THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Using a Theme-Driven Approach Across the Energy Value Chain

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SECTOR — GENERAL INVESTING

TWST: Can you provide an overview of Tortoise briefly as well as the fund that you wanted to discuss and your role within the fund?

Mr. Thummel: Tortoise Capital Advisors is an investment manager located in Kansas City that has been investing in the energy sector for well over a decade. Our assets under management are about $11 billion through February 2016, and our entire focus is on the energy sector. We offer clients and customers products through three open-end mutual funds, five closed-end mutual funds, private funds and separate accounts. The fund I want to talk about today is the Tortoise Select Opportunity Fund (MUTF:TOPIX). I am a portfolio manager at Tortoise, and this is my 11th year here. I have been following the energy sector for almost 20 years.

TWST: Before we get to the particular fund, can you explain, for those people who maybe are unfamiliar with it, the differences between an open-end fund and a closed-end fund, and talk about if there are any distinguishing aspects that are important for somebody to know particularly when they are looking at energy?

Mr. Thummel: Open-end funds are traditional mutual funds that a lot of people invest in through 401(k)s or purchasing in the open market. Like all open-end funds, they have, every day, daily inflows, and on some days, outflows, so there is liquidity every single day, and the size of the fund goes up or down based on the market value and also the amount of inflows and/or outflows.

Closed-end funds are a little more unique. We raise capital one time, and then, the fund trades on a public exchange like a common stock. There is daily liquidity, and you can buy the closed-end fund every day and sell your shares of the closed-end fund every day. But the price of the fund trades just like a stock, and there are often discounts or premiums that the stock price trades at relative to the net asset value of the closed-end fund. That is unlike the open-end mutual fund that is always trading at net asset value.

Most of our closed-end funds are focused on the MLP sector. The allure of those funds is that they provide current income because the underlying investments — the MLPs, or master limited partnerships — typically pay investors a current yield and have historically grown distributions that we receive. The other difference about the closed-end funds over the open-end funds is the closed-end funds often have leverage on the funds whereas open-end funds have no leverage.

TWST: What about your role as a portfolio manager? Does it differ a lot depending on whether you are overseeing a closed-end fund versus an open-end fund?

Mr. Thummel: At Tortoise, our focus is the entire energy sector. This is all we do. We have four portfolio managers who manage all of our products. Most of our closed-end funds mandate more MLPs relative to the Tortoise Select Opportunity Fund, which has a broader scope. Secondarily, we pick what we think are the best opportunities for investors based off the mandate of our specific investment products.

TWST: What is the Select Opportunity Fund's philosophy?

Mr. Thummel: The Tortoise Select Opportunity Fund targets the U.S. energy sector, which we think is a key driver of the U.S. economy and becoming a bigger contributor to economies around the world. The U.S. energy sector is dynamic inherently with numerous investment opportunities across the value stream, whether upstream, midstream or downstream. In our view, there are always ways to make money in the energy sector, and our fund captures multiple themes that are developing across the U.S. energy value chain.

TWST: Is there an aspect of the U.S. energy chain that you don't address, and can you tell us why you don't address it?

Mr. Thummel: We address all aspects of the energy value chain for potential opportunities. Our focus, or how we make an investment, is theme-driven, and if there is a theme that we really like, then we identify the companies that we think are best-positioned to take advantage of that particular theme. There are multiple themes across the entire energy value chain that we look at. Some themes that we are avoiding right now, in particular, are for the most part the oilfield services sector of the energy value chain, within which revenues and cash flows are declining due to the current commodity price environment.

TWST: What are your largest holdings, how many holdings do you have on average, and how often do you adjust the portfolio?

Mr. Thummel: Our top-five holdings noted in our latest fact sheet include upstream oil and gas producers, a midstream energy infrastructure company and two downstream companies. We target upstream oil and gas producers with strong balance sheets and pure management teams that are drilling oil and gas wells in the lowest-cost gas basins. Specifically, we like oil and gas producers with the best-positioned acreage in the Permian, Eagle Ford and Marcellus Shale basins. Midstream investments highlight the key strategic pipelines that provide a critical service of connecting oil and gas producers to end users. One theme that we like here is the development of the energy infrastructure that is happening in the Northeast to support rising production volumes from the Marcellus Shale.

Highlights

Robert Thummel discusses Tortoise Capital Advisors, LLC and the Tortoise Select Opportunity Fund. The fund focuses on investment opportunities across the value stream within the U.S. energy sector. Mr. Thummel sees the energy sector as a key driver of the U.S. economy, with it becoming a bigger contributor to economies around the world. When it comes to selecting holdings for the fund, Mr. Thummel identifies long-term themes with short-term catalysts and then selects companies that can take advantage of those themes. He believes understanding the interrelationships of the components of the energy value chain is an important piece of this analysis. While the buy decisions evolve with the theme-driven approach, Mr. Thummel's sell decisions are based on changes in valuation, in short-term catalysts or in the conviction surrounding long-term themes.

Companies discussed: Valero Energy Corporation (NYSE:VLO); Ford Motor Company (NYSE:F) and General Motors Company (NYSE:GM).

TWST: Whom would you describe to be the investor for this fund?

Mr. Thummel: The U.S. energy sector was the worst-performing sector in the S&P 500 in 2015, so we think it is a good entry point to be coming into this sector. We think the energy renaissance continues to evolve. Our fund captures what we think are the best opportunities across the energy value chain. So both retail and institutional investors are investing in funds as a means of gaining exposure to the U.S. energy sector.

TWST: Explain the process by which you evaluate securities in the portfolio. How do you go about deciding what to buy and sell?

Mr. Thummel: TOPIX is a theme-based portfolio. Tortoise is an asset manager dedicated to the energy sector. It is one of our competitive advantages. We have one of the largest teams focused on the energy sector analyzing all angles of the sector from production to ultimate consumption. We are looking for long-term themes with short-term catalysts.

For example, we have strong conviction in the long-term theme of U.S. shale production continuing to increase. U.S. shale is here to stay, with production volumes from U.S. shale formations expected to increase over time. However, current oil prices are challenging for some shale producers. So the short-term catalyst of low oil prices is telling us that we probably need to reduce our positioning for some of our shale producers.

On the other hand, low oil prices are great for the consumer. The consumers respond to low oil prices by driving cars more. Miles-driven data is at its highest levels ever. Both **Ford** (NYSE:F) and **GM** (NYSE:GM) are reporting high sales of SUVs. The long-term theme here is for the U.S. to continue to refine more gasoline and diesel, of which some will be exported to foreign countries. Short-term catalysts are strong demand and expanding refining margins. Therefore, we increased our exposure to refiners throughout 2015.

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Lastly, our downstream positions are benefiting from low oil and natural gas prices, and refineries like **Valero Energy** (NYSE:VLO) are benefiting from increased miles driven by the consumer because gasoline prices are low. Our petrochemical producers are expanding their margins due to low-cost raw materials, such as natural gas. We actively manage the portfolio, with our turnover rates probably ranging between 60% and 100% on an annualized basis.

This has contributed to our fund being one of the top-performing energy mutual funds in the space last year. It is helpful to understand the inter-relationships amongst the various components of the energy value chain. We are making investment decisions using our understanding of those relationships and the multiple themes that are evolving. We are always changing how we make buy decisions. Sell decisions really are triggered by three things: number one, valuation and changes in valuation; number two, a change in a short-term catalyst; and then, three, a change in the conviction that we might have in a long-term theme.

1-Year Daily Chart of Valero Energy Corporation

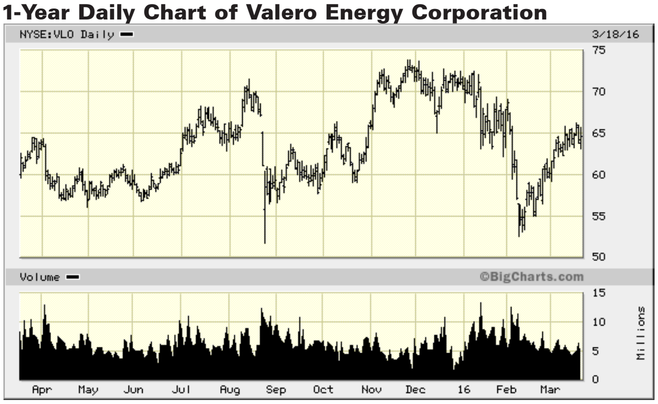

Chart provided by www.BigCharts.com

TWST: How much of this process would you characterize as kind of automated in a quantitative way, and how much is it more of a qualitative process that obviously involves some quantitative component, but it is driven by qualitative analysis?

Mr. Thummel: I would say very little to none is quantitative. It is predominantly qualitative. Let me elaborate. We have one of the largest dedicated staffs focused on the energy sector. We have over 20 investment professionals, including portfolio managers, analysts and research analysts, that look at every stock in the energy sector daily.

Mr. Thummel: Currently, any discussion on energy outlook begins with the discussion on oil prices. We are in day 582 as of February 24 of the current peak to trough commodity price cycle, which is the second-longest commodity price cycle in history. We think current oil prices are unsustainable, evidenced by the fact that most oil and gas producers have cut capital expenditures for two consecutive years.

Many oil and gas producers in the U.S. are forecasting production declines in 2016, so we expect lower U.S. production to be a critical factor that leads to a recovery in oil during the second half of 2016. We expect production for U.S. oil to fall by 500,000 to 1 million barrels a day, while global demand increases by 1.2 million to 1.4 million barrels a day. In the second half of 2016, we expect global demand will exceed supply, and that will result in a decline in global oil inventories that will likely lead to higher oil prices in the future. That is our short-term outlook on oil prices.

Longer term, we position this fund expecting that U.S. produced energy will remain strong. In fact, what is underappreciated, we think, is that 2016 should be a milestone year for the U.S. energy sector as it will likely be the first year that the U.S. exports U.S.-produced crude oil outside of North America. It is expected to also be the first year that liquefied natural gas, or LNG, is transported internationally and that a key natural gas liquid used in consumer products — meaning ethane — is shipped outside the U.S. We think longer term that the U.S. is in the beginning stages of becoming a low-cost supplier of energy to the rest of the world. We have positioned the fund to seek to capture the multiple opportunities from the multiple themes that the long-term outlook will present over the coming years.

TWST: What is the impact of this U.S. exportation going to have economically do you think both short term and more long term?

Mr. Thummel: Everybody is focused on oil right now, but natural gas prices are lower too, and frankly, natural gas in the U.S. is cheap, clean and abundant. We think its demand is going to continue to grow. We have a massive resource of natural gas in the Marcellus Shale in the Northeast, and underlying the Marcellus Shale is another formation called the Utica Shale that could create a lot of opportunities both domestically and internationally.

Natural gas prices can stay low, and that is OK to help keep energy prices low across the world because the U.S. can become a bigger supplier of natural gas to the rest of the world through liquefied natural gas. The fact that commodity prices are low and can stay low is a good thing because energy is such an important component to the overall economies, not only developing economies but also existing economies. Low-cost energy will just help continue to grow economies across the world if we can keep the costs low. That is what the U.S. should be able to do, and we think it will create a lot of opportunities internationally over the next several decades.

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We create full financial models for all of these companies that allow us to tailor the models specific to the fundamental drivers of the specific companies. That allows us to analyze the growth aspects of the business from a cash flow and revenue perspective but also, just as importantly, analyze the balance sheets of various energy companies. That is really important especially in these environments where we have challenges with low commodity prices. We are in a cycle right now where balance sheets are stressed, but in these types of environments, we have got volatility in this portion of the commodity price cycle. We think there are really a lot of opportunities too if you understand the risks and the relative rewards that you are going to get for the risks that you are taking.

TWST: What are your overall expectations, if you can be predictive at all about the plans for the fund in 2016 and where you think it is headed?

TWST: Where are we, if it is at all known, through the proven reserves in the U.S. for U.S. shale? Is anybody aware of what that is, or does that number keep moving based on new discoveries?

Mr. Thummel: Proven reserves is more of a technical term that gives credit for existing wells that have been drilled and future wells that could be drilled over a certain time period. With low prices, what you've seen so far in the sector is a lot of companies' proven reserves coming down due to low oil prices, the way that the reserves are calculated and the lower capital. Our perspective is that current oil prices are unsustainable and U.S. shale production is here to stay. So oil and gas producers in the U.S. in some areas have done a really good job of lowering costs and the overall price of oil that is necessary for them to earn an adequate return.

Let me give you an example. There are places in the Permian Basin where it used to cost $10 million to drill the well, and you would get 500,000 barrels of oil and gas out of that well. In that example, you would need probably somewhere between $70 or $80 a barrel for crude oil to earn an adequate rate of return on that investment. That was just a few years ago.

Today, in some of those same areas, oil and gas producers have lowered the cost of drilling the well and even cut it in half. So that same well that used to cost $10 million, now costs $5 million. Not only have they done that, but they have also increased the recovery of the oil and gas that they get out of each well. Now, they do not just get 500,000 barrels, but they get, let us say, a million barrels. When you lower the drilling costs and increase the amount of recovery that you get from oil and gas out of each well, then that significantly reduces the price of oil that you need to earn an economic return.

That new well today can probably be done economically at $40 a barrel or even a potentially lower price point. Essentially a lot of oil and gas producers are looking to turn $40 and $50 oil into the new $80 or $90 oil. What I mean by that is they are looking to earn the same rates of return at $40 to $50 oil that they used to earn at $80 or $90 oil. Ultimately, that makes the U.S. more competitive worldwide, and once again, it allows the U.S. to be a low-cost supplier of crude oil to the rest of the world.

TWST: Is there a sense in the industry that more wells can be drilled and that production can continue for the foreseeable future in the U.S.?

Mr. Thummel: An analogy I like to use for U.S. shale inventory is, we have all been teenagers and might have teenagers. Note the management teams running these companies are not teenagers but rather industry veterans, but the shale wells are entering their teenage years. They have started to show their potential, but like all teenagers, we think there is a lot more potential in these wells that is yet to be realized. In our view, we are going to realize and experience that over the next several years, and that is going to continue to be a good thing for the U.S. because it is going to continue to position the U.S. as a low-cost supplier of crude oil.

The U.S. is going to need to be there. That is the other thing. It is really important for investors to understand. Global demand will continue to rise. It has grown by a million barrels a day every single year for the last several decades. Currently, we see no reason why it will not continue that trajectory. But who is going to be the supplier of that crude oil long term? Right now, it is OPEC that is filling in any incremental supply, but it cannot do that forever. In the not-too-distant future, the critical supplier of that long-term oil demand for not only the U.S. but also global oil is likely going to have to be the U.S. We think that is a large piece to this fund and this story that will play out over the next several years and into the next decade.

TWST: Is there also room for discovery and exploration to continue in the U.S. for shale production?

Mr. Thummel: It's on pause right now.

TWST: Due to supply?

Mr. Thummel: Because of the price. Oil and gas producers in the U.S. right now are spending minimal amounts of capital. For the first time since the mid-1980s, the U.S. oil and gas producers have cut capital two years in a row or spent nothing on trying to find new exploration areas because the oil price is just too low. None of that is happening now. Yes, there are places that can be explored and probably more potential basins in the U.S. that can produce oil, but you are going to need higher prices to incentivize producers to return to producing and exploring for more oil. You are seeing lots of drilling contracts canceled internationally too in some of the international oil fields.

TWST: Can you talk about the performance of your fund, say, over one year or since inception relative to its peers?

Mr. Thummel: The fund launched on September 30, 2013, so let me talk about last year. Last year, the fund was down 17.7%, but our benchmark was down about 22%. We outperformed our benchmark last year. But as I mentioned at the beginning, our last year, although negative in growth, was one of the best-performing energy mutual funds last year. There are only a couple of funds that did a little bit better than us, and they both had a little bit of a different focus. In other words, they were focused on alternative energy.

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How did we do it? We were able to be more successful than most of our peers by understanding all of the components of the value chain. We knew last year as oil prices fell that demand would likely rise for oil, and in particular, consumers would drive cars a lot more both domestically as well as globally, so we invested a larger percentage in refiners. The refining sector had an outstanding year last year because margins expanded and cash flow increased. Refiners were buying back stock, increasing dividends and doing all the things investors wanted.

A lot of those stocks were up between 20% and 40% last year. Our allocation to the refining sector really benefited us last year as well as our allocation to the petrochemical sector. Companies were able to expand margins and do the same thing that the refiners were doing — in other words, ability to increase dividends and buyback more shares of stock, which investors typically like. Shares rose in the double digits in a positive way. Our focus was on the downstream. Both the petrochemical sector and the refined sector allowed us to deliver strong performance relative to our peers.

Since inception, it is a similar story. The fund's inception was September 30, 2013, so it is not quite two and a half years old. Since inception, we have been a top-performing mutual fund relative to our peers. This is true due to our allocation to refining and petrochemical sectors that has helped us over the last couple of years but also our focus on some select oil and gas producers in the right areas, specifically the Permian Basin oil producers where you have seen production continue to increase despite a fall in oil prices.

TWST: What do you think of as truly underappreciated about the energy sector, and how is that knowledge that you might have reflected in the management of the fund?

Mr. Thummel: The importance of the U.S. energy sector is underappreciated. If you think about energy, it is a critical component to any economy. In the U.S., energy is essential for driving your car and heating your home.

The other thing that has been underappreciated is that this year is likely a milestone year for the U.S. energy sector. This year the U.S. is expected to become a significant supplier of low-cost energy to the rest of the world. The U.S. should be a low-cost provider, and because U.S. shale is here to stay, and because U.S. producers and technology have continued to improve, which has allowed U.S. producers to lower the cost that it takes for them to earn an adequate return to drill for oil and gas, that low-cost energy is just good for everybody.

Right now, it's unsustainable as far as oil prices are concerned, but we can get to the sweet spot where it can be a win-win. Energy costs can stay low, which are great for the consumer, and the producers can have an oil and natural gas price that is adequate for them to earn an appropriate rate of return on their capital. We are not there quite yet, but we are getting pretty close, and that is going to be a good thing.

TWST: Do you have any closing remarks in terms of advice to investors, or is there anything else that you wanted to cover about the fund that we haven't touched on?

Mr. Thummel: First of all, we are in this commodity price cycle, and I would say that this particular commodity price cycle is the seventh one that we have seen in terms of peak to trough commodity price cycle since the mid-1980s and the second longest. We believe we are near the bottom of this commodity price cycle. Important to understand is that, in other commodity price cycles, once you have hit the bottom, then the average one-year increase in oil prices after you reach the bottom has been about 77% increase in oil prices.

In our view, the sector is now near the bottom of this commodity price cycle, but we do think it is an attractive area to be allocating to the energy sector. We believe there are multiple opportunities right now, and our fund captures all of these opportunities. It is nimble, and can move and change as different themes evolve and develop across the energy value chain.

TWST: Thank you. (KJL)

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Holdings are subject to change without notice. The Tortoise Select Opportunity Funds' top ten holdings as of March 31, 2016 were Schlumberger, Ltd. 7.8%,Anadarko Petroleum Corp. 6.5%, Tesoro Corp. 6.4%, Valero Energy Corp. 6.3%, Lyondellbasell Indu-Cl A 5.8%, Pioneer Natural Resources Co. 5.4%, EOG Resources Inc. 5.2%, ONEOK, Inc. 4.9%, Plains GP Holdings, L.P. 4.9%, EQT Corp. 4.9%. Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

As of March 31, 2016, the funds' Institutional Class average annualized one-year and since inception returns were -23.07% and -8.02%, respectively. The funds' inception date was Sept. 30, 2013. The funds' Institutional Class gross expense ratio is 1.66%. As of March 31, 2016, the funds' Investor Class (maximum load) average annualized one-year and since inception returns were -27.80% and -10.44%, respectively. The funds' Investor Class (maximum load) gross expense ratio is 1.91%. Over the same periods, the fund's benchmark, the S&P Energy Select Sector Index®'s average annualized returns were -17.55% and -8.72%, respectively.

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) or visit mutualfunds.tortoiseadvisors.com. Investment performance reflects fee waivers in effect. In the absence of such waivers, total return would be reduced. Returns for the Investor Class Shares with load reflect a maximum sales charge of 5.75%.

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 US stock performance.

About S&P Energy Index
The S&P Energy Select Sector Index is a capitalization-weighted index of S&P 500® Index companies in the energy sector involved in the development or production of energy products.

Tortoise Select Opportunity 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-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 may involve greater risk and volatility than less concentrated investments. Risks include, but are not limited to, risks associated with the North American energy companies, including upstream energy companies, midstream energy companies, downstream energy companies, energy company beneficiaries, commodity price volatility risk, supply and demand risk, reserve and depletion risk, operations risk, regulatory risk, environmental risk, terrorism risk, natural disasters and climate change risks. The adviser does not anticipate that the fund will significantly invest in MLPs in all circumstances and market conditions, and may not be invested in MLPs at all. However, the fund may invest up to 25% of its total assets in MLPs. 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 foreign companies 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 invest in derivatives including options, futures and swap agreements, which can be highly volatile, illiquid and difficult to value, and changes in the value of a derivative held by the fund may not correlate with the underlying instrument or the fund's other investments and can include additional risks such as liquidity risk, leverage risk and counterparty risk that are possibly greater than risks associated with investing directly in the underlying investments. The fund may engage in short sales and in doing so is subject to the risk that it may not always be able to borrow a security, or to close out a short position at a particular time or at an acceptable price.

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