across the value chain. We are also overweight midstream entities with meaningful exposure to rising export markets. Longer term, we continue to be overweight natural gas infrastructure compared to oil infrastructure. Natural gas is cheap, abundant and, markedly cleaner than oil or coal when used as a fuel for electricity generation. As the country and the world move towards greater electrification, we believe natural gas will be the largest source of energy to fuel economic growth.

The fixed income portfolio is tilted towards midstream holdings with improving leverage metrics and demonstrated financial support from their parent/sponsor. Midstream companies do not have meaningful customer concentration and thus should allay investor concerns about smaller exploration and production company bankruptcies. The fixed income portfolio remains weighted towards non-investment grade holdings with shorter maturities. As the energy/ midstream recovery continues to unfold, high yield bonds should provide better protection against higher rates.

By investing across the capital structure of energy infrastructure companies, the fund seeks to deliver returns in line with MLPs, with high correlation to the Alerian MLP Index, but with significantly less volatility. Since inception, the fund has more than achieved these goals with returns in excess of the benchmark and less volatility.

Portfolio as of 9/30/2019 (unaudited)

Security type

C-corps/LLCs	46%
Bonds	28%
MLPs	26%

Security breakdown

Natural gas pipelines	39%
Gathering and processing	18%
Crude oil pipelines	14%
Refined product pipelines	14%
Refining	9%
Other	5%

Top 10 holdings (as of 9/30/2019)

1. Magellan Midstream Partners, L.P.	5.7%	6. Kinder Morgan, Inc.	5.0%
2. Plains GP Holdings, L.P.	5.2%	7. ONEOK, Inc.	5.0%
3. Enterprise Products Partners L.P.	5.1%	8. The Williams Companies, Inc.	4.8%
4. Enbridge Inc.	5.1%	9. MPLX LP	4.5%
5. TC Energy Corporation	5.0%	10. Energy Transfer LP	4.5%

Performance (as of 9/30/2019)

	Class	3Q 2019	Calendar YTD	1 year	3 year	5 year	Since inception	Standard Deviation*
MLPPX	Institutional	-2.04%	12.53%	-4.61%	-2.00%	-6.56%	3.73%	15.93%
AMZX	Alerian MLP Index	-5.02%	11.08%	-8.13%	-2.46%	-8.65%	2.95%	21.21%

The Fund's gross expense ratio is 0.93%.
Performance for periods over one year is annualized. The performance data quoted here represents past performance.
Past performance is no guarantee of future results. Investment return and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain performance information current to the most recent monthend, please call 1-888-665-1414.
A redemption fee of 2.00% will be imposed on redemptions or exchanges of shares you have owned for 90 days or less.
*Since 9/9/2010. Standard deviation is a measure of daily volatility, which shows how much variation exists from the average return.
The 30-Day SEC Yield was 3.26%. The 30-Day SEC Yield reflects annualization of the Fund's total net investment income per share for the 30-day period ended on the last day of the month.

Disclosures

Investing in MLPs using mutual funds allows the investor to delay paying taxes on any distributed income until the investment is sold, potentially enabling any gains to qualify as long term (which are taxed at a lower rate than short-term capital gains).

Investments in securities of MLPs involve risks that differ from investments in common stock including risks related to limited control and limited rights to vote on matters affecting the MLP, risks related to potential conflicts of interest between the MLP and the MLP's general partner, cash flow risks, dilution risks and risks related to the general partner's limited call right. Additionally, investing in MLPs involves material income tax risks and certain other risks. Actual results, performance or events may be affected by, without limitation: (1) general economic conditions (2) performance of financial markets (3) interest rate levels (4) changes in laws and regulations and (5) changes in the policies of governments and/or regulatory authorities. MLPs may have additional expenses, as some MLPs pay incentive distribution fees to their general partners. The value of MLPs depends largely on the MLPs being treated as partnerships for U.S. federal income tax purposes. If MLPs were subject to U.S. federal income taxation, distributions generally would be taxed as dividend income. As a result, after-tax returns could be reduced, which could cause a decline in the value of MLPs. If MLPs are unable to maintain partnership status because of tax law changes, the MLPs would be taxed as corporations and there could be a decrease in the value of the MLP securities. The Alerian MLP Index is the leading gauge of energy infrastructure Master Limited Partnerships (MLPs). The capped, floatadjusted, 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 (AMZ) and on a total-return basis (AMZX). The S&P 500 Index is widely regarded as a standard for measuring U.S. stock market performance. The Bloomberg Barclays U.S. High Yield Energy Bond Index covers the energy component of dollar-denominated, fixed rate, non-investment grade debt. Eurobonds, and debt issues from countries designated as emerging markets (e.g., Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144As, and pay-in-kind bonds are also included.

The fund is non-diversified, which means that the fund may invest in the securities of relatively few issuers. Investments in securities of a limited number of issuers or primarily of the energy infrastructure sector exposes the fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers. The fund may invest in derivatives, (futures and options), high yield debt (also known as junk bonds) and exchange traded funds ("ETFs"). These investments involve significant risks and losses may occur. Derivatives may be more sensitive to changes in market conditions and may amplify risks. The fund may invest in the debt securities of MLPs and generally, fixed income securities decrease in value when interest rates rise. High yield securities are below investment grade quality and may be considered speculative with respect to the issuer's continuing ability to make principal and interest payments. Certain transactions including the use of derivatives may give rise to a form of leverage which may increase the risk of loss and cause fluctuations in the market value of the fund's portfolio to have disproportionately large effects or cause the NAV of the fund generally to decline faster than it would otherwise. The fund intends to elect to be treated and to qualify each year, as a "regulated investment company" under the U.S. Internal Revenue Code of 1986 (the "Code"). To maintain qualification for federal income tax purposes as a regulated investment company under the Code, the fund must meet certain source-of-income, asset diversification and annual distribution requirements. If for any taxable year the fund fails to qualify for the special federal income tax treatment afforded to regulated investment companies, all taxable income will be subject to federal income tax and possibly state and local income tax at regular corporate rates (without any deduction for distributions to shareholders) and any income available for distribution will be reduced.

This commentary must be preceded or accompanied by the current prospectus. Click here for current prospectus.

Note: This commentary contains forward-looking statements about various economic trends and strategies. You are cautioned that such forward-looking statements are subject to significant business, economic and competitive uncertainties and actual results could be materially different. There are no guarantees associated with any forecast; the opinions stated here are subject to change at any time and are the opinion of Tortoise. The data is obtained from sources we deem reliable; it is not guaranteed as to its accuracy. Past performance does not guarantee future results. Investing in MLPs may require tax filings in multiple jurisdictions. This report is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any securities.

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