

Ecofin Sustainable and Social Impact Term Fund (TEAF)

As of June 30, 2023

Investment strategy

TEAF seeks to provide a high level of total return with an emphasis on current distributions. TEAF provides investors access to a combination of public and direct investments in essential assets that are making an impact on clients and communities.

Fund performance

TEAF's NAV return for the quarter was -0.39% and market return was -1.72%. This compares to global infrastructure (measured by S&P Global Infrastructure Index) which returned -0.12%.

The fund's returns were primarily driven by listed energy infrastructure investments which continue to benefit from optimism that a severe global recession may be avoided. Many of the themes of the first quarter carried on through the second quarter as we continue to remain positive on the sustainable infrastructure sector as positive legislation, punctuated by the Inflation Reduction Act (IRA), is expected to spur sustainable investments globally.

We continue to be pleased with the performance of private investments across sectors. Our private sustainable and energy investments have taken advantage of unique structured offerings with positive risk and reward balances. The private sustainable investments have provided stable cash flows. We have also seen a strong recovery in social infrastructure projects after COVID-19 interruptions eased, with strong realized returns and new investment opportunities providing a path closer to our 60% direct investment target. Private investments continue to provide uncorrelated returns and income generation. As of June 30, 2023, TEAF's total direct investment commitments were approximately \$122 million or approximately 51% of the portfolio.

Listed Sustainable Infrastructure

- From a macro perspective the period was generally characterised by influences stemming from stubborn inflation, elevated interest rates, and declining energy prices.
- During much of the period, with a growing consensus that a soft-landing scenario could play out in the U.S. (instead of a recession), equity market momentum was often single-mindedly with tech and other growth/economically sensitive areas. Central banks raised rates further and bond yields moved higher with core inflation proving sticky in many regions; the U.S. debt ceiling negotiations also dragged on, occasionally unsettling markets. Sluggish Chinese economic activity was not bullish for commodities and power prices receded with natural gas and carbon prices.
- During the period utilities and other defensives continued to lag the quarter's rally in global equities. The S&P Global Infrastructure Index (roughly 40% utilities, 40% transportation infrastructure and 20% energy infrastructure) underperformed the global equity market index during the three months to 30 June and by a strikingly wide margin year-to-date and over 12 months. This sharp divergence of returns extended to the utilities sub-set, whereby as at 30 June U.S. utilities had underperformed Continental European peers by c.24 percentage points over 12 months (measured in local currency).
- Generally, company earnings presentations during the period were notably solid. Mostly, earnings met or exceeded consensus estimates and full year guidance was reaffirmed. Further, as expected, the earnings results season for integrated utilities in Europe was strong as power prices started normalizing.

In such a context TEAF's sustainable listed sleeve underperformed TEAF's other sleeves. We however remain optimistic that favourable policy supports for decarbonisation and electrification, relative cost positions and competitiveness of renewables are strong tailwinds for this strategy. Our focus on essential assets and asset-backed services should continue to do relatively well in many market environments, and undemanding share valuations lend some downside protection.

Listed Energy Infrastructure

- Listed energy infrastructure performed positively in Q2 but underperformed the S&P.
- The space moved higher in April on the clearing of the regional banking crisis from March and a strong Q1 earnings season but things got choppy in May with the debt ceiling controlling most of the narrative from a macro perspective.
- The passing of the debt ceiling bill at the end of May and the Fed pausing hikes for the first time after ten consecutive moves higher triggered a broad "risk-on" market for June and energy certainly participated.
- Return of capital to shareholders via debt pay down, dividends and share buybacks, is expected to drive equity performance in the coming quarters and years.

Social Infrastructure

TEAF closed two debt investments during the quarter.

- In April, the team completed a debt investment in a new charter school near Spartanburg, South Carolina. The school will open with temporary modulars on the site next door in the fall of 2023, serving 600 children in grades K-6. The school will move next door to its permanent facility in the following school year serving the same grades, eventually expanding to its full capacity of 900 students in grades K-8 by the 2026-2027 school year. There are no other charter schools within five miles of the school's site, and the district schools are at or near capacity in this growing area. This will be the third school in South Carolina for this successful operator and developer partnering together.
- The final debt investment of this period also occurred in April to an existing charter school in Belton, South Carolina that has been operating since 2018 in a temporary location while it seeks its permanent home. The school offers a classical education curriculum to an underserved population, with great success--as it was recognized as the top academic Title 1 school in the state of South Carolina. The school currently serves approximately 250 students in grades K-6, and will expand to serve K-8 while increasing enrollment over the next 4 years to reach nearly 700 students enrolled.

Finally, the fund had one realization in Q2 2023.

The realization was in April from a waste-to-energy project that was able to attract additional equity investment to support and grow the project, but a condition of that equity injection was the retirement of all subordinated debt. Although this investment was made in April 2021 and was not eligible to be called until 2026, the team negotiated a \$108 price in exchange for the ability to retire this debt.

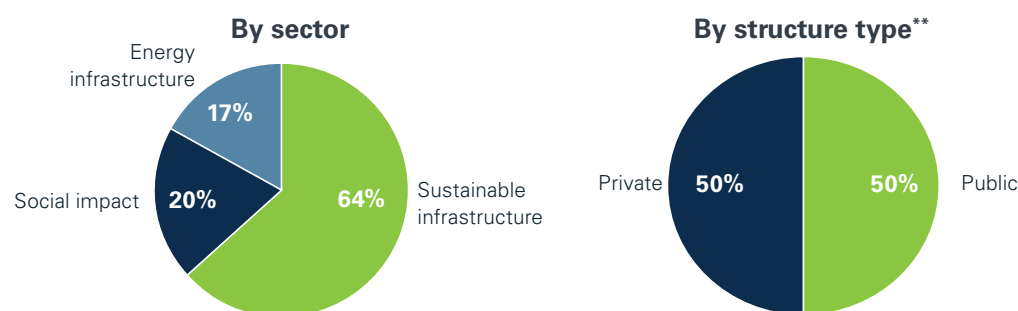
Private Energy Infrastructure

- TEAF did not make any new direct investments in the energy infrastructure sector during the quarter.

Private Sustainable Infrastructure

- TEAF completed one direct investment in the private sustainable infrastructure portfolio during the period.
- In April, the team completed a debt investment in One Energy, based in Findlay, Ohio who develops, builds, owns, and operates capital-intensive, on-site power solutions for large industrial power users. This investment will enable the company to commence the land and equipment purchase required for recently signed NetZero projects which will represent the largest industrial microgrid in the U.S.
- Operating assets held at TEAF continue to operate as expected with stable cash flow generation profiles driven by long-term contracts with highly-rated counterparties.
- Five small rooftop projects in Puerto Rico have experienced downtime related to required corrective maintenance and expect to be reenergized during 3Q 2023.
- TEAF expects the last solar project under construction in the portfolio to come online in summer 2023, after experiencing interconnection delays by the utility.

Portfolio allocation* as of 6/30/2023 (unaudited)



Due to rounding, totals may not equal 100%

*Percentages based on total investment portfolio

** 'Private' or 'Public' identifier made at time of investment; 'private' may include securities that are freely tradable but acquired in a private investment in public equity (PIPE) transaction

Performance¹ as of 6/30/2023

	QTD	Calendar YTD	1 year	3 year	Since inception ²
Market price total return	-1.72%	1.28%	-2.12%	11.58%	-3.47%
NAV total return	-0.39%	0.92%	2.69%	8.24%	0.43%

¹Performance is annualized for periods longer than one year. Source: Bloomberg. Assumes reinvestment of distributions into security. Total return does not reflect brokerage commissions. ²3/26/2019. **Performance data quoted represents past performance; past performance does not guarantee future results. As with any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Due to market volatility, current performance may be lower or higher than the figures shown. For current performance information, visit www.ecofininvest.com.**

TCA Advisors is the adviser to the Ecofin Sustainable and Social Impact Term Fund, and Ecofin Advisors Limited is the fund's sub-adviser. For additional information, please call 866-362-9331 or email info@tortoiseecofin.com.

All investments involve risk, including possible loss of principal. You should consider the investment objective, risk factors, fees and expenses of the fund carefully before investing. For this and other important information please refer to the fund's most recent prospectus and read it carefully before investing. Past performance is no guarantee of future results.

Closed-end funds, unlike open-end funds, are not continuously offered. After the initial public offering, shares are sold on the open market through a stock exchange. Shares of closed-end funds frequently trade at a market price that is below their net asset value. Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market value.

The fund's ability to achieve its investment objective is directly related to the investment strategies of its adviser and sub-adviser. If expected results are not achieved, the value of the fund's investment could be diminished or even lost entirely, and it could underperform the market or other funds with similar investment objectives. The Investment Committee of the fund's advisor allocates and reallocates assets among the various asset classes and security types in which the fund may invest. Such allocation decisions could cause the fund's investments to be allocated to asset classes and security types that perform poorly or underperform other asset classes and security types or available investments. The fund is non-diversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the fund is more exposed to individual stock volatility than a diversified fund. The fund will have a limited period of existence and will dissolve 12 years from the effective date of the initial registration statement. Its investment policies are not designed to return to common shareholders their original net asset value or purchase price. Investing in specific sectors such as social infrastructure, sustainable infrastructure and energy infrastructure may involve greater risk and volatility than less concentrated investments. Risks include, but are not limited to, risks associated with commodity price volatility, supply and demand, reserve and depletion, operating, regulatory and environmental, renewable energy, gas, water, public infrastructure, and education. Equity securities may fluctuate in response to the activities of an individual company or in response to general market and/or economic conditions, and include the possibility of sudden or prolonged market declines. The fund invests in small and mid-cap companies, which involve additional risks such as limited liquidity and greater volatility than larger companies. The tax benefits received by an investor investing in the fund differ from that of a direct investment in an MLP by an investor. The value of the fund's investment in an MLP will depend largely on the MLP's treatment as a partnership for U.S. federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation, reducing the amount of cash available for distribution to the fund, which could result in a reduction of the fund's value. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investment by the fund in lower-rated and non-rated securities presents a greater risk of loss to principal and interest than higher-rated securities. The fund invests in municipal-related securities. Litigation, legislation or other political events, local business or economic conditions or the bankruptcy of the issuer could have a significant effect on the ability of an issuer of municipal bonds to make payments of principal and/or interest. Changes related to taxation, legislation or the rights of municipal security holders can significantly affect municipal bonds. Investments may be subject to liquidity risk, adversely impacting the fund's ability to sell particular securities at advantageous prices or in a timely manner. Investments in non-U.S. issuers (including Canadian issuers) involve risks not ordinarily associated with investments in securities and instruments of U.S. issuers, including risks related to political, social and economic developments abroad, differences between U.S. and foreign regulatory and accounting requirements, tax risk and market practices, as well as fluctuations in foreign currencies. The fund also writes call options which may limit the fund's ability to profit from increases in the market value of a security, but cause it to retain the risk of loss should the price of the security decline. The fund may utilize leverage, which is a speculative technique that may adversely affect common shareholders if the return on investments acquired with borrowed fund or other leverage proceeds does not exceed the cost of the leverage, causing the fund to lose money. The fund may invest in derivative securities, which derive their performance from the performance of an underlying asset, index, interest rate or currency exchange rate. Derivatives can be volatile and involve various types and degrees of risks. Depending on the characteristics of the particular derivative, it could become illiquid.

The S&P 500® Index is an unmanaged, market-value weighted index of stocks that is widely regarded as the standard for measuring large-cap U.S. stock market performance. The S&P Global Infrastructure Index is designed to track 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. To create diversified exposure, the index includes three distinct infrastructure clusters: energy, transportation, and utilities.

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