Tortoise Capital

Tortoise Essential Energy Fund (TPZ)

3Q 2025 QUARTERLY COMMENTARY

Market Overview

The broad energy sector, as measured by the S&P Energy Select Sector Index, increased 6.2% in the third quarter of 2025. Utilities, as represented by the S&P Utility Select Sector Index, were even better at 7.6%. Midstream was higher, though lagged at 1.3%. Midstream management teams found more opportunities for pipeline infrastructure, particularly in the transportation of natural gas. In addition to power needs, growth in US LNG exports and the ongoing reshoring of industrial activity contributed to higher long-term natural gas demand forecasts. Companies advanced new pipeline project discussions supported by continued dialogue with data center developers and utility partners.

Capital allocation remained disciplined, with a focus on organic investments, dividend growth, opportunistic share repurchases and maintaining strong balance sheets. Internationally, management teams reported no material change in demand for U.S. energy exports. The broader energy sector outperformed, despite any help from commodity prices as crude oil ended the quarter nearly where it started at $62 per barrel, while natural gas fell to $3.30 per million British thermal units (MMbtu). The Organization of Petroleum Exporting Countries Plus (OPEC+) accelerated the return of crude supply to the market, though sanctions and attacks on Russian energy infrastructure reduced Russian exports. Targeted attacks on Russian oil refineries resulted in less refined product exports, boosting refining margins for U.S. exporters. Consequently, U.S. refiners led broad energy during the quarter with integrated energy companies also posting solid gains. Producers maintained capital discipline, guided to moderate production levels while prioritizing shareholder returns through dividends and share repurchases.

Utility companies experienced strong tailwinds from higher electricity usage, accelerated capital spending, and a supportive regulatory environment. Demand growth was fueled by the proliferation of AI-focused data centers and continued electrification across residential and commercial markets. These structural drivers are reinforcing a durable, long-term cycle of infrastructure investment. In turn, utilities are channeling capital toward grid upgrades and capacity additions, maintaining balance sheet strength and steady dividend growth. Independent power producers (IPPs) also benefited, leveraging higher power prices and the ability to contract directly with data center operators through long-term purchase agreements.

Commodity Trends

U.S. energy supply growth is moderating against a backdrop of steady crude oil prices. The Energy Information Administration (EIA) projects U.S. crude output to edge higher from 13.2 million barrels per day (bpd) in 2024 to 13.4 million bpd in 2025, before moderating to 13.3 million bpd in 2026. The Permian Basin remains the largest U.S. producing region, contributing nearly half of total production. West Texas Intermediate (WTI) prices averaged around $65 per barrel in the third quarter, little change from $64 in the second. Price stability reflects OPEC+'s continued return of previously curtailed supply, which has largely offset heightened geopolitical risk from tighter sanctions on Russia and Ukrainian strikes on Russian energy infrastructure that disrupted export flows.

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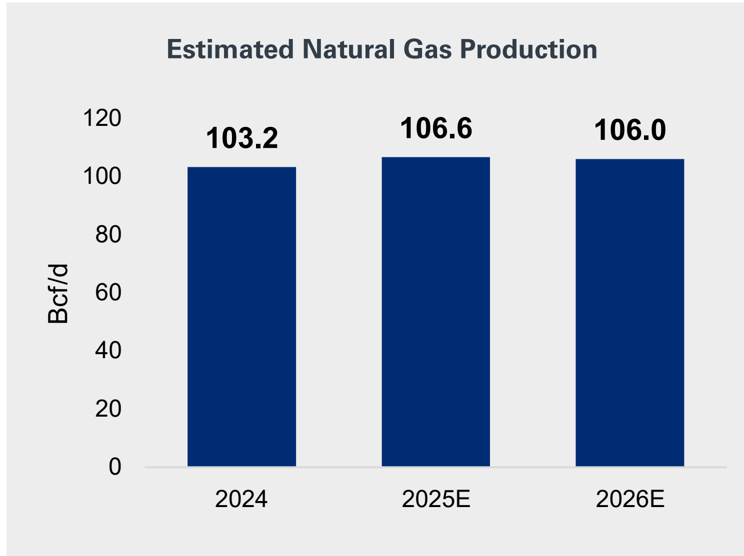
U.S. natural gas production is expected to rise modestly this year, increasing from 103.2 billion cubic feet per day (bcf/d) in 2024 to 106.6 bcf/d in 2025, before easing slightly to 106.0 bcf/d in 2026. A mild spring and elevated production pushed inventories higher, pressuring prices downward. Spot prices averaged $3.08 per MMBtu in the third quarter, compared with $3.52 in the second. While weather remains the dominant driver of short-term volatility, a more structural source of demand growth is on the horizon. The phased startup of new U.S. LNG export terminals over the next two years is expected to materially lift natural gas consumption, requiring additional supply to meet both domestic and global energy demand.



Earnings, M&A and Project Developments

Third-quarter earnings across the energy infrastructure sector were broadly in line with expectations, with no significant surprises to alter the industry narrative. Management teams largely reaffirmed guidance, keeping 2025 outlooks intact. Results underscored the resilience of the midstream model, as modest volume growth offset commodity price headwinds, leaving forward expectations unchanged.

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Project announcements remained active, particularly in natural gas pipelines, reflecting the steady ratcheting higher of demand. Looking ahead, many companies anticipate stronger pipeline volumes following weather-related and price-driven production softness earlier in 2025. Most new projects carry multi-year construction timelines, limiting near-term balance-sheet pressure while preserving flexibility for shareholder returns. Notably, the sector executed more than $900 million in share repurchases during the quarter, highlighting continued confidence in cash-flow durability.

Power sector results were in line with expectations and reinforced a favorable growth outlook that exceeds historical norms, fueled by accelerating electricity demand from AI-driven data centers and a potential revival in domestic manufacturing. Utilities ramped up capital investment during the quarter to upgrade transmission systems and accommodate new load growth—a trend we expect to continue. Predictable rate structures and regulated cost recovery mechanisms provided strong financial visibility. While these long-duration infrastructure projects may eventually require equity issuance, their extended development timelines are not creating near-term funding pressures.

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Portfolio Positioning

The fund maintains a disciplined focus on North American energy and power infrastructure opportunities. Core holdings include companies with a consistent record of dividend growth, strong balance sheets, and high-quality assets positioned to benefit from rising energy and power demand. The strategy maintains meaningful exposure to both natural gas and power infrastructure, deliberately positioned to capture growing natural gas demand supported by expanding liquefied natural gas (LNG) export capacity and increasing energy needs from data centers.

In parallel, the Fund is well placed to benefit from broader power demand growth driven by the proliferation of data centers and structural tailwinds from domestic industrial onshoring. Portfolio companies are expected to benefit from the cost advantages of U.S. energy, a constructive regulatory environment, and a robust pipeline of capital deployment opportunities. Geographically, the fund maintains meaningful exposure to the Permian Basin and gas-focused production regions such as the Marcellus and Haynesville, reflecting its emphasis on basins with long-term production growth and infrastructure needs. Additional emphasis is on areas where tightening power reserve margins are creating favorable supply-demand dynamics amid sustained load growth.

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Top five contributors

1. Sempra Energy
2. TC Energy Corp.
3. Xcel Energy
4. Enbridge Inc
5. Evergy Inc

Bottom five contributors

1. Clearway Energy, Inc.
2. ONEOK Inc
3. Energy Transfer LP
4. Hess Midstream LP
5. Plains GP Holdings, L.P.

Top 10 holdings (as of 9/30/2025)

1.	Constellation Energy	7.6%
2.	Energy Transfer LP	6.7%
3.	Vistra Corp	6.5%
4.	TC Energy Corp	5.5%
5.	Williams Companies Inc	5.1%
6.	Sempra	4.9%
7.	Enterprise Products Partners, L.P.	4.5%
8.	Clearway Energy Inc	4.4%
9.	MPLX LP	4.3%
10.	Evergy Inc	3.6%

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 9/30/2025)

Total return	QTD	Calendar YTD	1 year	3 year	5 year	10 year	Since inception of Predecessor Fund*
Market price	3.49%	7.87%	20.94%	27.91%	28.43%	9.17%	7.97%
NAV	3.66%	7.51%	17.17%	21.52%	19.88%	6.92%	7.59%
S&P 500 Energy Index	6.22%	7.03%	4.43%	11.10%	29.60%	8.18%	6.99%

*7/28/2009.

On December 5, 2024, the stockholders of Tortoise Pipeline & Energy Fund, Inc., Tortoise Energy Independence Fund, Inc. and Tortoise Power and Energy Infrastructure Fund, Inc., each a Maryland corporation that is registered as a closed-end management investment company (the "Target Funds"), approved an Agreement and Plan of Merger (the "Plan") by and between the Target Funds, and the Trust, on behalf of the Fund, pursuant to which each Target Fund would be merged with and into a wholly-owned subsidiary of the Fund (the "Mergers"). As a result of the Mergers, the Fund has assumed the performance history of Tortoise Essential Energy Fund ("TPZ", formerly known as Tortoise Power and Energy Infrastructure Fund, or the "Predecessor Fund". The Predecessor Fund and the ETF have certain differences, including investment policies and practices and the Predecessor Fund was a closed-end fund that utilized leverage while the Fund is an exchange traded fund that does not utilize leverage. Thus, the Predecessor Fund's past performance is not indicative of how the Fund will, or is expected to, perform in the future.

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 (855) 994-4437.

As stated in the Prospectus, the total annual operating expenses are 0.85%. The adviser 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.

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Disclosures

Tortoise Capital Advisors, LLC. (TCA) is the adviser to the Tortoise Essential Energy Fund. TCA is an investment manager specializing in listed energy investments and is experienced 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) 994-4437 or visiting etp.tortoiseacapital.com/funds/tortoise-essential-energy-fund. 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 registered as a non-diversified, open-end management investment company under the 1940 Act. Accordingly, there are no regulatory limits under the 1940 Act on the number or size of securities that we hold, and we may invest more assets in fewer issuers compared to a diversified fund. An investment in MLP securities involves some risks that differ from the risks involved in an investment in the common stock of a corporation, including risks relating to the ownership structure of MLPs, the risk that MLPs might lose their partnership status for tax purposes and the risk that MLPs will not make distributions to holders (including us) at anticipated levels or with the expected tax character.

The Fund's strategy of concentrating its assets in the power and energy infrastructure industries means that the performance of the Fund will be closely tied to the performance of these particular market sectors.

We may invest a portion of our assets in fixed income securities rated "investment grade" by nationally recognized statistical rating organizations ("NRSROs") or judged by our investment adviser, Tortoise Capital Advisors, L.L.C. (the "Adviser"), to be of comparable credit quality. Non-investment grade securities are rated Ba1 or lower by Moody's, BB+ or lower by S&P or BB or lower by Fitch or, if unrated, are determined by our Adviser to be of comparable credit quality. Investments in the securities of non-U.S. issuers may involve risks not ordinarily associated with investments in securities and instruments of U.S. issuers, including different accounting, auditing and financial standards, less government supervision and regulation, additional tax withholding and taxes, difficulty enforcing rights in foreign countries, less publicly available information, difficulty effecting transactions, higher expenses, and exchange rate risk.

Restricted securities (including Rule 144A securities) are less liquid than freely tradable securities because of statutory and contractual restrictions on resale. This lack of liquidity creates special risks for us. Rule 144A provides an exemption from the registration requirements of the Securities Act of 1933 (the "1933 Act"), for the resale of certain restricted securities to qualified institutional buyers, such as the Fund. We cannot guarantee that our covered call option strategy will be effective. There are several risks associated with transactions in options on securities. For example, the significant differences between the securities and options markets could result in an imperfect correlation between these markets. Certain securities may trade less frequently than those of larger companies that have larger market capitalizations.

The Alerian Midstream Energy Index is a broad-based composite of North American energy infrastructure companies. 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 (AMNA) and on a total-return basis (AMNAX). 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 S&P Utilities Select Sector Index is a modified capitalization-weighted index. The Index is intended to track the movements of companies that are constituents of the S&P 500 in the utility sector (as defined by the Global Industry Classification Standard). The S&P 500® Energy Index comprises those companies included in the S&P 500 that are classified as members of the GICS® energy sector.

Natural gas liquid (NGL) is liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilization of natural gas. Their characteristics vary, ranging from those of ethane, butane and propane to heavy oils. NGL's are either distilled with crude oil in refineries, blended with refined petroleum products or used directly depending on their characteristics. 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 its gaseous state, able to transport for much longer distances when pipeline transport is not feasible. Free cash flow is the cash a company produces through its operations, less the cost of total capital expenditures (growth and maintenance). Capital expenditures (CapEx) are funds used by a company to acquire, upgrade, and maintain physical assets such as property, plants, buildings, technology, or equipment.

Quasar Distributors, LLC, Distributor

NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

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