

Cover Page (Item 1)

# Form ADV Part 2A

March 28, 2024



This Brochure provides information about the qualifications and business practice of Tortoise Investment Management, LLC (“Tortoise”). If you have any questions about the contents of this Brochure, please contact us at 914-686-0024 or email: [info@tortoiseinvestment.com](mailto:info@tortoiseinvestment.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Tortoise Investment Management, LLC is also available on the SEC’s website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

References made herein to Tortoise Investment Management as a “registered investment adviser” or any reference to being “registered” does not imply a certain level of skill or training.

2 Westchester Park Drive, Suite 215 | White Plains, NY 10604 | 914-686-0024 | [www.tortoiseinvestment.com](http://www.tortoiseinvestment.com)

## **Material Changes (Item 2)**

We do not believe that there have been any material changes to this Form ADV Part 2A brochure since the annual amendment filing dated March 30, 2023.

Tortoise's Chief Compliance Officer, Michael Mattern, remains available to address any questions about this ADV Part 2A Brochure.

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## Advisory Business (Item 4)

Tortoise Investment Management, LLC (“Tortoise”) is a New York limited liability company formed in September 2004, and has been registered as an investment adviser with the United States Securities and Exchange Commission since January 13, 2006. Rochelle Yankwitt, a member of our Board of Managers, is Tortoise’s principal owner through a trust for which she serves as trustee. Tortoise’s management is vested in its three-member Board of Managers, currently comprised of: Chief Operating Officer, Riva Roloff; Managing Director, Justin Singer; and Rochelle Yankwitt. Michael Mattern serves as Tortoise’s Chief Compliance Officer.

Tortoise provides customized, sophisticated investment management and financial advice. Portfolios are managed with an understanding of each client’s complete financial circumstances.

We have structured our business to put your interests first in every aspect of our relationship: we are, and always have been, your fiduciary, independent, and fee-only.

Every investor should have a strategic plan that coordinates investments into an integrated whole and incorporates the entirety of the investor’s financial circumstances. An integrated plan, properly implemented, leads to disciplined decision-making instead of making individual decisions in a vacuum or letting inertia govern and doing nothing.

Our investment strategy emphasizes risk management, a conservative, long-term approach, and tax-efficiency. We believe that it is more important to maximize the probability of having *enough* money rather than taking the risk necessary to strive to have *the most* money.

Risk and potential return are inextricably entwined. The key to successfully navigating the vagaries of the capital markets is having a more realistic assessment of the universe of possible outcomes, the uncertainty of the future, and the impact of potential losses on real life. A more fully developed understanding of your ability and willingness to bear risk enhances our ability to take the appropriate amount of risk on your behalf. This understanding can only come from on-going, open discussions with you, informed by our professional judgment.

Tortoise provides discretionary investment management primarily to high net-worth individuals and trusts, both making and implementing the investment decisions. A substantial portion of our clientele consists of professionals in demanding careers who appreciate the combination of expertise, implementation and global advice from a trustworthy advisor.

In addition to what is customarily referred to as investment management, upon specific client request Tortoise may advise clients on a variety of financial, non-investment issues. These issues may include among others: college and retirement planning, mortgage financing, general liabilities management, insurance, charitable giving, estate planning, and wealth transfer. In cases where we discuss estate planning, inter-generational gifting or related matters with a client, and some, but not all, other family members are clients, a potential conflict (or the appearance thereof) may arise. The client retains absolute discretion as to whether or not to implement any of Tortoise’s advice. While Tortoise believes that it is

important for the client to address financial, non-investment issues on an ongoing basis, Tortoise's fee, as set forth at Item 5 below, will remain the same regardless of whether the client decides to address financial, non-investment issues with Tortoise.

The services that we provide vary in certain respects based on the needs and desires of individual clients. For example, some clients have more unresolved financial planning matters than others do. In addition, different clients prefer different formats and frequencies of communication. And, of course, each client's investment portfolio is driven by the client's particular circumstances. Clients may impose restrictions on certain investments as described in the Investment Discretion section. We do not provide a truncated, more limited version of our services. We do not serve as your attorney, accountant or insurance agent, and no portion of our services should be construed as same. Accordingly, Tortoise does not prepare legal documents, prepare tax returns, or sell insurance products. To the extent requested by a client, we may recommend the services of other professionals for non-investment implementation purposes (i.e., attorneys, accountants, insurance, etc.). Clients are under no obligation to engage the services of any recommended professional, who shall be solely responsible for the quality and competency of the services they provide. If the client engages any unaffiliated recommended professional, and a dispute arises related to the engagement, the client should seek recourse exclusively from and against the engaged professional.

### Miscellaneous

Retirement Plan Rollovers and Conflicts of Interest. A client or prospective client leaving an employer typically has four options regarding an existing retirement plan (and may engage in a combination of these options): (i) leave the money in the former employer's plan, if permitted, (ii) roll over the assets to the new employer's plan, if one is available and rollovers are permitted, (iii) roll over to an Individual Retirement Account ("IRA"), or (iv) cash out the account value (which could, depending upon the client's age, result in adverse tax consequences). If Tortoise recommends that a client roll over retirement plan assets into an account to be managed by Tortoise, such a recommendation creates a conflict of interest if Tortoise will earn new (or increase its current) compensation as a result of the rollover. Of course, a similar conflict of interest arises any time a client contemplates putting additional assets (whether retirement plan assets or otherwise) under Tortoise's management. If Tortoise provides a recommendation as to whether a client should engage in a rollover or not (whether it is from an employer's plan or an existing IRA), Tortoise is acting as a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. No client is under any obligation to roll over retirement plan assets to an account managed by Tortoise.

Portfolio Trading Activity. As part of its investment advisory services, Tortoise will review client portfolios on an ongoing basis to determine if any changes are necessary based upon various factors, including, but not limited to, investment performance, additions, withdrawals, and/or a change in the client's investment objectives. A review does not necessarily imply that some action will be taken. In fact, Tortoise often determines that taking no action, in the particular circumstances, is the best action. Clients remain subject to the fees described in Item 5 below during periods of account trading inactivity.

Trustee Directed Plans. Tortoise can be engaged to provide discretionary investment advisory services to ERISA retirement plans, whereby the Firm will manage plan assets consistent with the investment objectives designated by the plan trustees. In these engagements, Tortoise will serve as a fiduciary as that term is defined under The Employee Retirement Income Security Act of 1974 (“ERISA”). Tortoise will generally provide services on an “assets under management” fee basis according to the terms and conditions of a written agreement between the plan and Tortoise.

Client Retirement Plan Assets. Upon engagement to do so, Tortoise shall manage assets held in a client’s employer-sponsored 401(k), but their investment selections are limited to the options available on the applicable platform or accompanying brokerage link. Tortoise will not receive any communications from the plan sponsor or custodian, and those clients are exclusively obligated to notify Tortoise of any changes in investment alternatives, restrictions, etc. pertaining to the retirement account.

Unaffiliated Private Investment Funds. Tortoise does not generally recommend private investment funds. However, when requested by a client, Tortoise may discuss investment in unaffiliated private investment funds (any corresponding purchase by the client shall be on a non-discretionary basis). If Tortoise determines to provide advisory services, Tortoise’s role shall be limited to its initial and ongoing investment review and monitoring services, and, unless determined by Tortoise to the contrary, in writing, the amount of assets invested in the fund(s) shall be included as part of “assets under management” for purposes of Tortoise calculating its investment advisory fee. Tortoise’s advisory fee shall be in addition to the fund’s fees. Tortoise clients are under absolutely no obligation to consider or make an investment in any private investment fund(s).

Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund’s offering documents, which will be provided to each client for review and consideration. Unlike liquid investments that a client may own, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a Subscription Agreement, pursuant to which the client shall establish that the client is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

Interval Funds: Risks and Limitations. Where appropriate, Tortoise may utilize interval funds. An interval fund is a non-traditional type of closed-end mutual fund that periodically offers to buy back a percentage of outstanding shares from shareholders. Investments in an interval fund involve additional risk, including lack of liquidity and restrictions on withdrawals.

During any time periods outside of the specified repurchase offer window(s), investors will be unable to sell their shares of the interval fund. There is no assurance that an investor will be able to tender shares when or in the amount desired. There can also be situations where an interval fund has a limited amount of capacity to repurchase shares and may not be able to fulfill all purchase orders. In addition, the eventual sale price for the interval fund could be less than the interval fund value on the date that the sale was requested.

While an interval fund periodically offers to repurchase a portion of its securities, there is no guarantee that investors may sell their shares at any given time or in the desired amount. As interval funds can expose investors to liquidity risk, investors should consider interval fund shares to be an illiquid investment. Typically, interval funds are not listed on any securities exchange and are not publicly traded. Therefore, there is no secondary market for the fund's shares.

Because these types of investments involve certain additional risk, these funds will only be utilized when consistent with a client's investment objectives, individual situation, suitability, tolerance for risk and liquidity needs. Investment should be avoided where an investor has a short-term investing horizon or cannot bear the loss of some, or all, of the investment. There can be no assurance that an interval fund investment will prove profitable or successful. In light of these enhanced risks, a client may direct Tortoise, in writing, not to purchase interval funds for the client's account.

Cash Sweep Accounts. Certain account custodians can require that cash proceeds from account transactions or new deposits, be swept to and/or initially maintained in a specific custodian designated sweep account. The yield on the sweep account will generally be lower than those available for other money market accounts. When this occurs, to help mitigate the corresponding yield differential, Tortoise, within a reasonable period of time, will generally (with exceptions) purchase a higher yielding money market fund (or other type security) available on the custodian's platform, unless Tortoise reasonably anticipates that it will utilize the cash proceeds in the short-term to purchase additional investments for the client's account. Exceptions and/or modifications can and will occur with respect to all or a portion of the cash balances for various reasons, including, but not limited to the amount of the difference between the sweep account and a money market fund, the size of the case balance, an indication from the client of a need for access to such cash, or the client has a demonstrated history of writing checks from the account.

The above does not apply to the cash component maintained within Tortoise's actively managed investment strategy (the cash balances for which shall generally remain in the custodian designated cash sweep account), an indication from the client of a need for access to such cash, assets allocated to an unaffiliated investment manager, and cash balances maintained for fee billing purposes.

The client shall remain exclusively responsible for cash balance decisions and corresponding transactions for cash balances maintained in any Tortoise unmanaged accounts.

Client Obligations. In performing our services, Tortoise will not verify any information received from the client or from the client's other professionals and, clients authorize Tortoise to rely on that information. Clients are responsible to promptly notify Tortoise if there is ever any change in their financial situation or investment objectives for the purpose of reviewing, evaluating, or revising our previous recommendations and services.

Investment Risk. Investing in securities involves risk of loss that clients should be prepared to bear, including the loss of principal investment. Past performance does not guarantee future results. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by

Tortoise) will be profitable or equal any specific performance level. Investment strategies such as asset allocation, diversification, or rebalancing do not assure or guarantee better performance and cannot eliminate the risk of investment losses. There is no guarantee that a portfolio employing these or any other strategy will outperform a portfolio that does not engage in such strategies. While asset values may increase and client account values could benefit as a result, it is also possible that asset values may decrease and client account values could suffer a loss.

Tortoise does not manage or sponsor a Wrap Fee Program.

As of December 31, 2023, Tortoise managed \$1,431,899,609 of client assets on a discretionary basis and \$29,312,289 of client assets on a non-discretionary basis.

### **Fees and Compensation (Item 5)**

Tortoise is a fee-only investment advisor. That means that we are paid by our clients, as described below, and accept no other revenue streams. Neither Tortoise nor any of our employees receives commissions, 12b-1 fees or other compensation based upon our investment of client assets. We do not accept referral fees for referring clients to outside professionals. Our clients pay us directly, generally based on a percentage of the asset value that we manage.

For client relationships with less than \$5,000,000 under management, Tortoise's tiered fee schedule is generally as follows:

<b><u>Client Relationship</u></b>	<b><u>Annual Rate</u></b>
Initial \$1,000,000	1.25%
Assets above the first \$1,000,000	1.00%

For client relationships with \$5,000,000 or greater under management, Tortoise's tiered fee schedule is generally as follows:

<b><u>Client Relationship</u></b>	<b><u>Annual Rate</u></b>
Initial \$5,000,000	1.00%
Assets between \$5,000,000 and \$10,000,000	0.75%
Assets exceeding \$10,000,000	0.50%

Tortoise generally requires a minimum quarterly fee of \$2,500 for new clients. The minimum fee may be waived or reduced in limited circumstances at our sole discretion.

In certain limited circumstances, fees may be negotiable and may vary based on various factors, including the investment strategies employed, the complexity of your overall financial circumstances, the duration of our investment advisory relationship, and the amount of financial, non-investment advice for which fees are not otherwise charged, and other factors. The foregoing is a general description. The investment management fees applicable to your account and the method of calculation of the fees are clearly stated in your investment advisory agreement.



Fees are generally based on a percentage of the total market value of the account, other than any assets specifically excluded by written agreement. Tortoise continues to treat cash as an asset class. As such, unless determined to the contrary by Tortoise, all cash positions (money markets, etc.) shall continue to be included as part of assets under management for purposes of calculating Tortoise's advisory fee. Generally, fees are deducted directly from clients' accounts. Fees are payable in arrears at the end of each calendar quarter, and are based upon the value of the assets under management at the beginning of the quarter. Upon termination of our engagement, we will debit the client account for the pro-rated portion of the unpaid advisory fee based upon the number of days that services were provided during the billing quarter.

Margin Accounts: Risks. Tortoise does not recommend the use of margin for investment purposes. A margin account is a brokerage account that allows investors to borrow money to buy securities and/or for other non-investment borrowing purposes. The broker/custodian charges the investor interest for the right to borrow money and uses the securities as collateral. By using borrowed funds, the investor is employing leverage that will magnify both account gains and losses. The use of margin can cause significant adverse financial consequences in the event of a market correction.

In general, clients will not pay any custodial fees for accounts managed by us and held at an institutional custodian. Clients will incur brokerage commissions and other transaction costs as described in further detail in the Brokerage Practices section at Item 12 below.

Tortoise invests client assets primarily in mutual funds and exchange-traded funds ("ETFs"). These funds incur fees and expenses which are paid proportionally by all shareholders of the funds. These fees and expenses are separate from and in addition to the investment management fees clients pay to us. In addition, clients may incur brokerage fees as more fully described in the Brokerage Practices section at Item 12 below. We take into account the fees and expenses clients will bear in making investment decisions. Other than cases in which the choices are constrained – for example, a retirement plan for which Tortoise has no control over the fund line-up – Tortoise uses only "no load" mutual funds, or funds for which the commission or "load" has been waived. Neither Tortoise, nor its owner or employees, ever receives either a commission or portion of 12b-1 fees from investing client assets in any particular fund.

## **Performance-Based Fees and Side-By-Side Management (Item 6)**

Tortoise does not charge performance-based fees. Side-by-side management refers to managing both accounts for which fees are performance-based and others for which fees are asset-based or otherwise. Because none of Tortoise's accounts have performance-based fees no issue arises.

## Types of Clients (Item 7)

Tortoise provides discretionary investment management primarily to high-net-worth individuals and trusts. A substantial portion of our clientele consists of professionals in demanding careers.

Although we do not require a minimum account size, our minimum quarterly fee may make a relationship with us inefficient for clients with smaller accounts. For example, clients maintaining less than \$800,000 of assets under Tortoise's management who are subject to the minimum quarterly fee of \$2,500 will pay a higher percentage annual fee than referenced in the above-mentioned fee schedule. Please refer to the Fees and Compensation section above for further information regarding minimum fees.

## Methods of Analysis, Investment Strategies and Risk of Loss (Item 8)

As we have noted previously, we believe that:

Every investor should have a strategic plan that coordinates investments into an integrated whole and incorporates the entirety of the investor's financial circumstances. An integrated plan, properly implemented, leads to disciplined decision-making instead of making individual decisions in a vacuum or letting inertia govern.

Our investment strategy emphasizes risk management, a conservative, long-term approach, and tax-efficiency. We believe that it is more important to maximize the probability of having *enough* money rather than taking the risk necessary to strive to have *the most* money.

Risk and potential return are inextricably entwined. The key to successfully navigating the vagaries of the capital markets is having a more realistic assessment of the universe of possible outcomes, the uncertainty of the future, and the impact of potential losses on real life. A more fully developed understanding of your ability and willingness to bear risk enhances our ability to take the appropriate amount of risk on your behalf. This understanding can only come from on-going, open discussions with you, informed by our professional judgment.

We focus on the following principles when managing client portfolios:

1. **Risk and Return Are Inherently Related.** Over time, we believe that maximum levels of return can only be achieved by taking higher levels of risk, but sufficient returns may be achieved with a more acceptable level of risk.
2. **Asset Allocation.** Asset allocation is the primary driver of risk and return over long periods of time.
3. **Diversification.** Diversification among different asset classes improves the risk/return tradeoff.
4. **Portfolio Rebalancing.** Rebalancing portfolios towards the strategic asset allocation and risk tolerance results in buying asset classes that have performed relatively poorly and selling asset classes that have performed relatively well. This

strategy is both a risk management tool and may act as a mechanism for potential return enhancement.

5. **Tax Efficiency.** What matters is not how much you make, but how much you keep. We use several methods to improve the tax-efficiency of portfolios including:
  - a. Asset Location – owning assets that are more likely to generate ordinary income in retirement accounts and assets that are more lightly taxed in taxable accounts;
  - b. Tax-Loss Harvesting – actively realizing capital losses for their tax benefit;
  - c. Passive Equity Strategies – investing in index and index-like mutual funds and ETFs that are inherently tax efficient.
6. **Relative Value of Asset Classes.** At the margin, we adjust portfolios according to our opinion of the relationship between risk and return among the asset classes at any given time.

The investment committee (the “Investment Committee”) is responsible for evaluating, approving and setting allocation guidelines with respect to asset classes and strategies that Tortoise considers for client portfolios. For each client, the asset allocation guidelines set by the Investment Committee may be further refined and customized based on the client’s complete financial circumstance and specific needs identified. Patricia Acipreste, Brendan Blaney, Claire Brennan, Vicki Crisalli, Michael DellaMedaglia, Michael Mattern, Riva Roloff, Tessa Shore, Justin Singer and Andrea Turley and are all members of the Investment Committee with Justin Singer serving as Chair of the committee.

Investments in securities, in whatever form, can lose value. History provides guidance, but certainly no guarantee, as to the circumstances under which each type of investment – each asset class – could be expected to lose value, and as to the magnitude of such potential losses. A reasonable expectation as to how much loss is possible, and under what circumstances, varies from asset class to asset class.

The following paragraphs address risks inherent in the different investment vehicles that we generally use.

Particularly with respect to equity investments, Tortoise uses primarily index or index-like mutual funds and ETFs. The primary risk of these investments is that of the underlying asset class and not manager risk.

ETFs carry an additional risk – they may at times deviate from the value of the underlying assets in a way that open-end mutual funds do not.

To the extent that we employ “tilts” – investments that increase exposure to certain segments of the global equity market (for example, Value or Small-capitalization stocks), there is always the risk that one or more of those segments could underperform the market as a whole, especially in any particular time period. Even more generally, our view of the equity markets as “global equity markets” itself has risk – specifically, that the non-US investments could underperform US investments.

When Tortoise employs open-end, non-Index mutual funds, an additional risk is that the securities selected by the manager, or team of managers, might underperform the underlying

asset class. In general, Tortoise eschews open-end, non-Index equity mutual funds (that is, “actively managed” equity funds).

To a lesser extent, and more often within fixed income investments, we may use individual securities and closed-end mutual funds. Individual securities are, of course, subject to company-specific or issuer-specific risk of loss. Like open-end funds, closed-end funds entail the risk that the investments in the fund may underperform the underlying asset class. Further, closed-end funds trade at a market price which can vary materially from the net asset value of the underlying assets in the fund. Additionally, closed-end funds often employ leverage, which can significantly magnify changes to both the net asset value and market price of the fund.

As noted previously, all investments are subject to risk of loss. While our strategy, approach and implementation are designed to minimize risk of loss consistent with client return expectations, the future is always uncertain.

### Options Strategies

Tortoise may engage in options transactions (or engage an independent investment manager to do so) for the purpose of hedging risk and/or generating portfolio income. The use of options transactions as an investment strategy can involve a high level of inherent risk. Option transactions establish a contract between two parties concerning the buying or selling of an asset at a predetermined price during a specific period of time. During the term of the option contract, the buyer of the option gains the right to demand fulfillment by the seller. Fulfillment may take the form of either selling or purchasing a security, depending upon the nature of the option contract. Generally, the purchase or sale of an option contract shall be with the intent of “hedging” a potential market risk in a client’s portfolio and/or generating income for a client’s portfolio.

### **Disciplinary Information (Item 9)**

Neither Tortoise nor its management persons have been the subject of any disciplinary actions that would be disclosed under this Item 9.

### **Other Financial Industry Activities and Affiliations (Item 10)**

Neither Tortoise, nor its employees, are registered or have an application pending to register, as: a broker-dealer or a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing. Tortoise does not have any relationship or arrangement that is material to its advisory business or to its clients with any related person. Tortoise does not receive, directly or indirectly, compensation from investment management firms managing mutual funds and ETFs that Tortoise recommends or selects for its clients.

## **Code of Ethics, Participation or Interest in Client Transactions and Personal Trading (Item 11)**

We have adopted a Code of Ethics, and all employees are required to abide by this Code of Ethics.

The Code of Ethics summarizes the firm's values, principles and business practices. Clients or prospective clients may request a copy of the Code of Ethics by sending a written request to Michael Mattern, Chief Compliance Officer, Tortoise Investment Management, 2 Westchester Park Drive, Suite 215, White Plains, NY 10604.

The Code of Ethics also contains a personal trading policy. That policy limits both the type and timing of securities transactions into which employees may enter in order to avoid any actual or reasonably perceived conflicts of interest. The policy requires the approval of the Chief Compliance Officer ("CCO") in advance of personal securities transactions as specifically set forth in the Code of Ethics.

Subject to the personal trading policy, Tortoise and its employees may buy or sell securities that are also bought or sold on behalf of clients. In general, the overwhelming majority of personal securities transactions entered into by employees are in open-end mutual funds or large, liquid ETFs in which there is no reasonable appearance of a potential conflict of interest. Transactions will only be approved by the CCO if they are both consistent with our fiduciary obligation to our clients and could not reasonably appear to create a conflict of interest.

If we are buying or selling a security for clients at the same time that an employee seeks approval for a personal transaction in the same security, one of three things will happen:

1. If the security is an open-end mutual fund or a broad-based, index ETF, and the size of the personal transaction is such that it could not reasonably be expected to impact the client transaction, the transaction will be approved.
2. For other securities, if the liquidity of the securities and size of the transactions are such that the CCO believes that there is no reasonable likelihood that the personal transaction could be detrimental to the client transactions, the transaction will be approved, and may be directed (again depending on the size of the various transactions and the liquidity of the securities) to be aggregated with client transactions, in accordance with the procedure described in the next section.
3. If the security is less liquid (for example, a closed-end mutual fund), and it might reasonably appear that client transactions might suffer, or the personal transactions might benefit, from the timing of the transaction, the request to enter that transaction will be denied until our activity on behalf of clients is executed.

Finally, the frequency of personal securities transactions by employees is also reviewed by the CCO in order to ensure that our employees' maximum efforts are directed to the service of our clients.

## Brokerage Practices (Item 12)

Tortoise does not participate in soft-dollar programs. We do not participate in any referral programs and, therefore, they are not a factor in recommending brokers. We do not request, require or permit directed brokerage.

Clients enter into an agreement with an independent custodian and its affiliated broker, generally at our recommendation. We do not act as custodian or as a broker. We place transactions for you through the broker. You pay commissions, fees, and charges to the broker based on the institutional fee schedule set by the broker, or a lower negotiated rate. The different types of fees paid by clients are described in greater detail in the Fees and Compensation section at Item 5 above.

We generally recommend that, to the extent possible, clients use Fidelity Investments or Charles Schwab as the custodian and broker. Depending on which broker and custodian clients select to maintain their account, they may experience differences in customer service, transaction timing, the availability of sweep account vehicles and money market funds, and other aspects of investing. (For client assets held in employer sponsored retirement plans, neither Tortoise nor the client has the option of choosing the custodian and broker.) Although each custodian and affiliated broker has a different commission schedule, and each type of transaction may be priced slightly differently, in the aggregate the standard institutional pricing among competitors is not materially different. We reserve the right to decline to enter into a client relationship with a potential client if we believe that the use of the client's custodian would generate inefficiencies that would materially burden the relationship.

Tortoise may group orders of several clients together for execution, if it believes that doing so best serves the interest of its clients. When grouping orders for execution, Tortoise determines how the trades will be allocated to accounts in advance of the order being placed, or as soon as possible thereafter. All clients receive the same transaction price and the commission charged to the clients is the same as if the orders were placed for that client individually.

With respect to order execution, open-end mutual fund transactions do not particularly implicate execution issues. All other transactions are reviewed on an ongoing and, generally, contemporaneous basis. The broker may execute transactions as an agent with one of its affiliates acting as a principal. We similarly review these transactions to ensure the quality of the execution.

Fidelity Investments, Charles Schwab and other institutional custodians provide to registered investment advisors such as Tortoise a variety of supporting services without cost (or at a discount) to assist them in better monitoring and servicing client accounts. The support services that we can access include investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings and other educational and social events, marketing support, computer software and other products that we generally use for the benefit of our investment advisory business operations. Some of the support services that Tortoise can receive would assist us in managing and administering client

accounts. Other services would not directly provide such assistance but might assist us in managing and further developing our business enterprise. At times we may receive some of the foregoing from custodians. These services are not material to our consideration in recommending custodians and their affiliated brokers, and are often also offered to Tortoise by other institutions, or custodians and brokers that we do not currently use. We believe that the services offered by institutional custodians and their affiliated brokers are essentially fungible among the major competitors.

We base our recommendation to use or continue to use custodians and their affiliated brokers after considering the range and quality of what we consider to be the essential services, including: execution, account access and information, costs, access to a variety of low (or zero) transaction cost investment vehicles, service to our clients, access to tax information, prior experience, responsiveness, service reputation, honesty, integrity and financial stability of the entity, among other factors. We also consider the administrative efficiency of servicing client accounts.

Investment management firms that manage mutual funds, including ETFs, may also provide a variety of information to us, including through:

- Attendance at conferences and on conference calls;
- Access to portfolio managers and/or investment specialists; and/or
- Access to investment research and “white papers”

Although the foregoing are in fact educational, they are also, of course, provided as part of an effort to persuade us that our clients’ interests would be best served by investing in one or more of their vehicles. We participate in these types of events because we believe that doing so increases our knowledge base and enhances our ability to serve our clients.

We are never under any commitment to use or recommend any particular custodian or broker or to invest in any particular investment vehicle. Our decision to use a particular custodian or broker or to invest in any particular vehicle is based entirely on our belief as to whether the investment is in the client’s best interests. Our clients do not pay more for any investment in a vehicle due to the fact the firm that has provided such information. Tortoise prohibits investment providers or custodians from paying for our travel or accommodations at any conferences or events. (We do allow them to provide meals.)

We have an ongoing responsibility to review the custodial and brokerage relationships to make sure that our clients’ interests are being served as well as possible. We periodically compare our current custodians with other alternatives to ensure that your interests are being best served, and we keep ourselves informed about alternative custodians. Similarly, we explore a variety of brokerage relationships in furtherance of your best interests.

## **Review of Accounts (Item 13)**

We review all client accounts on an ongoing basis, on a variety of levels.

We review our investments firm-wide on an ongoing basis, with a focus on:

- Asset allocation;
- Our view of investment opportunity or risks in general, or with respect to particular asset classes, or sub-categories thereof;
- Material geopolitical, political or macroeconomic events; and/or
- Significant changes (in either price or underlying fundamentals) in markets, asset classes or particular investments.

The senior investment professionals of the firm review all client accounts on a regular basis to compare the actual risk level to the targeted risk level.

Further, our senior investment professionals in conjunction with other team members regularly review each client's portfolio on a more detailed level. This more detailed review focuses on, among other things, asset allocation, risk levels, cash levels, liquidity needs, tax efficiency and tax-loss harvesting opportunities. Material contributions or withdrawals of cash or securities, a change in the client's financial circumstances, a change in the client's investment objectives or a client request may also trigger this level of review.

Beyond the foregoing, any other relevant event may trigger a detailed review of the firm-wide portfolio or the portfolio of any specific client.

A review, at either of the foregoing levels, does not necessarily imply that some action will be taken. It is often the case that taking no action, in the particular circumstance, is the best action.

In addition to account statements and transaction confirmations provided directly to the client by the custodian holding the account, we provide quarterly reports showing asset allocation, performance, fees and a variety of index returns. Further, unless the client is unavailable, one of our senior investment professionals meets in person or virtually or speaks by telephone with each client at least annually and typically more frequently. Further, our senior investment professionals generally maintain frequent telephonic and electronic communications with clients, and additional updates are available at the client's request.

Generally, only the quarterly reports referred to in the preceding paragraph and electronic communications are in writing. Most client reviews occur either in person or by telephone. All clients are advised that it remains their responsibility to advise us of any changes in their investment objectives and/or financial circumstances. Clients are also encouraged to review investment objectives and account performance with us on at least an annual basis.

## **Client Referrals and Other Compensation (Item 14)**

As referenced in Item 12 above, Tortoise may receive indirect economic benefits, in addition to other support services and/or products without cost or at a discount, from Fidelity Investments and Charles Schwab, and from investment management firms that manage mutual funds and ETFs. Our clients do not pay more for investment transactions effected and/or assets maintained at Fidelity Investments and Charles Schwab, or for funds managed by such fund managers, as a result of these arrangements. There is no corresponding commitment made by us to Fidelity Investments, Charles Schwab, such fund managers, or



any other entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products as result of the above arrangements.

Tortoise does not compensate, directly or indirectly, any person, other than its employees, for client referrals.

### **Custody (Item 15)**

Tortoise has the ability to have its advisory fee for each client debited by the custodian on a quarterly basis. Tortoise engages in other practices on behalf of its clients that require disclosure at ADV Part 1, Item 9, and subjects affected client accounts to an annual CPA examination in accordance with Rule 206(4)-2 under the Investment Advisers Act of 1940.

Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from their account custodian (i.e., Schwab, Fidelity, etc.). Tortoise urges clients to carefully review those statements and compare them to any statement or report that Tortoise provides. Tortoise's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. The account custodian does not verify the accuracy of Tortoise's advisory fee calculations.

### **Investment Discretion (Item 16)**

In general, we manage client accounts on a discretionary basis. That means that you are not consulted in advance with respect to specific transactions.

In our standard contract, we limit the investment universe to publicly traded securities, the specifics of which are spelled out in the contract. Although clients do not generally impose any further limitation on our discretionary authority, clients may do so either at the inception of the relationship (in which case, the restriction would be reflected in the contract) or subsequently, by notifying us in writing. Such restrictions will be effective only upon our receipt of written notification.

Prior to our accepting or exercising discretionary authority, each client will have signed a written contract clearly stating that we will be managing their accounts on a discretionary basis, and without any obligation to consult with the client in advance of specific transactions.

### **Voting Client Securities (Item 17)**

Tortoise does not vote client securities with respect to securities in which investment accounts may be invested. Proxies and similar requests are sent directly to you, not to us. It remains your responsibility to vote on such matters. You are welcome to call us about a particular solicitation – much in the same manner as you may do with respect to other financial issues described in the Advisory Business section at Item 4 above.

## **Financial Information (Item 18)**

Tortoise does not solicit fees of more than \$1,200 per client, six months or more in advance. We are not aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments relating to our discretionary authority over certain client accounts. Tortoise has not been the subject of a bankruptcy petition.

Tortoise's Chief Compliance Officer, Michael Mattern, remains available to address any questions about this ADV Part 2A, Brochure.