**Monthly Webinar Series Replay: Exploring Energy, Powering the Future**

**November 10, 2026**

Alex Pickard (00:00):
Well, good afternoon everyone, and thank you for joining us for this month's edition of our monthly webinar, Exploring Energy: Powering the Future. My name is Alex Pickard, and I am part of the strategic relationships group here at Tortoise. I'm stepping in for Mark this month as he is out on baby watch, waiting for his third baby who's due any day now. And I'm joined by senior PM and market strategist, Rob Thummel. So Rob, thank you for being here today. We will save Q&A for the end, but you can type those questions into the Q&A box on your screen at any point, and we'll get to them after Rob's prepared remarks. So for those newer to Tortoise, Tortoise is an energy specialist. We've invested across the energy value chain for more than 20 years, and today we manage about 10.4 billion in assets as of September 30th.

(00:44):
This spans everything from the wellhead to the end user, and what we think sets us apart is our long tenured investment team, deep proprietary research and hands-on approach to investing. Speaking of our research, our latest edition of the quarterly guide to the energy markets was published last week and will be available on our website soon. So we group those investments that I just mentioned into four capabilities. Energy infrastructure where we started in 2003 is about eight billion. Electrification infrastructure is around 1.6 billion, broad energy around 545 million, and our energy adjacent strategies like water and our AI fund are about 294 million. And we offer those strategies across mutual funds, a closed end fund, active and passive ETFs, and SMAs so you can access them in the vehicle that fits your client best. So before I hand it over to Rob, we always like to start with a few quick poll questions that helps us see where you and your clients are and helps us tailor our talking points.

(01:46):
So if we could go ahead and pull up the first one.

(01:51):
We're about one week past the midterms. There we go. So we'll start there. So how do you expect last week's midterm election results to affect energy investments over the next 12 months? And we have positive, negative, and little to no input impact there. And as everyone's answering, I'll plug another though piece our team put out last week about the election results, which is available on our website. The short version of which is that the results could move near term prices, which we are seeing play out. Also policy priorities and sentiment, but it won't change the long-term driving forces like the long-term outlook or rising electricity demand. So that actually plays right way here with where we see these results. Rob, everybody's in line with us, but if you want some more information, we do have that though piece on our website. Our second question, energy has been in the headlines all year, so we'd love to know what your clients are asking you.
(02:47):
Is it too late to invest after this year's run? How do geopolitics affect my portfolio? What does AI mean for power demand? How do interest rates affect energy investments? And clients aren't asking much about energy. We are hearing almost all of the top four there in our conversations with advisors, and Rob will touch on a lot of those today. So hopefully you can leave with a few answers for those client conversations. Yeah, mainly geopolitics probably with the elections just here and then AI power demand. So Rob, you're going to touch on that in your upcoming slides here. And then our last one over the next 12 months, how do you plan to change your client's energy infrastructure allocation? Increase, keep it the same, reduce it, or we don't have a dedicated allocation today. And Rob's going to walk us through in his slides where we're seeing opportunity across our strategies from pipelines to AI infrastructure and nuclear.

(03:48):
So hopefully that gives you some ideas as you're planning for next year. Yeah, kind of across the board there, which I think makes sense with the elections and everything going on geopolitically, Rob. Thank you everyone for weighing in. So now Rob, I'm going to turn it over to you. He's going to walk us through performance. And October was a big month for energy. Then we'll look at Q3 earnings from Exxon and Chevron, a new major LNG deal between Cheniere and Qatar Energy, and then we'll close with portfolio positioning before getting to those questions. One more reminder, you can enter those questions at any time in the box on your screen. And with that, Rob, I'll turn it over to you to walk through performance.

Rob Thummel (04:25):
Thank you, Alex. And we do miss Mark and we wish Mark and Alex, his wife, the best in adding the latest new tortoise to the tortoise family. We're excited about that. So we're excited to hear about that. And oh, by the way, Rob wouldn't be a bad name for the new baby, I think, or for the new tortoise. I think that's a good one. So I don't know if they'll take me up on that, Alex, but let's talk about performance. Okay, so it was October, trick or treat, trick or treat Halloween month, right? So tricks and treats galore, but mostly in the energy sector, as you can see here, lots of treats. So the energy sector in October, one of the best performing sectors or the best performing sector up 14%. Wow, what a month for the sector. And the energy sector was really led by refiners, which we'll talk about a little bit more as being one of the better performers. What it looks like to me is going on here is as you can see, at least from an S&P perspective, you've got energy way up and you've got technology and communication services down.
(05:30):
And so it looks like to me there's a big rotation happening that sometimes we see, and I've seen that in my career out of the tech stocks and into energy. And why do investors rotate out of tech stocks and into energy? Well, that could be primarily because of the free cash flow yields offered by the energy sector. And that's the one thing that this energy sector has consistently done really since COVID, since 2020, is to deliver free cash flow yields, high dividend yields, growth in dividend yields, and high free cash flow yields. And those are compelling investment attributes and investors are starting to reward the sector for that. So that's really what we saw on a really month to date perspective. If you look across the energy value chain itself on the next page, perfect. Energy sector was supported by higher oil prices.
(06:25):
We know that geopolitics, Alex mentioned this at the beginning, played a big role and a lot of things happened in the month of September, or sorry, the month of October, excuse me. And geopolitics still play an important role or a really critical role in oil prices right now. There's a geopolitical risk premium in oil prices and oil prices really shot up. Most of it was due to there were periods of time when tankers were not moving out of the straight at all. And it was probably some of the worst times actually in the month of October, and that really caused a concern about the scarcity of supply of the oil supply globally. And so when you got an undersupplied oil market and it's out of balance like that, we often have seen price increases. We're fortunate, we didn't see even a larger price increases, frankly, and I think we're all happy about that, but a lot of the reason that we didn't see a significant price increase despite all of the major geopolitical and tensions that are happening across the world is because the US itself produces so much oil now and we don't have to worry about those really large price spikes that we would've seen in the past if something similar would've happened, let's say in the 70s.
(07:49):
The other side of it, you can see natural gas. Sorry, go backwards one slide. I'm sorry. Go back one slide. So natural gas performed the worst. It's down 21%.This is US natural gas prices, right? They're down 21%. So you might say, oh, I don't like that. Well, tortoise, we actually do. As people on this call know, we love natural gas at Tortoise. And if prices can stay low like they are now going forward, we think that that really benefits both us as a country, but also some of the individual companies as well because the demand for natural gas will rise and the US will win the global AI race because of low cost electricity and the competitive advantage that the US has in access and an ample supply to low cost natural gas. And so we think that that's really important. And we'll talk a little bit more about that in a second here and how that's been demonstrated and some unusual things that are going on in the natural gas sector.

(08:54):
But the natural gas price in the US is, let's just say about three bucks.
(09:00):
The natural gas price in Europe and Asia is probably seven, eight, nine, maybe 10 times that, up to $30 in MCF, maybe even at times even higher than that. We go into the heating season, this is the time natural gas is used across the world, especially here in the US as well as Europe and Asia to heat your home. It's really critical commodity. You really don't have a choice. Some of you in the Northeast have heating oil, but most heat is generated in our homes using natural gas. Europe, it's going to be a really interesting winter because Europe is going into the heating season with very, very low natural gas inventories and probably one of the lowest it's ever had going into the heating season. And so this could get really interesting with regards to the natural gas prices internationally in both Europe and Asia relative to the US and could present some opportunities for a lot of the energy infrastructure companies that we're investing in if either the US and/or Europe, Asia get off to a nice cold start for the winter.
(10:12):
So keep your eyes on that. Obviously we'll keep you abreast on what's happening there in natural gas prices. Okay, year to date, move to the next page. Look, we all know this, but hopefully you've heard this from us before and we've talked about why we think you should have an allocation to the energy sector, and frankly, it's been the best performing sector in the S&P 500 year to date by a long shot. You can see up almost 60%. That's just been phenomenal performance. It's obviously been supported by higher oil prices, which we'll talk about in a minute, but it's also been supported by pretty strong performance out of the refiners that Alex mentioned at the beginning. And then also Exxon and Chevron, because those higher oil prices are off to a really good start. And we'll talk a little bit more about those in a second.
(11:03):
If you go to the next slide and you look across the value chain, how are we doing across the value chain? Refiners, as I mentioned, doing fantastic, up almost 149% or up 149%. They've just had a phenomenal run. Why have they performed so well? Well, the existing refiners that still have capacity are benefiting from the fact that the US and the globe really have not invested in refining capacity for quite a while. There's been a few expansions of existing refineries, but there have not been new refineries built for the most part globally. And then you layer onto that Russia, who is a big exporter of refined products, including diesel, and their refineries are getting shot down or damaged, severely damaged by drones from Ukraine as part of that conflict. And you have a really undersupplied refining market, refined products market for both diesel, gasoline, jet fuel.
(12:11):
And so what happens is we see refining margins. They call it the crack spread sometimes. You might hear it referred to as that. Those refining margins have expanded significantly. They're some of the widest levels that I've seen in my career. There's been a few times of this, but it's a wide refining margin, which ultimately results in existing refiners generate a lot of cash flow and a lot of free cash flow. So you saw companies like Valero, Phillips 66, Marathon Petroleum, NBC have some really, really strong quarters and strong cash flow quarters, and then that propelled their stock prices accordingly, as you can see. On the flip side, year to date, natural gas has struggled. Natural gas, just from a price perspective, natural gas prices are low because inventories are pretty much average and they're at normal levels. We're not short natural gas in the US.
(13:11):
We're very long natural gas. We have a lot of it, and it's frankly our competitive advantage. It's going to allow the US to not only win the AI race, but also probably reshore a lot of industrial activity and manufacturing activity here in the US. Okay, so that really covers performance. Go ahead, Alex.

Alex Pickard (13:31):
No, thank you, Rob. I was just going to say, so as you went over, energy is the top performing S&P sector this year so far, and earnings season is backing that up. Exxon and Chevron both reported on October 30th and beat expectations. Can you tell us a little bit about what stood out to you with those results?

Rob Thummel (13:51):

Yeah. So this slide lays out the Exxon and Chevron performance. Obviously Exxon and Chevron, two largest energy companies in the world. Their performance, as you can imagine, with the strong backdrop they had, in other words, higher oil prices, high refining margins, really resulted in an earnings beat for both. Exxon beat earnings by 8.5% and the Chevron earnings beat by 10.5% on an earnings per share basis. And the reason for that was really a lot of the things that we just talked about, which was the fact that refining margins, because both Exxon and Chevron are big refiners and operate domestic refineries, that's part of their business, and both of them had very strong refining earnings as a result of the higher crack spreads, higher refining margins, and then that trickled down into the broader earnings. What's most interesting to me is, and one of the reasons why we look at all energy stocks and frankly almost all the stocks we look at here at Tortoise is the free cash flow yields that these companies offer.

(14:58):
The free cash flow yields of Exxon and Chevron and a lot of energy companies are in some cases double digits, well over 10%. And what then that allows these companies to do with this free cash flow is allocate that, whether that's to dividends or stock buybacks. What we were interested in learning from Exxon and Chevron, and we'll continue to watch throughout the rest of the year, is because we've had the oil futures curve move up. So for perspective, the oil futures curve is 50% higher today than it was a year ago, roughly. With that higher oil futures curve, naturally what you would think is that means that Exxon and Chevron earnings and free cash flow will probably go higher, and they likely will. What we're looking for is will Exxon and Chevron actually boost their stock buyback programs, which are already pretty significant as we speak.
(15:48):
I believe Exxon is buying back $25 billion or $20 billion per year of stock, and Chevron's buying back $10 to $12 billion per year. We'll see with the new commodity price assumptions, what they decide to use next year, if those numbers will change in a positive way, but there's definitely a lot of free cash flow in this sector and that's one of the things that we're looking for.

Alex Pickard (16:11):
Perfect. Thank you, Rob. So now let's turn to natural gas. On October 22nd, Cheniere announced that it will supply Qatar Energy with US LNG through 2054, which is notable given that Qatar is one of the world's largest LNG exporters. So Rob, can you walk us through that deal and why it's happening now?

Rob Thummel (16:29):
Yeah, I sure can. So LNG is a really important trade for the US. Many of you've listened to this call many times know that LNG is the largest... The US is the largest LNG exporter in the world. Cheniere has been a holding a tortoise for a long time, and Cheniere individually is one of the largest LNG exporters in the world. And then for some of you that are watching really closely, we've recently added over the last year or so, Venture Global, who's another pure play LNG exporter to our portfolios in a lot of ways. But in the last month, there was a really interesting transaction between... Well, I guess it's a transaction agreement between Cheniere and Qatar. And why is it interesting? Well, it's because think about it, Qatar is the second largest exporter behind the US from a country perspective. But as many of you know, Qatar's LNG facilities have been severely damaged as a part of this war, and they're in the process of repairing those facilities, but that's going to take several years.
(17:33):
So what's interesting to me about this is Qatar entered into a contract to buy liquefied natural gas from effectively its competitor, Cheniere, for not just one or two years, but for effectively 2031 to 2054, 30 years or so, not quite that, but an extended period of time. And what's interesting to me also is that now Cheniere as an LNG operator will be delivering natural gas under fixed fee contracts, not the whole big company, but for certain contracts like this one into the 2050s. That to me is both of those facts are just really phenomenal and just shows you the significance of being the low cost supplier, the competitive advantage that the US has, and I think once again, that will serve us well as a country having low cost natural gas for not only just the next several years, but the next several decades as well.

Alex Pickard (18:43):

Perfect. Thanks, Rob. Now, can you walk through how we are positioned here at Tortoise focusing on energy infrastructure and broad energy and electrification first?

Rob Thummel (18:54):
Yeah, let me take a look. First of all, from a positioning perspective, let's look at our largest allocation, which is our energy infrastructure portfolios. You can see we're still allocated heavily to natural gas pipelines. We really like natural gas pipelines. More natural gas pipelines are needed. To get into minutiae just a little bit, if you're looking at what's going on in the energy sector, you're seeing in West Texas natural gas prices that are a dollar to $2 below what Henry Hub natural gas prices are. So that $3 I was quoting you earlier in West Texas, you might be able to buy natural gas for two or $1. And so the reason for that is because that natural gas has nowhere to go. Where does it need to go? It needs to go to the Gulf Coast to be exported. There's a lot of countries that would love to buy $2 natural gas from the US, or that natural gas needs to go, more importantly, to places like data centers basically, and to generate electricities from data centers.
(19:57):
So we've seen a lot of pipelines that are going to be built over the next couple years. Kinder Morgan announced a new one recently last quarter on its conference call to take a pipeline to take natural gas from the western part of Texas to the Gulf Coast where that gas will be exported. We've seen Energy Transfer, another one of our larger holdings in most of our portfolios, announce projects to take natural gas down to Arizona where there's a lot of activity going on in terms of data centers and even maybe some industrial activity to support some of the chips and things that are going on that are being used in the data centers as well. So natural gas pipelines is an area of growth for us, we think, and we continue to see growth opportunities there, and that's why we've continued to see a large allocation.
(20:46):
If you shift over to the middle to broad energy, broad energy is an area where we've seen... We pivoted a little bit earlier this year to focusing more on the refiners and the exporters of energy, whether it's liquified natural gas or LPGs or oil, and we've maintained that from here or maintained that from earlier in the year, and obviously the shift to refiners has been a positive one for investors because you've seen what the refiner performance has been. Then on the far right, look at our electrification infrastructure portfolio, you can see that's been held fairly steady. That focuses on if you believe that we're going to have... I think it's 68 gigawatts, Alex, of power demand that's going to increase between now and 2030, that's pretty significant. You're going to need a lot of electricity and electrification infrastructure is going to be the key as electricity becomes a new oil, as AI really becomes the future economy.
(21:58):
The last page, I think, let's see, what we got? Yeah, there we go. The last couple breakdowns are AI infrastructure. Many of you know we launched an AI infrastructure fund actually earlier this year. AI infrastructure is a little broader than just pipelines and energy. It spans more than just really what goes into the AI, but it takes into account also the data centers that actually do the compute inside the data centers, and then also the required infrastructure needed to perform the computing capabilities. So it includes memory and storage and network switches and things along those lines. We've held that allocation fairly consistent, but data center infrastructure, because we've seen a lot of movement in this sector, we've probably added more to data center infrastructure more recently. We've added more to digital infrastructure as well as we've seen opportunities in things like memory and storage and the undersupplied market there evolve.
(23:06):
And then lastly, the nuclear, and we're almost done, is the nuclear allocation that we have in TNUK. Our fund dedicated just to the nuclear sector has remained very consistent really quarter over quarter, and our focus here on TNUK is very simply that we think longer term, obviously natural gas and nuclear will be the two primary fuel sources to support this growing need and growing demand for more electricity as electricity becomes the new oil and electricity demand continues to grow at really unprecedented rates. And just as a reminder, many of you know electricity demand has not grown in the last two decades, but now for the next, well, who knows, into the foreseeable future, electricity demand is going to grow probably four to 5% a year, and so we expect electricity demand could easily double over the next several years as we see demand for AI become the next industrial revolution and AI become the next economy.

(24:03):
Okay, go ahead.

Alex Pickard (24:05):
No, thank you so much, Rob. And I think that wraps up our prepared remarks, so we will move on to Q&A now. As a reminder, you can type those into the box on your screen. And Rob, first one, refiners are up about 149% this year. How much of that do you see as durable versus tied to the conflict?

Rob Thummel (24:26):
Yeah, so because we have high refining margin, that's a great question, Alex, that a lot of it is tied to the conflict. However, also there is a durability, there are some durable free cash flow numbers in there. The refiners generate just a lot of free cash flow on a standalone basis that just got enhanced by the conflict. And so these refiners from a free cash flow yield perspective is how we look at them, and obviously they're going to be well into the double digits in the current environment, but we're also at record refining margins at the present time. In a more normalized environment, we still see opportunities in the refiners because you simply just haven't had the adequate investment made in US refining capacity, which means we're just going to have probably a higher than normal refining margin for a while. Not sky high like we've seen it in the last couple quarters, but it's going to be consistently higher than what it's been in the past, which will probably create more durable refinery margins going forward.

(25:32):
But you will see us continue to hold these companies, these big refiners, because exporting is really important as well, and refiners and exporting of diesel and jet fuel and gasoline is really critical to the success of the refiners as well. And so for all of these reasons, we like the refining category long-term as part of the portfolio, as part of energy portfolio, and as a good allocation as part of our all energy portfolio.

Alex Pickard (26:07):
Perfect. Thank you, Rob. Another one here, what does the Cheniere-Qatar Energy deal signal for other US LNG exporters looking to sign long-term contracts?

Rob Thummel (26:20):
Yeah, I think many others will be calling and we'll probably see more of those deals in the future. Obviously, Cheniere signed a deal. I think there's eight or nine BCF a day, I think, of LNG globally offline, I believe. And that's just from Qatar, I should be clear, that needs to be replaced. Qatar may sign more deals with the US because Qatar was planning to expand their facilities, and now those expansions have been delayed, postponed because of the damage done by the war basically. And so we've got the opportunity for the US to take advantage of that low cost natural gas again, this competitive advantage, and sell that low cost natural gas internationally and increase exports. It helps improve the trade deficit, but it also really helps a lot of US companies really benefit from a commodity that the US really has some of the largest supplies of, which is natural gas.

Alex Pickard (27:31):
Perfect. Thank you, Rob. And I think we have time for about one more here. You did touch on this, but might be worth going through again. Natural gas prices are down about 34% this year. How do you square that with the long-term LNG demand story that you've been discussing?

Rob Thummel (27:47):
Yeah, no, that's a great question. And what I would say is the way I'd square it is, look, the prices stay lower. The demand probably goes higher for LNG. What we watch and pay close attention to is the natural gas price low enough that you'll continue to see production and can producers naturally earn at least enough rate of return at this natural gas price. Three bucks is probably a little bit too low, but if you're an international buyer of US natural gas, you love low prices because you don't have to pay 30 or 35 or $40. You get to pay a much

lower price, just the $3 plus a little bit of a shipping fee. So if we continue to see low prices, I think you'll see increased demand for US LNG going forward.

Alex Pickard (28:46):
Perfect. And then a follow-up onto that, Rob, that we just got through, what are those breakeven prices for natural gas producers?

Rob Thummel (28:55):
Yeah, that ranges all over the board. It's going to be from three to $5 an MCF because it just depends on where you produce from. Why we have such low prices right now is because the Permian Basin that many of you have heard us talk about that produces a lot of oil, it's one of the most prolific oil basins, frankly, in the world. It produces natural gas along with the oil that it produces. And so we've seen just a lot of natural gas come out of the Permian Basin, and that will continue to grow as oil production is sustained in the Permian Basin. We have plenty of natural gas in the US in that three to $5 range, and producers can earn a nice profit in that range. Not too much for profit, but just a reasonable profit. Obviously, if we need even more natural gas, which we might because we're going to need a lot of natural gas to power all of these data centers and generate all this electricity both domestically and globally, there's plenty of additional natural gas in places like the Haynesville shale in Louisiana, as well as the Barnett Shale in Northern Texas and Canada has plenty of natural gas as well.
(30:02):
So we think that the LNG trade is actually one that will persist and it's kind of a secular trade or a secular business basically that will continue that's very durable and that we are benefiting from across all of our strategies, especially strategies we're investing in energy infrastructure, in particular the pipelines and energy infrastructure assets that are responsible for liquefying natural gas and exporting it via the ships.

Alex Pickard (30:34):
Perfect. Thank you, Rob. We will go ahead and wrap it up there. Thank you all for joining us. Thank you, Rob, for joining us. If you have any follow-up questions, please feel free to reach out to us. You can see our sales team map up on the screen now, and we hope to see you on our webinar next month.


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