

April 1, 2020

Welcome to the Tortoise podcast. Thank you for joining us. Today, Tortoise provides a timely update on closed-end funds' leverage and coverage.

Hello and welcome to a special Tortoise closed end fund podcast. I'm Tortoise Director Greg Murphy and joining me today is Tortoise Managing Director and Closed End Fund CEO Brad Adams. Welcome back Brad and thanks for joining us again. Thanks, Greg. Good to be here again..

Well, we have finally been able to flip the calendar past March 2020, so welcome to April and we will hope for better health and markets going forward!

Yes, absolutely! I am sure I speak for everyone at Tortoise in sending out our thoughts and prayers to everyone impacted by the health and economic impacts of the corona virus.

Yes, thank you for mentioning that! Brad, let's turn to the closed end funds. This week Tortoise has issued several updates. On Tuesday, we posted the 3/27 leverage summaries for all of the funds on our webpage and we have talked about those leverage summaries on past podcasts. But since this is month-end, there have also been some additional updates posted for the funds as of 3/31. Can you tell us about these 3/31 updates?

Sure. The first I would point out is that these are not new disclosures for the funds. We publish and press release these each month. So this is nothing unique to 3/31/20, but with the markets and volatility, it is nice to take the time to just let investors know what is available and where to find it.

That is a great point. Thanks for the clarification. So what is out there and where can investors find that information?

We issued a press release after the close today with an unaudited balance sheet for each fund as of month-end. The balance sheets reflect the value of investments, how much cash is on hand, and there is a significant amount for some of the funds, as well as current leverage outstanding and some other relevant metrics. We have also updated the top-ten holdings in the portfolio for each fund. The top ten is available on the webpage for each fund. We have also updated the leverage summary for actual leverage outstanding as of month-end, as well as a pro forma look which assumes cash and receivables are used to reduce outstanding leverage. 40-Act tests on the leverage summary tab of the webpage have been updated to show actual and pro forma ratios as well.

Ok, can you remind us when the 40-Act tests are "officially" calculated?

Yes, the 40-Act coverage ratios are officially calculated at the end of the month.

So, the 3/31 numbers are the "official" tests. Which funds were passing?

TEAF, NDP and TPZ are all passing as of 3/31/20.

And the other funds; TYG, NTG, and TTP?

As we talked about last week, the governing documents for the leverage stipulates that we calculate asset coverage based on actual leverage outstanding, not the pro forma leverage assuming cash is used to reduce leverage. So even though as of 3/27/20 and again at month-end we showed the ability to significantly deleverage our funds and be in compliance with the coverage ratios, since we have not yet used the cash to repay that leverage, the funds did not meet the coverage requirements at month end and now we have 30-days to return to compliance.

Let's focus on the 30-day cure period for a minute. We've received lots of questions on what the cure period means and how the funds can meet the coverage requirements. What can you tell us about the cure period?

As you indicated, the funds have 30-days to comply with the asset coverage requirements on the outstanding leverage. There are different ways that the funds can meet the coverage requirements. We can use cash on the balance sheet to

redeem notes and preferred at a small premium as one option. The noteholders and preferred stock holders can also take action to modify the coverage requirements. Of course, an increase in the value of underlying investments improves the asset coverage test,

I assume you and the Board are looking at different options during the cure period?

Absolutely. It's our job to consider all options in this situation. As things stand today, there is cash on hand to redeem leverage and meet the asset coverage requirements.

So it sounds like the intent is to cure during the window but at this point the management team and the board are deciding on what action to take.

Yes, I would say that's a fair statement.

We also receive questions from investors asking about things like reverse stock splits, fund mergers, future leverage profiles and distribution policies. Any general comments you can make on these topics, or just generally on strategic direction for the funds going forward?

Those are all good questions Greg. It feels like three years, but we are really only three weeks or so into the severe market dislocation. The board will continue to work diligently, and I expect I'll have more information to share on these topics in the coming weeks and months.

Ok, well it sounds like the board and the management team at Tortoise have a lot going on.

We do indeed Greg.

Thank you for taking sometime today, Brad.

Glad to answer your questions

And with that we will close for today. As a reminder, we will continue to provide these updates as market volatility and investor appetite dictates. We will look forward to catching up with you again soon and if you have not done so, please subscribe to our podcasts at www.tortoiseadvisors.com or wherever you get your podcasts.

Thank you for joining us. And stay tuned for our next cast. Have topics you want covered or other feedback to share? Write us at info@tortoiseadvisors.com.

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