

Tortoise North American Pipeline Fund (TPYP)

4Q 2024 QUARTERLY COMMENTARY

The midstream energy sector, as measured by the Alerian Midstream Energy Index, posted a strong gain of 13.4% in the fourth quarter, contrasting sharply with the broader energy sector, represented by the S&P Energy Select Sector Index®, which declined by 2.4%. Midstream management teams exhibited disciplined capital allocation, maintaining robust balance sheets, increasing dividends, strategically repurchasing shares, and investing in high-return capital projects. During the quarter, project opportunities expanded significantly, driven by rising power demand to support the development of data centers fueled by rapid advancements in artificial intelligence. In response to this increased demand, new natural gas pipeline projects were anticipated to address the substantial growth in power needs, with natural gas-fired power generation expected to play a vital role. Meanwhile, the broader energy sector's underperformance reflected lower crude oil demand growth forecasts for 2025, attributed to a weakening Chinese economy and reduced refining margins resulting from high utilization rates and newly added international refining capacity.

U.S. energy supply continues to expand. The Energy Information Administration (EIA) projects U.S. crude oil production to increase from 13.25 million barrels per day (bpd) in the third quarter of 2024 to 13.53 million bpd in the fourth quarter. For the full year, crude oil production is expected to exceed 2023 levels by 2% and grow by an additional 2% in 2025, averaging 13.5 million bpd. This growth is primarily driven by the Permian Basin, which accounts for nearly 50% of domestic crude oil production. Crude oil prices (WTI) averaged slightly above \$70 per barrel in the fourth quarter, down from the third quarter's average of \$75 per barrel. This decline reflects weaker demand growth in China and the Organization of the Petroleum Exporting Countries Plus (OPEC+) continued ability to supply additional oil to the market. U.S. natural gas production is also projected to rise modestly, with the EIA forecasting an increase from 103.2 billion cubic feet per day (bcf/d) in the third quarter to 103.5 bcf/d in the fourth quarter. Following a warm winter last year, natural gas inventories remain relatively high, prompting producers to curtail output. As a result, natural gas prices closed the fourth quarter at \$3.63 per MMBtu, significantly higher than the average of \$2.22 per MMBtu during the first nine months of 2024. The EIA anticipates a slight increase in natural gas production in 2025, reaching 103.7 bcf/d. Weather is likely to remain a key driver of natural gas prices. However, the commissioning of new U.S. LNG export facilities recently and into 2025 could increase demand for natural gas, necessitating additional supply to meet rising global needs.

The Tortoise North American Pipeline Fund is an exchange traded fund that uses a passive management approach and seeks to track the total return performance of the Tortoise North American Pipeline IndexSM.

Tortoise Capital provides research-driven indices that can be used as a realistic basis for exchange-traded products and thought leadership in the universe of essential assets. Its indices are intended to fill a void in the market and provide benchmarks and investable asset class universes for use by investment professionals, research analysts and industry executives to analyze relative performance as well as to provide a basis for passively managed exchange-traded products.

Earnings within the energy infrastructure sector were largely in line with or exceeded estimates, driven by continued volume growth, particularly from increased production in the Permian Basin. Additionally, the growing demand for exports of natural gas, ethane, and propane contributed to performance. Discussions regarding the supply of natural gas to power data centers continued as a key theme during earnings calls for natural gas infrastructure companies. The need for additional natural gas takeaway capacity from the Permian Basin remained evident, as natural gas prices in West Texas were significantly lower than other pricing hubs, frequently dipping into negative territory. Despite increased investments to address natural gas takeaway constraints and rising demand, capital expenditures remain approximately half of pre-2020 levels, enabling companies to distribute substantial free cash flow for shareholder returns. In fact, over \$700 million in share buybacks were executed during the third quarter, bringing the year-to-date total to \$3.3 billion. This trajectory positions the sector to surpass the \$4 billion share repurchase expectation for 2024, underscoring its strong financial performance and commitment to returning capital to shareholders.

Two significant acquisitions occurred in the fourth quarter. First, ONEOK announced its plan to acquire the remaining publicly traded units of EnLink Midstream that it does not already own. Under the terms of the agreement, each EnLink unitholder will receive 0.1412 shares of ONEOK common stock. The transaction is expected to close in the first quarter of 2025. The EnLink assets strategically align with ONEOK's operations, as they are poised to optimize utilization of ONEOK's West Texas crude and natural gas liquids (NGL) pipelines and processing facilities. ONEOK remains committed to repurchasing \$2 billion in shares over the next four years and maintaining a 3% to 4% annual dividend growth rate. Second, DT Midstream announced the acquisition of three regulated natural gas transmission pipelines from ONEOK for \$1.2 billion. These pipelines, located in the Upper Midwest, span 1,300 miles across seven states and have a combined capacity of 3.7 billion cubic feet per day (bcf/d). The pipelines serve a high-quality, demand-pull customer base. DT Midstream anticipates that the acquisition will be immediately accretive to cash flow, further strengthening its financial position.

The growing power demand driven by artificial intelligence-related data center development continues to be a prominent trend, particularly as natural gas power generation assumes an increasingly critical role. During the quarter, Kinder Morgan announced a final investment decision (FID) on its Mississippi Crossing project, a pipeline designed to transport 1.5 bcf/d of natural gas across Mississippi into Alabama. Scheduled for completion near the end of 2028, the pipeline will draw supply from multiple basins to support LNG exports and power generation needs. Similarly, Energy Transfer reached an FID on the Hugh Brinson Pipeline, which will transport up to 2.2 bcf/d of natural gas from the Permian Basin across Texas to connect with other pipelines for further distribution. Supported by a combination of supply-push and demand-pull counterparties through long-term, fee-based agreements, the project is estimated to cost \$2.7 billion and is expected to start operations by the end of 2026. Both Kinder Morgan and Energy Transfer, along with other natural gas pipeline operators, anticipate additional project announcements in 2025, reflecting the sector's higher growth and alignment with rising natural gas demand.

Broader energy sector earnings generally aligned with expectations, with producers consistently highlighting their ability to increase production while reducing capital expenditures—demonstrating improved efficiency. The slight decline in fourth-quarter performance is primarily attributed to concerns over crude oil demand, driven by China's slower economic growth. The Chevron-Hess deal remains delayed, pending resolution of Hess's ownership dispute with ExxonMobil over an oilfield in Guyana. Despite receiving FTC approval, the resolution is not expected until 2025. Additionally, anticipated narrower refining margins, influenced by demand uncertainties and increased supply, weigh on stock performance. Despite these challenges, capital allocation strategies remain firmly focused on shareholder returns. Companies continue to prioritize growing dividends, strategic share repurchases, and maintaining low debt levels.

Top five contributors

1. Kinder Morgan Inc
2. Williams Companies, Inc.
3. Cheniere Energy Inc.
4. Energy Transfer LP
5. ONEOK, Inc

Bottom five contributors

1. Pembina Pipeline Corp
2. AltaGas Ltd.
3. ONE Gas, Inc.
4. Genesis Energy L.P.
5. Southwest Gas Corporation

Top 10 holdings (as of 12/31/2024)

1. Kinder Morgan Inc.	7.8%
2. Enbridge Inc.	7.6%
3. The Williams Companies, Inc	7.4%
4. TC Energy Corp.	7.4%
5. Oneok Inc.	7.3%
6. Cheniere Energy Inc.	7.2%
7. Energy Transfer LP	4.2%
8. NiSource Inc	4.1%
9. Atmos Energy Corp.	4.0%
10. Enterprise Products Partners	3.9%

Performance (as of 12/31/2024)

	QTD	Calendar YTD	1 year	3 year	5 year	Since inception ¹
TPYP market price	9.72%	37.34%	37.34%	20.83%	13.45%	8.24%
TPYP NAV	9.85%	37.32%	37.32%	20.89%	13.53%	8.26%
Tortoise North American Pipeline Index SM (TNAPT)	10.06%	38.46%	38.46%	21.78%	14.17%	8.90%
S&P 500 [®] Total Return Index	2.41%	25.02%	25.02%	8.94%	14.53%	13.71%

Source: Bloomberg for TNAPT

¹The fund commenced operations on 6/29/2015.

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 (844) TR-INDEX or (844) 874-6339.

As stated in the Prospectus, the total annual operating expenses are 0.40%. 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

TIS Advisors is the adviser to the Tortoise North American Pipeline Fund and is a registered investment advisor providing research-driven indices that can be used as a realistic basis for exchange-traded products and thought leadership in the universe of essential assets. Its indices are intended to fill a void in the market and provide benchmarks and investable asset class universes for use by investment professionals, research analysts and industry executives to analyze relative performance as well as to provide a basis for passively managed exchange-traded products. Exchange Traded Concepts, LLC serves as sub-adviser to the 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 844-TR-INDEX (844-874-6339) or visiting www.tortoiseadvisors.com. 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 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 pipelines may involve greater risk and volatility than less concentrated investments. 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. The fund is not actively managed and therefore the fund generally will not sell a security due to current or projected underperformance of a security, industry or sector, unless that security is removed from the index or the selling of the security is otherwise required upon a rebalancing of the index. There is no guarantee that the fund will achieve a high degree of correlation to the index and therefore achieve its investment objective. Shares may trade at prices different than net asset value per share.

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. The Tortoise North American Pipeline IndexSM is a float-adjusted, capitalization weighted index of North American energy companies primarily engaged in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). Returns include reinvested distributions and 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 Tortoise North American Pipeline IndexSM (an "Index") is the exclusive property of TIS Advisors, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Index. The Index is not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Index. "Calculated by S&P Dow Jones Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by TIS Advisors and its affiliates. S&P[®] is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). No portion of this publication may be reproduced in any format or by any means including electronically or mechanically, by photocopying, or by any other form or manner whatsoever, without the prior written consent of TIS Advisors.

The Bloomberg Barclays U.S. Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable rate mortgage pass-through securities), asset-backed securities and commercial mortgage-backed securities (agency and non-agency).

Liquefied Natural Gas (LNG) is a 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. Liquefied Petroleum Gas (LPG) is a group of hydrocarbon gases, primarily propane, normal butane and isobutane, derived from crude oil refining or natural gas processed. They may be marketed individually or mixed. They can all be liquefied through pressurization for convenience of transportation or storage.

Free Cash Flow is the cash a company produces through its operations, less the cost of total capital expenditures (growth and maintenance). EBITDA, or earnings before interest, taxes, depreciation, and amortization, is a measure of a company's overall financial performance. Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-GAAP measure used to provide an approximation of a company's profitability. This measure excludes the potential distortion that accounting and financing rules April have on a company's earnings; therefore, EBITDA is a useful tool when comparing companies that incur large amounts of depreciation expense because it excludes these non-cash items which could understate the company's true performance.

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