

May 18, 2026

Jacob Ford:

Hi everyone and welcome to this week's energy quick take in 10. I am Jacob Ford. I am one of the investment specialists here at Tortoise Capital and I'm happy to be joined by Rob Thummel, who is one of our senior PMs. So Rob, first off, thank you very much for being here. I have a lot of conversations with advisors and energy has obviously been kind of dominating those conversations and the headlines for that matter as well because of what's going on in the Middle East. But the conversations have started to shift more to get back to more broader topics over the past week or so, week or two. Advisors, geopolitics, it definitely still matters, but advisors, they want to know the bigger story. Talk about physical infrastructure that's required to power growth, pipelines, LNG, grid investments, power generation, and how that all ties into data centers, nuclear, and just overall reliability.

So I was hoping we could just kind of chat about some things that are going on, current events and just how this could be helpful to advisors, help for their clients and positioning energy as more of a long-term secular play, no longer just kind of a short-term tactical play.

Rob Thummel:

Oh yeah, absolutely. Well, I'm glad people are asking us about natural gas, right? I mean, oil's been relevant. We all know that. We've talked about oil day after day. It seems like it's still relevant, it's still important, but as you know, Jacob, we really like natural gas here at Tortoise. We like it for a lot of reasons. And what we're seeing is obviously the demand for natural gas is just going to rise and it's going to rise pretty substantially over the next several years and probably not just years but decades, right? LNG is going to be part of that, AI is going to be part of that. And as a result, we're also seeing a lot more pipelines. You're going to have to see more pipelines that are going to have to be built to take natural gas from places like West Texas in the Permian Basin.

In fact, there's not enough pipeline capacity today because some pipeline producers are having to take negative prices. There's negative prices actually in West Texas, which you say, "Well, how does that happen?" It happens because there's no buyer on the end. There's no buyer of that natural gas because there's no way to transport it. Once these pipelines get built, there will be a buyer and that natural gas demand will return and we won't have these negative prices anymore. But when you have these negative prices, that indicates that's a clear indication of we need more pipelines. And so that's a great thing for us to tort us because we're investing in a lot of these companies that are actually building a lot of those pipelines.

Jacob Ford:

Yeah, that's very timely because I think just very here recently a couple of names, Diamondback and Continental that announced that they're actually going to start, because these pipeline buildups, they're going to start increasing production, which is something I think we haven't seen for some time, right?

Rob Thummel:

Yeah. Well, I think the question is, a lot of people have asked us is production actually going to increase in the US or not, right? We've talked about capital discipline a lot. I know you've sent out a lot of great emails talking about capital discipline

and in this last quarter, a couple companies that are fairly large and they're large oil producers, Continental Resources and Diamondback Energy, well, both of them in the Permian, one's in the Bakken as well, announced that they're actually going to grow their production volumes this year in response to the higher prices. So we are seeing a supply response to the higher oil prices. And so that will help balance. Now, you got to put this in perspective though. We're talking about adding tens of thousands, maybe a hundred thousand barrels of oil to the supply. Remember, we're talking about millions of barrels, as much as 14 million barrels a day that have been of supply that have been offline at times for extended periods of time. So we've got a long ways to go in this oil market to get it balanced, but we'll get there.

Jacob Ford:

Yeah. So we talked about all the natural gas that we're building and now we've got increased oil production. I think that it's interesting to note that the US, the EIA, the Energy Information Association just came out and said that last year the US just broke a record for total energy production and this is the fourth straight year that we've done this. Is this something that, is this a record we're going to continue to keep breaking?

Rob Thummel:

Oh yeah. I think it's a record that's going to be broken year after year after year, right? The US is the largest oil and gas producer in the world and we have records setting production and that record will be broken next year and then the following year. So yeah, I do think the US is well positioned to continue to grow production year after year after year for decades to come.

Jacob Ford:

Gotcha, thanks. So one of the things where some of this natural gas is going and a lot of people have talked about this and asked about it, it's going to these AI data centers. So whenever a hyperscaler and a hyperscaler is going to be like Amazon Web Services, Meta, Google, whenever they enter into a contract with the data center, they're wanting what's called five 9s reliability, which is they want those data centers running 99.999% of the time. And so that basically kind of boils down to natural gas being the leader in the clubhouse to help provide that to reliability. And so Cisco has actually come out with their quarterly and their quarterly call. They're talking about this hyperscaler demand and their AI infrastructure. You want to kind of touch on a little bit what Cisco was.

Rob Thummel:

Have you seen Jacob about how much we're going to really increase the terawatts, right? I mean, you've talked about that and I think the EIA put something out about that this week too, that you actually mentioned to me. I think it's something like 1.7% increase in electricity demand that you sent to me and you said, put that in context, Rob, or I actually might even mention this. Think about that. That's like every year we're going to increase our electricity demand by about, I think that I average out to about 75 terawatt hours a year. That doesn't mean anything to me. That probably doesn't mean anything to you. New York City is about 25 terawatt hours of electricity. They consume a year. So think about that. Every year, if we increase just by 1.7% electricity demand in the US, that's like adding a New York City every three months basically, if that makes sense, right?

Wow. So we're adding a New York City every three months to the electricity grid. Hey, that needs a lot of electrification infrastructure and it needs a lot of energy infrastructure in order to sustain that. And that's what it's going to take to win the global AI race.

Jacob Ford:

Yeah. So yeah, you're right. On paper, 1.7% analyzed growth sounds like a drop in the bucket, but adding three New York City's worth of electricity, that's really, really impressive.

Rob Thummel:

Let me ask you another thing though, Jacob, because I know the guys out here, you guys all like to talk about sports betting is legal in Kansas and Missouri, by the way, and you guys all like to share your ideas and now we've got Kalshi, right? And so we've all listened about these CapEx numbers coming out of AI. And so what do you think the Kalshi odds are that AI spending will reach a trillion dollars by 2030?

Jacob Ford:

Oh, they're probably pretty good odds. I don't

Rob Thummel:

Think

Jacob Ford:

I'm winning much money on taking that bet. So

Rob Thummel:

Are you going to take the over or the under on that?

Jacob Ford:

I'll take the over.

Rob Thummel:

You take the over on that. Yeah. Okay. Okay. How about three to four trillion dollars?

Jacob Ford:

Three to four

Rob Thummel:

Trillion? Maybe not by 2030, but let's say by 2035.

Jacob Ford:

2035. I think I'd still take the over.

Rob Thummel:

So you'll still take the over. Okay. So if that happens, if that happens, we're talking about double digit growth, right? Double digit growth in AI capital spending, and that's all coming to a lot of the companies that we're investing in TCAI. And we've seen a lot of that. You mentioned Cisco. You mentioned Cisco earlier. That's exactly what Cisco's talking about. They're seeing a lot more capital spending and a lot more capital spending being spent on network equipment basically to build out their networks. We're seeing it in memory and storage. We saw that in TCAI. We've had a great opportunity for companies like Micron, Western Digital and these memory and storage companies grow revenue double digits, expand margins by double digits effectively because there's an absolute increased demand for all of this infrastructure basically to build out these data centers and we're benefiting from that not only just on the energy side, but also at TCAI on the AI infrastructure side as well.

Jacob Ford:

Okay. So when you throw out huge numbers like three or four trillion dollars over the next decade or so, one topic, one phrase I hear a lot from advisors is, this is a bubble and then you have Allbirds switching from making shoes to becoming an AI company that doesn't really help the case this is not a bubble, but this is not a bubble. This AI build out is markedly different from the dot com bubble that everyone remembers and experienced. What's the biggest difference between what we're seeing now with this AI build out and the money that these companies are spending versus what we saw in the dot com era?

Rob Thummel:

Well, that's kind of simple. It's earnings. It's earnings because we've got earnings. We've actually got earnings that are keeping up with the prices, right? So the price earnings ratios are not getting to be outlandish levels, right? We like to value a lot of our growth stocks in particular in TCAI on a PEG ratio. And what I mean in that is price earnings relative to their growth next year. And we're seeing a lot of the companies that we're investing in the PE ratio, the current PE ratio is not reflecting, is not giving the companies credit for the growth. So that's why we feel really confident about fundamentally that these companies continue to be able to grow.

Jacob Ford:

Very good. That was all really good stuff. It has been a fascinating conversation. I think for our audience, for advisors, the biggest takeaway is that energy, I think it deserves a broader conversation more often than it's actually been getting. Yes, oil geopolitics still matter, but the bigger story is it's power demand, it's this infrastructure, it's the pipelines, it's the whole build out that we really need to support AI and electrification. For portfolios, that means energy can be more of a tactical commodity trade. I mean, it's got to be a strategic allocation because these fiscal systems, this is what's going to keep the economy running.

Rob Thummel:

I couldn't agree with you much. And as everybody knows, there's no artificial intelligence without infrastructure basically. And so we're excited about that going forward and look forward to talking to everybody in the future.

Jacob Ford:

Well, thank you, Rob. It was a fascinating conversation and again, thanks everyone for checking us out.

Have topics you want covered or other feedback to share? Write us at info@tortoisecapital.com.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS

Important Information

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. This video contains certain statements that may include "forward-looking statements." All statements, other than statements of historical fact, included herein are "forward-looking statements." Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. Actual events could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors. You should not place undue reliance on these forward-looking statements. This video reflects our views and opinions as of the date herein, which are subject to change at any time based on market and other conditions. We disclaim any responsibility to update these views. These views should not be relied on as investment advice or an indication of trading intention. Discussion or analysis of any specific company-related news or investment sectors are meant primarily as a result of recent newsworthy events surrounding those companies or by way of providing updates on certain sectors of the market. Through our family of registered investment advisers, we provide investment advice to related funds and others that includes investment into those sectors or companies discussed in these videos. As a result, we stand to beneficially profit from any rise in value from many of the companies mentioned herein including companies within the investment sectors broadly discussed.

Tortoise Capital Advisors, LLC is the advisor to the Tortoise AI Infrastructure ETF.

Before investing in the funds, investors should consider their investment goals, time horizons and risk tolerance. The funds' investment objective, risks, charges and expenses must be considered carefully before investing. The statutory prospectuses and the summary prospectuses ([click here](#)) contain this and other important information about the funds. Copies of the funds' prospectus may be obtained by calling 855-994-4437 or by emailing info@tortoisecapital.com. Read it carefully before investing.

As stated in the Prospectus, the total annual operating expenses are 0.65%. 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.

Investing involves risk. Principal loss is possible. Because the fund is "non-diversified" and may invest a greater percentage of its assets in the securities of a single issuer, a decline in the value of an investment in a single issuer could cause the fund's overall value to decline to a greater degree than if the fund held a more diversified portfolio. The fund's strategy of emphasizing investments in AI infrastructure companies means that the performance of the fund will be closely tied to the performance of one or more industries that are expected to benefit from the growth of AI-capable data centers and related technology and energy infrastructure. Investing in companies that are expected to benefit from the same macro theme means that some of the fund's investments may be similarly affected by certain market, economic, political, or social developments. Companies in the energy infrastructure sector are subject to many risks that can negatively impact the revenues and viability of companies in this sector, including, but not limited to risks associated with companies owning and/or operating pipelines, gathering and processing assets, power infrastructure, propane assets, as well as capital markets, terrorism, natural disasters, climate change, operating, regulatory, environmental, supply and demand, and price volatility risks. Companies in the technology infrastructure sector are subject to many risks that can negatively impact the revenues and viability of companies in this sector, including, but not limited to risks associated with emerging technology that renders

existing products or services obsolete, reliance on outdated technology, intellectual property theft, supply chain disruption, vulnerabilities to third-party vendors and suppliers, business interruption, difficulty in retaining skilled talent, and regulatory compliance. Companies in the industrial sector face a variety of risks, including commodity price volatility, supply chain disruptions, potential obsolescence of technologies, economic downturns, and increasing competition.

Investment advisers, including the Adviser, must rely in part on digital and network technologies (collectively “cyber networks”) to conduct their businesses. Derivatives include instruments and contracts that are based on and valued in relation to one or more underlying securities, financial benchmarks, indices, or other reference obligations or measures of value. If the fund writes a covered call option, during the option’s life the fund gives up the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but retains the risk of loss should the price of the underlying security decline. Investments in securities of foreign companies involve risks not ordinarily associated with investments in securities and instruments of U.S. issuers, including risks relating to political, social and economic developments abroad, differences between U.S. and foreign regulatory and accounting requirements, tax risks, and market practices, as well as fluctuations in foreign currencies.

The fund may be exposed to liquidity risk when trading volume, lack of a market maker, or legal restrictions impair the fund’s ability to sell particular securities or close call option positions at an advantageous price or in a timely manner. Illiquid investments may include restricted securities that cannot be sold immediately because of statutory and contractual restrictions on resale. Mid-cap and small-cap companies may not have the management experience, financial resources, product or business diversification and competitive strengths of large cap companies.

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.

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

Nothing on this website 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