

# Tortoise Essential Energy Fund

## 2Q 2025 QUARTERLY COMMENTARY

### Energy Sector Faces Broad-Based Headwinds, Midstream and Utilities Hold Steady

The broad energy sector, as measured by the S&P Energy Select Sector Index, declined 8.6% in the second quarter of 2025, reflecting weaker prices for crude oil and natural gas. In contrast, midstream and utilities demonstrated relative strength, with the Alerian Midstream Energy Index down just 1.2% and the S&P Utility Select Sector Index gaining 4.3%.

The energy sector's underperformance followed The Organization of Petroleum Exporting Countries Plus' (OPEC+) decision to accelerate the return of crude supply to the market—reversing over 2 million barrels per day of previously curtailed production from 2023. The increase more than offset the impact of ongoing geopolitical tensions in the Middle East and placed downward pressure on oil prices. Natural gas markets faced their own challenges. Milder spring weather tempered demand as U.S. production reached near record highs.

### Disciplined Operators Support Earnings Stability

The broader energy sector reported earnings that generally met expectations, driven by a focus on maintaining and modestly growing production through improved drilling and completion efficiencies. Refining margins strengthened on the back of robust global demand and the impact of select plant closures.

Capital allocation strategies remained disciplined, with a focus on dividend growth, opportunistic share repurchases, low leverage and accretive M&A targeting complementary assets. Additionally, firms continued to optimize their portfolios to capture upside from rising electricity demand tied to the rapid expansion of AI-powered data centers.

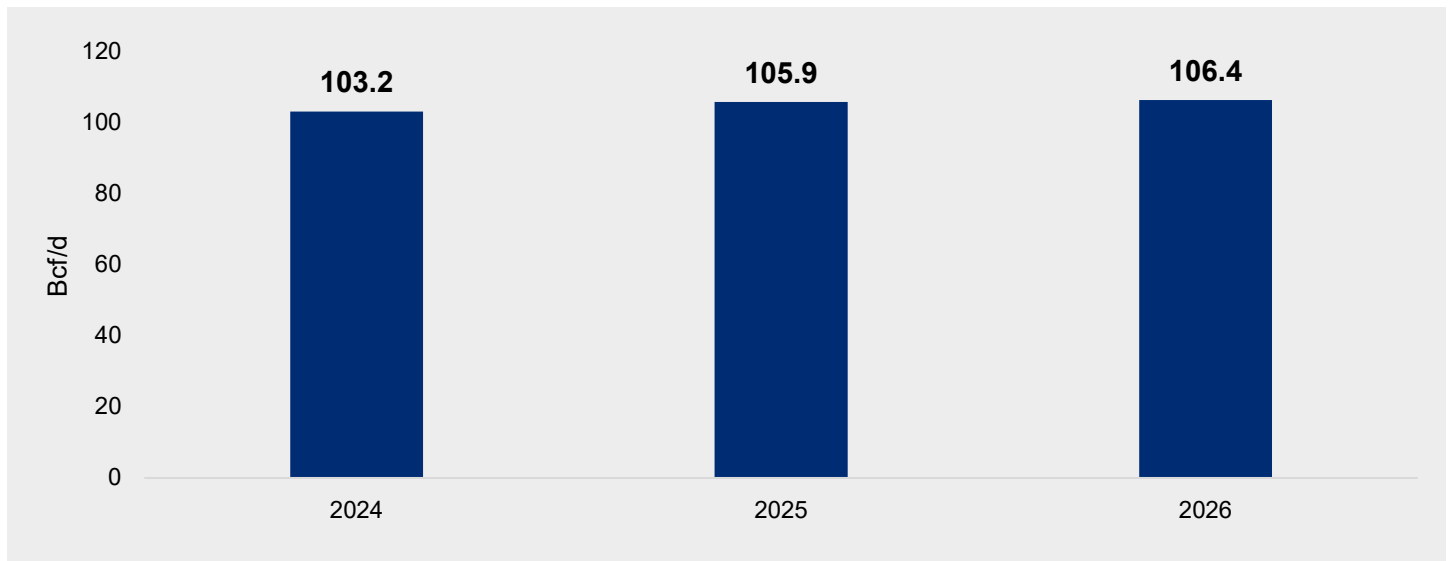
### Natural Gas Drives U.S. Supply Growth

U.S. energy supply continues to expand, led by natural gas, while crude oil production forecasts have moderated amid lower price expectations. According to the Energy Information Administration (EIA), U.S. crude oil output is projected to rise from 13.2 million barrels per day (bpd) in 2024 to 13.4 million bpd in 2025, before leveling off in 2026. The Permian Basin continues to be the central engine of growth, accounting for nearly half of total domestic output.



Tortoise Energy Fund (TNGY) received a Five-Star Overall Morningstar Rating™ among 68 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 6/30/2025.

West Texas Intermediate (WTI) crude prices averaged \$63.81 per barrel, down from \$71.43 in the first. This decline reflects increased OPEC+ supply and ongoing volatility surrounding countries such as Iran, Venezuela, and Russia. Natural gas production is expected to increase from 103.2 billion cubic feet per day (Bcf/d) in 2024 to 105.9 Bcf/d in 2025 and 106.4 Bcf/d in 2026. A mild spring contributed to elevated inventories and lower prices, which averaged \$3.52 per MMBtu in the second quarter, down from \$3.87 in the first.



While weather remains a key variable of price volatility, the phased commissioning of new U.S. liquefied natural gas (LNG) export terminals throughout 2025 is expected to lift demand materially and require additional supply to meet growing global energy needs.

### Infrastructure Activity & Earnings Trends

First-quarter earnings across the energy infrastructure sector broadly aligned with expectations and 2025 guidance remained largely intact, supported by steady volume growth especially for natural gas. A core emerging from the quarter was the growing pipeline of natural gas infrastructure investments. Several companies reported reaching final investment decisions or making commercial progress on long-haul pipeline projects and related processing expansions. These developments are driven by robust and rising demand for natural gas, fueled by the continued buildout of U.S. LNG export capacity and increasing power requirements from data centers.

**\$700 million** in share repurchases during the first quarter alone.

Despite the uptick in project announcements, capital spending remains well below pre-2020 levels, allowing companies to allocate substantial free cash flow toward shareholder returns. The sector executed approximately \$700 million in share repurchases during the first quarter alone.

### Strategic M&A Highlights Core Focus and Portfolio Optimization

M&A continued at a steady pace in the second quarter with an emphasis on core business optimization.

1. **Genesis Energy** sold its soda ash business for \$1.4 billion to simplify its capital structure and focus on the midstream energy space.
2. **Phillips 66** acquired EPIC NGL for \$2.2 billion to enhance its Permian NGL value chain.

3. **Plains All-American** sold its Canadian NGL business to Keyera Corp for \$3.75 billion. This resulted in Plains becoming a premier midstream crude oil “pure play” and Keyera receiving assets highly complementary to its existing Canadian footprint.

### **Power Sector Momentum Accelerates with AI and Industrial Demand**

Power sector earnings met expectations and reflected a constructive outlook for growth exceeding historical trends. This momentum is being driven by surging electricity demand from AI data centers and the potential resurgence of domestic manufacturing activity.

During the quarter, utilities accelerated capital deployment to modernize transmission infrastructure and accommodate new load demands. Stable rate structures and cost recovery mechanisms through regulated frameworks provide strong financial visibility. Although these long-duration infrastructure projects may require modest equity issuance over time, their extended development timelines suggest no immediate capital needs.

### **M&A Highlights Demand for Dispatchable Generation**

Mergers and acquisitions in the power sector remained robust, underscoring the strategic importance of dispatchable, large-scale generation assets:

1. NRG Energy (NRG) announced a \$12.0 billion acquisition of LS Power’s natural gas generation portfolio, effectively doubling NRG’s generation capacity.
2. Vistra Corp. (VST) acquired seven natural gas-fired plants from Lotus Infrastructure Partners for approximately \$1.9 billion, adding 2.6 gigawatts of capacity across key U.S. power markets.
3. Blackstone Infrastructure announced plans to acquire TXNM Energy for \$11.5 billion, citing exposure to AI-driven load growth and the long-term potential of its regulated utility footprint as key value drivers.

### **Fund Positioning and Strategy**

The Fund actively targets investment opportunities across the energy value chain, with a focus on companies exhibiting strong and growing free cash flow. Priority is given to businesses operating at or below target leverage and committed to enhancing shareholder returns through increasing dividends and strategic share repurchases.

Holdings span producers, pipelines, and refiners. Among producers, the Fund prioritizes low-cost operators capable of expanding production through drilling and completion efficiency. In the pipeline sector, the emphasis lies on export-oriented infrastructure—such as LNG, liquefied petroleum gas (LPG), and crude oil facilities—and assets that enable efficient transport of energy commodities to export hubs. The Fund’s refining exposure is concentrated on Gulf Coast operators with robust export capacity.

Additionally, the strategy targets companies positioned to benefit from the growing power demand, particularly those that stand to gain from increased natural gas consumption driven by AI-related load growth. Geographically, the Fund maintains meaningful exposure to the Permian and Marcellus shale basins, recognized as the lowest-cost U.S. regions for crude oil and natural gas production, respectively.

Targeted exposure to the Permian and Marcellus—America’s lowest-cost basins for crude oil and natural gas production.

### Top five contributors

1. Vistra Energy Corp. (Power)
2. EQT Corp (Oil and Gas Production)
3. Cheniere Energy Inc. (Natural Gas Pipelines)
4. Williams Companies Inc (Natural Gas Pipelines)
5. Constellation Energy Corp (Power)

### Bottom five contributors

1. ONEOK Inc (Natural Gas Pipelines)
2. New Fortress Energy Inc (Natural Gas Pipelines)
3. Targa Resources Corp. (Natural Gas Pipelines)
4. Plains GP Holdings, L.P. (Crude Oil Pipelines)
5. Enterprise Products Partners L.P. (Natural Gas Pipelines)

### Top 10 holdings (as of 6/30/2025)

- |                                       |      |
|---------------------------------------|------|
| 1. MPLX LP                            | 7.8% |
| 2. Cheniere Energy, Inc.              | 6.6% |
| 3. EQT Corp                           | 6.5% |
| 4. Williams Companies Inc             | 5.3% |
| 5. Energy Transfer LP                 | 5.0% |
| 6. Plains GP Holdings LP              | 4.4% |
| 7. Enterprise Products Partners, L.P. | 4.2% |
| 8. Exxon Mobil Corp                   | 3.4% |
| 9. Targa Resources Corp               | 3.3% |
| 10. Vistra Corp                       | 3.3% |

### Performance (as of 6/30/2025)

Total return	QTD	Calendar YTD	1 year	3 year	5 year	10 year	Since inception of Predecessor Fund*
Market price	-1.73%	3.76%	15.89%	17.29%	19.68%	4.31%	6.57%
NAV	-1.76%	3.74%	15.86%	17.28%	19.67%	4.31%	6.57%
S&P 500 Total Return Index	10.94%	6.20%	15.16%	19.71%	16.64%	13.65%	13.76%

\*Inception: 12/27/2010. The Tortoise Energy Fund ("TNGY") has assumed the performance history of Tortoise Energy Infrastructure and Income Fund ("INFX," or the "Predecessor Fund"). The Predecessor Fund and the ETF have certain differences; the ETF will have the ability to invest more broadly across the energy sector; may invest to a greater degree in debt securities; and will be non-diversified, so will generally invest a greater portion of its assets in the securities of one or more issuers and will invest overall in a smaller number of issuers than a diversified fund. 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.

## Disclosures

Tortoise Capital Advisors, LLC. (TCA) is the adviser to the Tortoise Energy Fund.

***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 [tortoiseacapital.com/funds/tortoise-energy-fund](http://tortoiseacapital.com/funds/tortoise-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.

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 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 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 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 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). A master limited partnership (MLP) is a limited partnership investment vehicle that is traded on public exchanges. MLPs are traded in units rather than shares and consist of a general partner and limited partners. There are certain tax advantages as well as opportunity for more liquidity. Active share is a measure of the percentage of stock holdings in a manager's portfolio that differs from the benchmark index. Free Cash Flow is the cash a company produces through its operations, less the cost of total capital expenditures (growth and maintenance).

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 mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. Shares may trade at prices different than net asset value per share. A master limited partnership (MLP) is a limited partnership investment vehicle that is traded on public exchanges. MLPs are traded in units rather than shares and consist of a general partner and limited partners. There are certain tax advantages as well as opportunity for more liquidity.

Diversification does not assure a profit or protect against a loss in a declining market.

© 2025 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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 6/30/2025, TNGY was rated against 68 Energy Limited Partnership Funds over the three-year period, 67 funds over the five-year period, and 61 over the 10-year period. TNGY received five stars for the three and five-year periods and four stars for the 10-year period. Past performance is no guarantee of future results.

Nothing on this fact sheet should be considered a solicitation to buy or an offer to sell any shares of the portfolio in any jurisdiction where the offer or solicitation would be unlawful under the securities laws of such jurisdiction. Nothing contained in 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.

Quasar Distributors, LLC, distributor

• NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE