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Welcome to the Tortoise podcast. Thank you for joining us. Today, Tortoise provides a timely update on trending topics in the market.

Hello, I am Tortoise Managing Director and Portfolio Manager Jim Cunnane with this week's Tortoise QuickTake podcast.

With the earnings season complete and news flow light as is typical in late August, this week gives us a good opportunity to look forward to what energy investors will be focusing on this Fall. We expect headlines to be a lot of politics, an active hurricane season, and continued data about the direction of the COVID virus, its impact on energy demand and the earnings of energy companies.

Let's start with the politics. We are a little more than 10 weeks out from the U.S. elections. Last week featured the Democratic convention and this week we move to the Republican convention. During the DNC, climate change and other environmental and energy policy issues were front and center in an unprecedented manner. The issues had top billing, popping up in most major speeches throughout the convention, as well as getting a segment of their own. There was a particular emphasis on switching to cleaner alternatives and away from less climate friendly energy sources like coal and oil that emit more greenhouse gases. Next week we will hear from the Republicans and expect more support for traditional energy sources, although it is likely to get less emphasis than we saw at the DNC. Tortoise has been a vocal supporter of a practical energy policy that supports the expected growing global demand for energy while also addressing concerns around carbon emissions. Our plan envisions growth in natural gas and renewable energy sources at the expense of higher carbon sources such as coal. The California blackouts this week are a good reminder of the critical role natural gas can play in a comprehensive energy solution. The California Independent System Operator, the nonprofit entity that controls the flow of electricity for 80 percent of California, said it was forced to act after three power plants shut down and wind power production dropped. It also cited a lack of access to electricity from out-of-state sources. We believe natural gas is a critical part of a practical solution in the U.S and globally.

Specific to midstream last week we saw some negative headlines around Enbridge Inc. Minnesota Gov. Tim Walz is appealing in court a state regulator's approval of the \$2.6 billion Enbridge Inc. Line 3 pipeline replacement project. Walz, through Minnesota attorney general's office, filed a petition Wednesday with the state Court of Appeals challenging a certificate of need issued by the Minnesota Public Utilities Commission in 2018 and reissued in May, arguing that Enbridge Energy failed to prove that there's adequate demand for the oil that the proposed line would carry. As a reminder the proposed pipeline replaces its existing Line 3 — which, at nearly 60 years in operation, is deteriorating and can only transport about half the oil it was designed for — with a new, larger line along a different route across northern Minnesota. The company remains optimistic that they will be able to proceed with the project but it again illustrates the challenges with building new pipelines. We expect to see ongoing regulatory challenges to midstream projects. We believe the difficulty in building new capacity increases the value of existing pipelines owned by the companies in our portfolio.

Every year around this time energy investors turn their focus to the Caribbean and the expectations for the upcoming hurricane season. This year is no exception. Early forecasts were for an active season and we are on track. This week is particularly interesting with two named storms heading towards the Gulf Coast. Marco is forecast to be a potential hurricane in the Gulf of Mexico early Sunday morning through late Monday afternoon, while Laura's forecast has it being at hurricane strength on Tuesday and Wednesday. Based on the early forecast track, each storm would be making landfall into Louisiana, west of New Orleans, with Marco landing Monday late afternoon as either a hurricane or tropical storm, and Laura about 48 hours later as a hurricane. Our take is that one or both will likely temporarily disrupt offshore oil and gas production, and possibly refinery operations in Louisiana depending on the ultimate path and severity. The potential short-term disruption is significant as Louisiana's 17 oil refineries account for nearly one-fifth of the nation's refining capacity and can process 3.3 million barrels of crude oil per day.

Shifting to company news, although earnings season is over we are seeing meaningful activity in the capital markets. Last week we saw several companies take advantage of the low interest rate environment and tightening credit spreads to improve their balance sheets. Antero announced completion of a tender offer of \$191 million of 2021 notes. Also, Southwestern announced a \$350 million notes offering. In both cases the companies are planning to reduce debt. New Fortress Energy also issued notes with the intent to pay down an existing credit agreement. This is further evidence that

across energy companies are seeking to strengthen balance sheets, reduce spending, and increase cash flow. We believe this will support valuations as investors see more evidence of this trend.

That's it for this week. Thanks for listening and we will be back next week.

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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