Tortoise Capital

Tortoise Energy Infrastructure and Income Fund (INFIX/INFRX/INFFX)

4Q 2024 QUARTERLY COMMENTARY

The midstream energy sector, as measured by the Alerian Midstream Energy Index, posted a strong gain of 13.4% in the fourth quarter, contrasting sharply with the broader energy sector, represented by the S&P Energy Select Sector Index®, which declined by 2.4%. Midstream management teams exhibited disciplined capital allocation, maintaining robust balance sheets, increasing dividends, strategically repurchasing shares, and investing in high-return capital projects. During the quarter, project opportunities expanded significantly, driven by rising power demand to support the development of data centers fueled by rapid advancements in artificial intelligence. In response to this increased demand, new natural gas pipeline projects were anticipated to address the substantial growth in power needs, with natural gas-fired power generation expected to play a vital role. Meanwhile, the broader energy sector's underperformance reflected lower crude oil demand growth forecasts for 2025, attributed to a weakening Chinese economy and reduced refining margins resulting from high utilization rates and newly added international refining capacity.

U.S. energy supply continues to expand. The Energy Information Administration (EIA) projects U.S. crude oil production to increase from 13.25 million barrels per day (bpd) in the third quarter of 2024 to 13.53 million bpd in the fourth quarter. For the full year, crude oil production is expected to exceed 2023 levels by 2% and grow by an additional 2% in 2025, averaging 13.5 million bpd. This growth is primarily driven by the Permian Basin, which accounts for nearly 50% of domestic crude oil production. Crude oil prices (WTI) averaged slightly above $70 per barrel in the fourth quarter, down from the third quarter's average of $75 per barrel. This decline reflects weaker demand growth in China and the Organization of the Petroleum Exporting Countries Plus (OPEC+) continued ability to supply additional oil to the market. U.S. natural gas production is also projected to rise modestly, with the EIA forecasting an increase from 103.2 billion cubic feet per day (bcf/d) in the third quarter to 103.5 bcf/d in the fourth quarter. Following a warm winter last year,

Tortoise Energy Infrastructure and Income Fund (INFIX) received a Four-Star Overall Morningstar Rating™ among 94 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 12/31/2024.

Investment strategy

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

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 855-822-3863.

natural gas inventories remain relatively high, prompting producers to curtail output. As a result, natural gas prices closed the fourth quarter at $3.63 per MMBtu, significantly higher than the average of $2.22 per MMBtu during the first nine months of 2024. The EIA anticipates a slight increase in natural gas production in 2025, reaching 103.7 bcf/d. Weather is likely to remain a key driver of natural gas prices. However, the commissioning of new U.S. liquefied natural gas (LNG) export facilities recently and into 2025 could increase demand for natural gas, necessitating additional supply to meet rising global needs.

Earnings within the energy infrastructure sector were largely in line with or exceeded estimates, driven by continued volume growth, particularly from increased production in the Permian Basin. Additionally, the growing demand for exports of natural gas, ethane, and propane contributed to performance. Discussions regarding the supply of natural gas to power data centers continued as a key theme during earnings calls for natural gas infrastructure companies. The need for additional natural gas takeaway capacity from the Permian Basin remained evident, as natural gas prices in West Texas were significantly lower than other pricing hubs, frequently dipping into negative territory. Despite increased investments to address natural gas takeaway constraints and rising demand, capital expenditures remain approximately half of pre-2020 levels, enabling companies to distribute substantial free cash flow for shareholder returns. In fact, over $700 million in share buybacks were executed during the third quarter, bringing the year-to-date total to $3.3 billion. This trajectory positions the sector to surpass the $4 billion share repurchase expectation for 2024, underscoring its strong financial performance and commitment to returning capital to shareholders.

Two significant acquisitions occurred in the fourth quarter. First, ONEOK announced its plan to acquire the remaining publicly traded units of EnLink Midstream that it does not already own. Under the terms of the agreement, each EnLink unitholder will receive 0.1412 shares of ONEOK common stock. The transaction is expected to close in the first quarter of 2025. The EnLink assets strategically align with ONEOK's operations, as they are poised to optimize utilization of ONEOK's West Texas crude and natural gas liquids (NGL) pipelines and processing facilities. ONEOK remains committed to repurchasing $2 billion in shares over the next four years and maintaining a 3% to 4% annual dividend growth rate. Second, DT Midstream announced the acquisition of three regulated natural gas transmission pipelines from ONEOK for $1.2 billion. These pipelines, located in the Upper Midwest, span 1,300 miles across seven states and have a combined capacity of 3.7 billion cubic feet per day (bcf/d). The pipelines serve a high-quality, demand-pull customer base. DT Midstream anticipates that the acquisition will be immediately accretive to cash flow, further strengthening its financial position.

The growing power demand driven by artificial intelligence-related data center development continues to be a prominent trend, particularly as natural gas power generation assumes an increasingly critical role. During the quarter, Kinder Morgan announced a final investment decision (FID) on its Mississippi Crossing project, a pipeline designed to transport 1.5 bcf/d of natural gas across Mississippi into Alabama. Scheduled for completion near the end of 2028, the pipeline will draw supply from multiple basins to support LNG exports and power generation needs. Similarly, Energy Transfer reached an FID on the Hugh Brinson Pipeline, which will transport up to 2.2 bcf/d of natural gas from the Permian Basin across Texas to connect with other pipelines for further distribution. Supported by a combination of supply-push and demand-pull counterparties through long-term, fee-based agreements, the project is estimated to cost $2.7 billion and is expected to start operations by the end of 2026. Both Kinder Morgan and Energy Transfer, along with other natural gas pipeline operators, anticipate additional project announcements in 2025, reflecting the sector's higher growth and alignment with rising natural gas demand.

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Broader energy sector earnings generally aligned with expectations, with producers consistently highlighting their ability to increase production while reducing capital expenditures—demonstrating improved efficiency. The slight decline in fourth-quarter performance is primarily attributed to concerns over crude oil demand, driven by China's slower economic growth. The Chevron-Hess deal remains delayed, pending resolution of Hess's ownership dispute with ExxonMobil over an oilfield in Guyana. Despite receiving FTC approval, the resolution is not expected until 2025. Additionally, anticipated narrower refining margins, influenced by demand uncertainties and increased supply, weigh on stock performance. Despite these challenges, capital allocation strategies remain firmly focused on shareholder returns. Companies continue to prioritize growing dividends, strategic share repurchases, and maintaining low debt levels.

The Fund actively targets investment opportunities across the energy value chain, with a primary focus on companies exhibiting strong and growing free cash flow profiles. Priority is given to businesses operating at or below their target leverage and committed to enhancing shareholder returns through increasing dividends and strategic share repurchases. These investments span producers, pipelines, and refiners. For producers, the Fund prioritizes low-cost operators capable of expanding production through improved drilling and completion efficiencies. In the pipeline sector, the emphasis lies on owning export infrastructure—such as LNG, liquefied petroleum gas (LPG), and crude oil facilities—and ensuring the capacity to transport energy commodities to export hubs. These companies are well-positioned to capitalize on the cost advantages of U.S. energy and rising global demand. In refining, the Fund focuses on Gulf Coast operators with robust export potential. Additionally, the Fund targets companies likely to benefit from the growing demand for power driven by the expansion of data centers, particularly those positioned to capitalize on increased natural gas consumption. Geographically, the Fund maintains substantial exposure to the Permian and Marcellus shale basins, recognized as the lowest-cost U.S. regions for crude oil and natural gas production, respectively.

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Top five contributors

1. Cheniere Energy Inc.
2. EQT Corp
3. Energy Transfer LP
4. Targa Resources Corp.
5. Williams Companies, Inc.

Bottom five contributors

1. Phillips 66
2. Devon Energy Corporation
3. Clearway Energy, Inc.
4. Marathon Petroleum Corp
5. Exxon Mobil Corp

Top 10 holdings (as of 12/31/2024 unaudited)

	Holding	%
1.	Cheniere Energy, Inc.	8.2%
2.	MPLX LP	7.9%
3.	Energy Transfer LP	5.9%
4.	EQT Corporation	5.7%
5.	The Williams Companies, Inc.	5.3%
6.	Targa Resources Corp.	5.2%
7.	ONEOK, Inc.	5.1%
8.	Enterprise Products Partners L.P.	4.8%
9.	Plains GP Holdings, L.P.	4.6%
10.	Kinder Morgan, Inc.	3.0%

Fund holdings are subject to change and are not recommendations to buy or sell any security. Reflected as a percentage of long-term investments.

Performance (as of 12/31/2024)

	Class	4Q 2024	Calendar YTD	1 year	3 year	5 year	10 year	Since inception	Standard deviation[2]	Expense ratio
INFIX	Institutional	8.45%	25.86%	25.86%	18.65%	12.33%	3.80%	6.53%	18.73%	1.13%
INFRX	A Class (excluding load)	8.44%	25.54%	25.54%	18.30%	12.05%	3.55%	6.28%	18.76%	1.38%
INFRX	A Class (maximum load)	2.53%	18.70%	18.70%	16.09%	10.77%	2.96%	5.86%	N/A	1.38%
INFFX	C Class (excluding CDSC)	8.20%	24.56%	24.56%	17.48%	11.21%	2.77%	5.54%	18.76%	2.13%
INFFX	C Class (including CDSC)	7.20%	23.56%	23.56%	17.48%	11.21%	2.77%	5.54%	N/A	2.13%
AMZX	Alerian MLP Index	4.94%	24.41%	24.41%	27.27%	15.56%	3.67%	6.22%[2]	26.88%	
SPXT	S&P 500® Total Return Index	2.41%	25.02%	25.02%	8.94%	14.53%	13.10%	13.79%	17.24%	

Performance for periods over one year is annualized. 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.

The returns for A and C Class Shares prior to their inception date are those of Institutional Class Shares that have been recalculated to apply the estimated fees and expenses, net of any fee and expense waivers.

[1]Alerian MLP Index performance and Standard Deviation are calculated from inception of Institutional Class Shares: 12/27/2010. Standard deviation is a measure of daily volatility, which shows how much variation exists from the average return.

The 30-Day SEC Yield was 3.69%, 3.24%, and 2.68% for the Institutional, A and C Class Shares, respectively.

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.

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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 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.

TCA Advisors is the adviser to the Tortoise Energy Infrastructure & Income Fund.

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 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. The Alerian MLP Index is the leading gauge of energy infrastructure MLPs. The capped, float-adjusted, 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 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). Indices are unmanaged and it is not possible to invest directly in them.

The Tortoise North American Pipeline Index℠ (the "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.

Liquefied Natural Gas (LNG) is natural gas that has been cooled to a liquid state for shipping and storage - the volume in this state is about 600 times smaller than in it's gaseous state, able to transport for much longer distances when pipeline transport is not feasible. Liquefied Petroleum Gas (LPG) is a group of hydrocarbon gases, primarily propane, normal butane and isobutane, derived from crude oil refining or natural gas processed. They may be marketed individually or mixed. They can all be liquefied through pressurization for convenience of transportation or storage. 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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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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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 12/31/2024, INFIX/INFRX/INFFX was rated against the following number of Energy Limited Partnership Funds over the following periods: 94, 92 and 64 for the three-year, five-year and 10-year time periods, respectively. INFIX/INFRX received two stars and INFFX received one star for the three-year period. INFIX received four stars and INFRX/INFFX received three stars for the five-year period. INFIX/INFRX/INFFX received four stars for the 10-year period. 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.

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.

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 Capital. 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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