MLP and Energy Infrastructure Market

Third Quarter 2020 Commentary

OVERVIEW

Master Limited Partnerships (MLPs), as represented by the Alerian MLP Index ("Index") returned -16.26% for the quarter and -48.35% for the one-year period ending September 30, 2020. In comparison, the S&P 500® Index returned 8.93% and 15.15% for the quarter and one-year, respectively.

OUTLOOK

The third quarter was weak for energy equities as concerns around softening demand from a second wave of COVID-19 impacted the sector. MLPs performed poorly but outperformed the energy sector as represented by the S&P Energy Select Sector Index, which was down close to twenty percent during the quarter. While investor sentiment towards energy equities has been wanting, fundamentals for midstream appear to have stabilized since the market turmoil of the second quarter. Companies have continued to see volumes recover as commodity prices have returned to levels supportive of production. During the lows of the second quarter, many producers took the decision to shut-in producing wells, but much, if not all, of this production has been brought back online in most regions. We think this should be a positive for midstream earnings for the third quarter, but that is clearly not reflected in quarter end security prices.

COVID-19 concerns are clearly warranted. If there is more economic disruption and no correlating governmental stimulus, equities and energy demand may suffer. Management teams are acutely aware of this risk and reacted appropriately, in our view. Already producing wells were returned to production, but drilling rig activity has not recovered. Several pipeline projects have been cancelled or delayed as companies display capital discipline. The end result is an advantage for incumbent players as competition from new assets is lessened. These incumbent players have seen a stabilization in cash flow and a reduction in capital expenditures. The product of this formula is increased free cash flow, even after paying distributions to unitholders. We believe a near term catalyst for the group maybe a return of this cash flow to investors; not in the traditional method of increased distributions but rather through unit or share buybacks for those companies with reasonable leverage. It seems likely to us that the majority of this activity will take place in 2021, but we may see some company announcements in this regard through the end of the year.

We continue to believe that energy infrastructure equities are undervalued and present a compelling investment case. We also acknowledge that in the near term the pandemic and governmental actions related to it will drive capital market performance. The Fund's portfolio* is well positioned to weather near term volatility but is also exposed to any eventual economic recovery once the pandemic allows.

Thank you for your continued trust and support. As always, we welcome any questions you may have.

Sincerely,

The Tortoise investment team

*The Fiduciary/Claymore Energy Infrastructure Fund (FMO). For current fund performance, visit GuggenheimInvestments.com.

The potential impacts of the COVID-19 outbreak are increasingly uncertain, difficult to assess and impossible to predict, and may result in significant losses. Any adverse event could materially and negatively impact the value and performance of the fund and the its ability to achieve its investment objectives.

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Investing involves risk, including the possible loss of principal. Past performance is not indicative of future results. An investment in MLP units involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of MLP units have the rights typically afforded to limited partners in a limited partnership. As compared to common shareholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in MLP units. Additionally, conflicts of interest may exist between common unit holders, subordinated unit holders and the general partner of an MLP; for example, a conflict may arise as a result of incentive distribution payments.

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