

July 24, 2023

NXG Global Clean Equity Strategy | Market and Performance Update

The NXG Global Clean Equity Strategy, which targets investments in four clean and sustainable global investment themes – Clean Energy, Clean Infrastructure, Clean Transportation and Clean Water – posted a loss of -0.20% gross of fees, -0.45% net, for the second quarter of 2023. For the year the Strategy is up +6.08% before fees and +5.55% net of fees. The table below provides additional return data for the Strategy as well as three indexes as reference:

Total Return as of June 30, 2023 ¹						
	2Q 2023	YTD	1 Year	Annualized		
				3 Years	5 Years	Since Inception ¹
NXG Global Clean Equity Strategy (Gross)	-0.20%	6.08%	1.21%	11.40%	15.59%	14.22%
NXG Global Clean Equity Strategy (Net)²	-0.45%	5.55%	0.20%	10.29%	14.44%	13.08%
MSCI ACWI Net TR USD Index ³	6.18%	13.93%	16.53%	10.99%	8.10%	7.26%
S&P Global Clean Energy Index TR Net ⁴	-6.60%	-7.17%	-2.21%	15.15%	17.65%	14.85%
NASDAQ Clean Edge Green Energy Index (TR) ⁵	-1.54%	9.01%	-1.13%	20.80%	22.39%	19.37%

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

¹Strategy inception date was January 2, 2018.

²Net returns are calculated using the Strategy's model management fee of 1.00%.

³(Strategy Benchmark) The MSCI ACWI (All Country World Index) (Net Total Return) USD Index is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 26 emerging markets.

⁴The S&P Global Clean Energy Index provides liquid and tradable exposure to 30 companies from around the world involved in clean energy related businesses. The index comprises a diversified mix of clean energy production and clean energy equipment & technology companies.

⁵The NASDAQ Clean Edge Green Energy TR Index is a modified market capitalization weighted index designed to track the performance of clean-energy companies that are publicly traded in the U.S.

It is not possible to invest directly in an index. Index performance includes the reinvestment of dividends and does not reflect the deduction of fees and expenses.

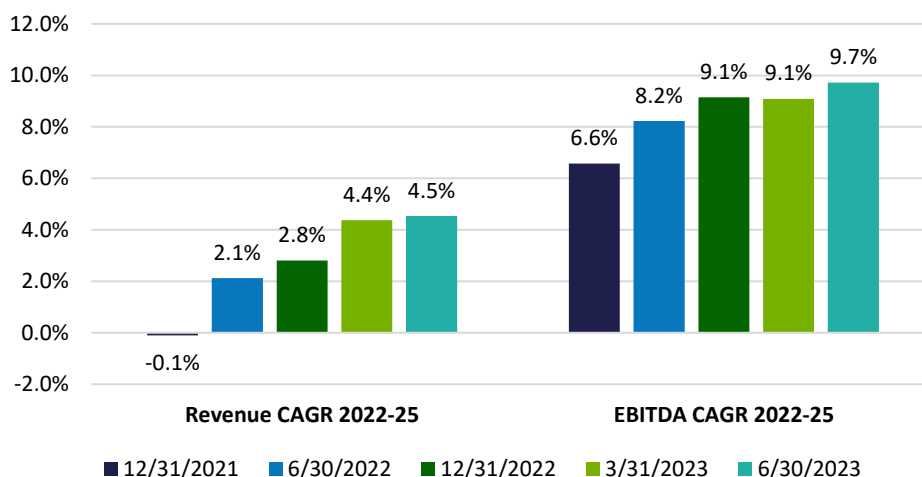
Strategy Update

We continue to believe that clean technologies are at the beginning of long adoption cycles. Your portfolio is positioned to take advantage of this trend. Recently our letters have discussed how consensus estimates for clean tech have gone up, despite the growth equities selloff. We still see this as the case.

Despite the stock selloff, fundamentals for clean tech names are improving. Street EBITDA growth estimate for our universe of 244 US and European traded clean tech names has increased from +7% CAGR at the end of 2021, to +9% CAGR at the end of 2022, and now has reached +10% CAGR at end of 2Q23¹. We think the market will eventually take notice of this trend and stop treating the sector as a simple “growth” factor.

¹ Visible Alpha and NXG. Bottom up street expected EBITDA CAGR for 2022-25 observed on 12/31/2021, 12/31/2022, and 6/30/2023.

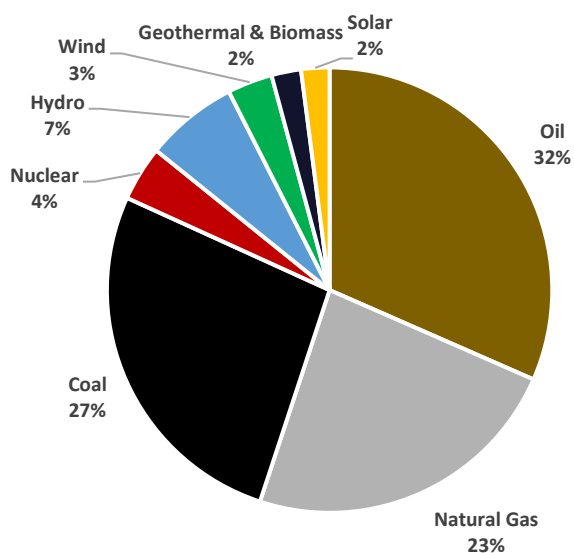
Clean Universe Street Estimates Have Been Increasing¹



We expect that once the pace of interest rate increases peaks, the market will realize the strength of the clean tech end markets and the stocks will be more appropriately valued. We want to update you on the secular trends we are seeing in clean tech, which are driving these accelerating earnings estimates.

Over 82% of all energy consumed comes from fossil fuels². Solar and wind are still slightly less than 5% of total energy consumed. While we anticipate that fossil fuels will be a major part of the global energy mix for decades, there is plenty of room for solar and wind to displace fossil fuels. The two main uses of energy in the U.S. are electricity and transportation that account for 38% and 28%, respectively³. These are the two areas where we see clean tech having the largest impact.

Fossil Fuels Still 80% of Energy Supply²



Electricity Generation

Electricity generation is leading the way in phasing out fossil fuels. Growth in solar and wind is being driven by economics, which are the cheapest source of new electricity generation for 82% of the world. In fact, they are cheaper than running *existing* coal and natural gas plants in 57% of the world. Replacing those baseloads with intermittent renewables is complex. We do not expect those fossil fuel plants to be decommissioned immediately, but it shows how far the economics of solar and wind have come.

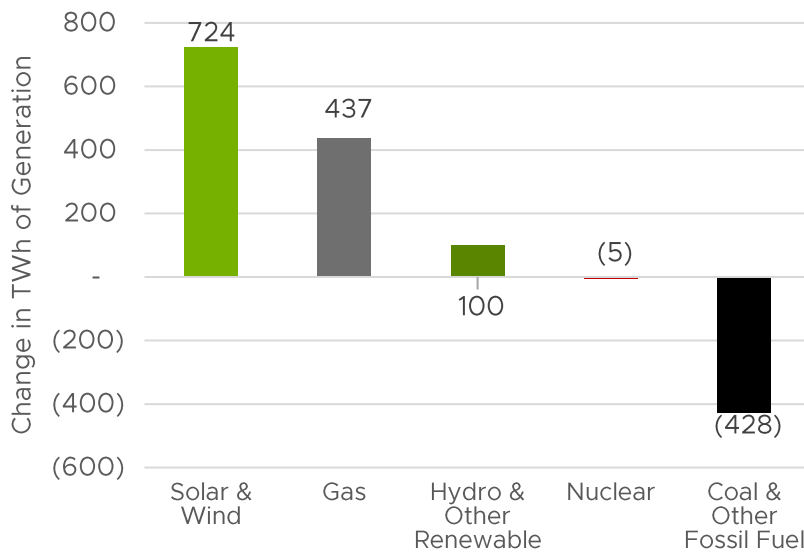
² 2022 global primary energy use. Energy Institute, "2023 Statistical Review of World Energy"

³ Data as of 2021. EIA "Monthly Energy Review" April 2022

The cost reductions are the result of improvements in manufacturing and technologies. Prices of have decreased considerably the last decade: solar -88% and onshore wind -67%⁴. Despite post-COVID global inflation and increasing trade barriers, solar panel prices just fell to record lows⁵. We expect the creation of a larger, geographically diversified clean tech supply base will lead to even further decreases in costs.

The economic case for renewables power generation is not just academic. Over the last five years, coal has seen the largest decline as a source of electricity. The largest increase in power generation are coming from solar and wind⁶. The economic advantage of solar and wind is widening because of the Ukraine invasion and declining investment in oil and gas exploration.

Power Generation Moving to Solar, Wind, and Natural Gas⁶



Electric Transportation

EVs are the other sector where the economics are driving clean tech adoption. An EV can save ~\$3,000 per year compared to an internal combustion engine (ICE) vehicle⁷. Most of the savings (~\$1,600) are the result of lower fuel expenses. Gasoline prices would need to be \$1.05 per gallon to make the average ICE in the U.S. cost competitive in terms of energy⁸. Stated differently, an EV is 75% more fuel efficient than an ICE.

⁴ Current price vs 2H 2009 price. Bloomberg NEF "1H2023 LCOE Update" 6/7/2023

⁵ BloombergNEF "Solar Panel Prices Drop to Match Record Low as Factories Expand" 6/21/2023

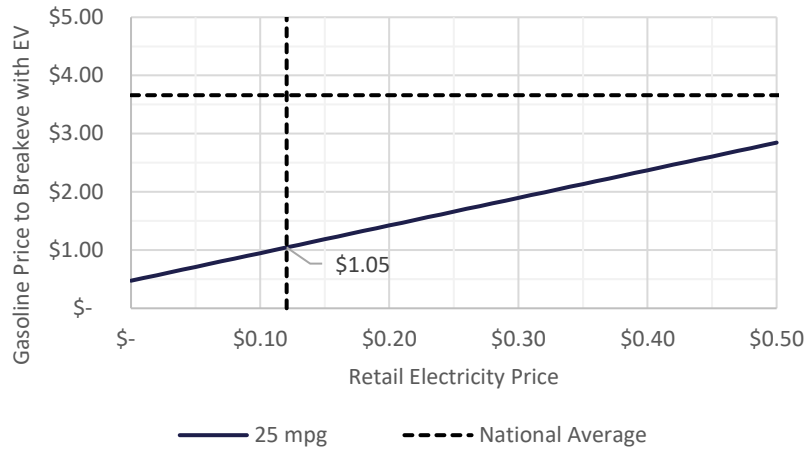
⁶ Global power generation for period 2017-2021, excluding China. Bloomberg NEF as of May 19, 2023

⁷ NXG.

⁸ NXG, Energy Information Agency, and Bureau of Transportation Statistics. Assumes EV with 50KWh battery and 220mi range that charges 75% of the time at home, for \$0.11/KWh, and balance at fast chargers, for \$0.30/KWh; ICE cost calculated at 2020 average mile per gallon of 25.3.

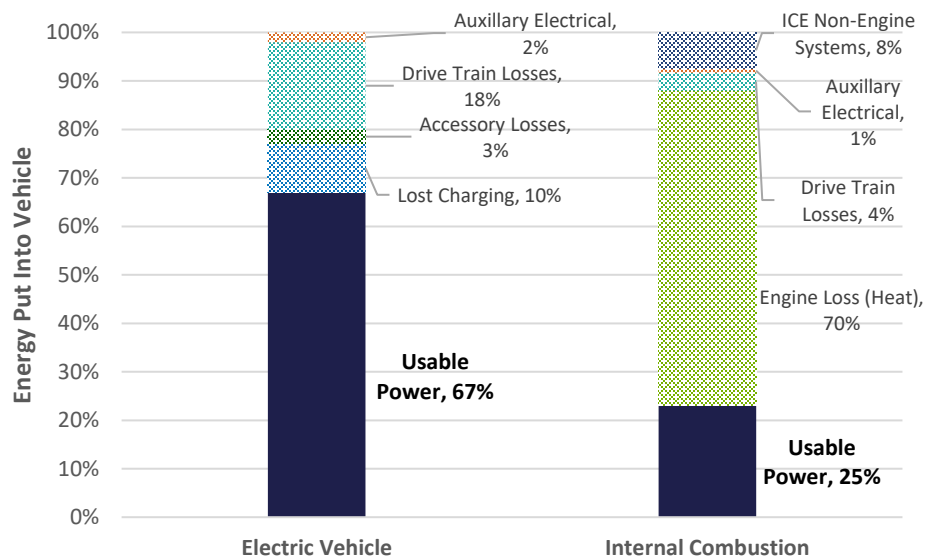
The fuel cost savings are so great that any increase in electricity prices is unlikely to offset this advantage. Electricity prices would need to grow six-fold from US average for EV costs to not be competitive at \$4 per gallon gasoline⁹. Additionally, we expect electricity prices to decline as low cost solar and wind are deployed at an increasing rate. EVs derive this power cost advantage from the structural energy efficiency of electric motors, which has few moving parts. This efficiency advantage means that the fuel advantage of EVs will likely be very hard to overcome for ICE vehicles.

Gasoline Prices Required to Breakeven with EVs⁹



The cost advantage of EVs currently only exists for operating costs. It is still more expensive to purchase an EV. We expect that the upfront costs of EVs will continue to decline as battery manufacturing capacity increases. That will truly be the tipping point for EV adoption. In the meantime, there appears to be no consumer

EVs Are More Energy Efficient¹⁰



anxiety of buying EVs at higher price points. An Ernst & Young survey of 13,000 drivers revealed that 52% of car buyers plan to purchase an EV for their next vehicle¹¹. Additionally, the US has experienced the highest growth in EV intent and sentiment¹². Despite EVs currently being more

⁹ NXG, Energy Information Agency, and Bureau of Transportation Statistics. Assumes EV with 50KWh battery and 220mi range that charges 75% of the time at home and balance at fast chargers, for \$0.30/KWh; ICE calculated at 2020 average mile per gallon of 25.3.

¹⁰ Department of Energy. [Link](#)

¹¹ E&Y, "EY Mobility Consumer Index 2022 Study" May 2022 [Link](#)

¹² E&Y "EY Research: Nearly Half of US Car Buyers Intend to Purchase an EV" 6/27/2023 [Link](#)

expensive than internal combustion vehicles, this does not seem to deter potential buyers, as 90% of consumers are willing to pay a premium when purchasing an EV¹³.

To support this thesis, we note that manufacturers have announced \$1.2 trillion of spending to produce EVs and batteries through 2030¹⁴. Eleven manufacturers have committed to have at least 50% of their sales be electric by 2035: Mercedes-Benz (2025), Volvo (2025), Stellantis (2030), Ford (2030), BMW (2030), Mitsubishi (2030), Volkswagen (2030), Volvo (2030), Honda (2035), Audi (2035), and General Motors (2035)¹⁵.

Strategy Attribution

Stocks and sectors were mixed this quarter, though overall sentiment improved for growth stocks. The best performance came from solar stocks in Clean Infrastructure as strong orders were met with improving cost trends.

Strategy Theme Contributors/Detractors – Second Quarter 2023

Strategy Theme	Contribution / Detraction, Gross*	Contribution / Detraction, Net*	Average Weight
Clean Infrastructure	1.10%	1.08%	7.8%
Clean Water	0.47%	0.45%	4.5%
Clean Transportation	-0.59%	-0.64%	13.8%
Clean Energy	-1.21%	-1.41%	71.7%

*Strategy holdings and sector allocations are subject to change and there is no assurance that the strategy will continue to maintain these allocations. Past performance is not indicative of future results. Net returns are calculated using the Strategy's model management fee of 1.00%.

Four of the top five positive stock contributors were in Clean Energy, all of which are solar stocks. Improving economics for the theme helped boost sentiment and drive significant positive performance.

Strategy Biggest Total Return Contributors – Second Quarter 2023

Stock Name	Strategy Theme	Contribution, Gross	Contribution, Net	Average Weight
1 FTC Solar	Clean Energy	0.70%	0.69%	1.6%
2 Maxeon Solar Technologies	Clean Energy	0.51%	0.50%	2.7%
3 Stem	Clean Infrastructure	0.47%	0.46%	1.4%
4 Shoals Technologies Group	Clean Energy	0.47%	0.46%	4.1%
5 SMA Solar Technology	Clean Energy	0.44%	0.43%	3.1%
Total Top 5		2.59%	2.55%	13.0%

*Strategy holdings and sector allocations are subject to change and there is no assurance that the strategy will continue to maintain these allocations. Please contact NXG for information regarding the methodology used in this calculation and to obtain a list showing the contribution of each holding during the period. Past performance is not indicative of future results. Net returns are calculated using the Strategy's model management fee of 1.00%.

¹³ E&Y "EY Six Essentials For Mainstream EV Adoption" 3/20/2023 [Link](#)

¹⁴ Reuters, "A Reuters Analysis of 37 Global Automakers Found That They Plan to Invest Nearly \$1.2 Trillion in Electric Vehicles and Batteries Through 2030" [Link](#)

¹⁵ Environmental Defense Fund, "Electric Vehicle Market Update, April 2023" [Link](#)

A few comments on the table above:

- **FTC Solar (FTCI)** and **Shoals Technologies (SHLS)** manufacture parts that are used on large, utility-scale solar plants. Both stocks rallied following improving orders and supply chains.
- **Maxon (MAXN)** and **SMA Solar (S92 GR)** manufacture equipment used in residential solar installations. Both of these stocks rallied on improving orders and increased guidance.
- **Stem (STEM)** is a assembles, installs, and manages battery storage facilities and rallied following improving cost trends.

The largest detracting stocks were all in Clean Energy. Three of these companies are developers and owners of solar farms. These companies have stable business models but sold off with other utilities due to peaking interest rate cycle. We continue to hold all five negative contributors at the end of the quarter.

Strategy Biggest Total Return Detractors – Second Quarter 2023

Stock Name	Strategy Theme	Contribution, Gross	Contribution, Net	Average Weight
1 Solaria Energia y Medio Ambien	Clean Energy	-0.76%	-0.77%	4.5%
2 Enphase Energy	Clean Energy	-0.75%	-0.76%	3.7%
3 Atlantica Sustainable Infrastructure	Clean Energy	-0.72%	-0.73%	3.5%
4 Azure Power Global	Clean Energy	-0.39%	-0.39%	1.3%
5 SolarEdge Technologies	Clean Energy	-0.34%	-0.36%	4.4%
Total Bottom 5		-2.97%	-3.01%	17.4%

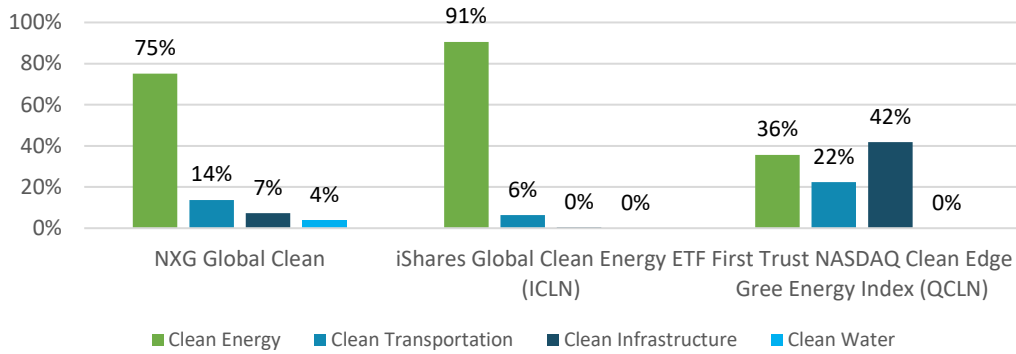
*Strategy holdings and sector allocations are subject to change and there is no assurance that the strategy will continue to maintain these allocations. Please contact NXG for information regarding the methodology used in this calculation and to obtain a list showing the contribution of each holding during the period. Past performance is not indicative of future results. Net returns are calculated using the Strategy's model management fee of 1.00%.

- **Solaria Energia (SLR SM)** is a developer of solar farms in Spain and southern Europe. The stock underperformed due to a potential general election which could lead to changes in Spanish energy policy.
- **Enphase Energy (ENPH)** and **SolarEdge Technologies (SEDG)** are the two main manufacturers of solar inverters in the US. Both names traded lower late in the quarter over concerns of growing Chinese competition in Europe.
- **Atlantica Sustainable Infrastructure (AY)** is a developer of global renewable power plants. They sold off due to restructuring at their parent, Algonquin Power.
- **Azure Power (AZRE)** develops solar and wind projects in India. The stock underperformed due to ongoing delays in their filing of financials.

Strategy Positioning

Below is how the Global Clean Equity Strategy was positioned across the four clean themes as of the end of the second quarter relative to the S&P Global Clean Energy Index, as represented by ICLN ETF, and the NASDAQ Clean Edge Energy Index, as represented by QCLN ETF:

Strategy Allocation as of June 30, 2023*

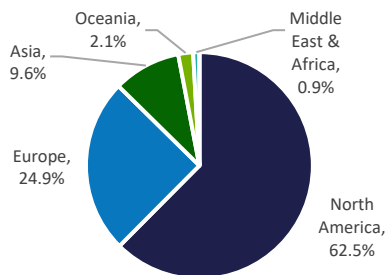


*Portfolio holdings and sector allocations are subject to change and there is no assurance that the Strategy will continue to maintain these allocations.

Clean Energy is our largest weighting, and increased during the quarter, because we see the greatest long-term economic advantage and short-term acceleration in installation volumes. Clean Transportation weighting has declined slightly sequentially. While we still like the long-term prospects for EVs, we are being very selective in our Transportation investments as high interest rates hurt affordability. Our Clean Water allocation was reduced modestly.

Investing in the Clean-related themes shown above is not just limited to the US, it is truly a global market. We see this recently with the European clean energy support. As its name suggests, the NXG Global Clean Equity Strategy invests throughout the world. At the end of the second quarter 2023, 38% of the strategy's holdings main area of exposure was outside of the US. The NXG Global Clean Equity strategy ended the quarter with 41 holdings and a weighted average market cap of over \$21 billion.

Holdings by Geography



Portfolio Statistics

Portfolio Holdings	41
Dividend Yield	1.2%
Weighted Average Market Cap	\$21.4 billion
ESG Score / Rating	7.2 / AA
Investment Universe	500 companies
Investment Universe (USD Market Cap)	\$7.6 trillion

Data as of June 30, 2023. ESG Score and Rating issued by MSCI ESG Research, LLC and relates to a mutual fund managed similar to this strategy. Please see the Important Information section at the end of this letter for additional information. Portfolio holdings and sector allocations are subject to change and there is no assurance that the portfolio will continue to hold a particular position or maintain the same sector allocation.

Conclusion

The quarter was flat after a very strong start to the year. We are seeing accelerating datapoints that the clean tech revolution is afoot. While the stocks do not fully reflect the improving backdrop, we are encouraged that earnings estimates are proving that macro trends are real. We expect a strong second half of the year as investors realize the incredible earnings story for the sector.

Please contact us for a more in-depth conversation on any of these topics. As always, we appreciate your support and continued confidence in us.

Kind Regards,

The NXG Global Clean Equity Team

Important Information:

NXG Investment Management (“NXG”) is the trade name for the Clean and Next Gen investment strategies of Cushing Asset Management, LP (“Cushing”), an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). Registration with the SEC does not imply a certain level of skill or training. This performance update, which has been furnished on a confidential basis to the recipient, does not constitute an offer of any securities or investment advisory services, which may be made only by means of materials which contain a description of material terms and risks of an investment. This summary is intended exclusively for the use of the person to whom it has been delivered and it is not to be reproduced or redistributed to any other person without the prior consent of NXG.

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Certain information contained herein may constitute “forward-looking” statements, which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “estimate,” or “believe” or other variations thereof. Such statements reflect various assumptions by NXG concerning anticipated trends or events, which may or may not occur. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements.

The NXG Global Clean Equity Strategy (the “Strategy”) invests primarily in clean companies. While ESG considerations are a factor in NXG’s investment process, NXG generally does not screen for, or exclude companies based on, specific ESG criteria. However, to the extent that ESG considerations may exclude the securities of certain issuers for nonfinancial reasons, there is a risk that strategies employing ESG criteria may forego some market opportunities available to strategies that do not use similar criteria. Investors may differ in their views of what constitutes positive or negative ESG characteristics. As a result, the Strategy’s investments may not reflect the beliefs of any particular investor.

The MSCI ESG Fund Ratings is designed to assess the resilience of a fund’s aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks.

- AAA, AA: Leader- The companies that the fund invests in tend to show strong and/or improving management of financially relevant environmental, social and governance issues. These companies may be more resilient to disruptions arising from ESG events.
- A, BB, BB: Average- The fund invests in companies that tend to show average management of ESG issues, or in a mix of companies with both above-average and below-average ESG risk management.
- B, CCC: Laggard- The fund is exposed to companies that do not demonstrate adequate management of the ESG risks that they face or show worsening management of these issues. These companies may be more vulnerable to disruptions arising from ESG events.

The Fund ESG Rating is calculated as a direct mapping of “Fund ESG Quality Score” to letter rating categories according to the following scale: 8.6- 10: AAA, 7.1- 8.6: AA, 5.7- 7.1: A, 4.3- 5.7: BBB, 2.9- 4.3: BB, 1.4- 2.9: B, 0.0- 1.4: CCC

The “Fund ESG Quality Score” assesses the resilience of a fund’s aggregate holdings to long term ESG risks. Highly rated funds consist of issuers with leading or improving management of key ESG risks, based on a granular break- down of each issuer’s business: its core product or business segments, the locations of its assets or revenues, and other relevant measures such as outsourced production. The “Fund ESG Quality Score” is provided on a 0-10 score, with 0 and 10 being the respective lowest and highest possible fund scores.

The “Fund ESG Quality Score” is assessed using the underlying holding’s “Overall ESG Scores”, “Overall ESG Ratings”, and “Overall ESG Rating Trends”. It is calculated in a series of 3 steps.

Step 1: Calculate the “Fund Weighted Average ESG Score” of the underlying holding’s “Overall ESG Scores”. The Overall ESG Scores represent either the ESG Ratings Final Industry-Adjusted Score or Government Adjusted ESG Score of the issuer. Methodology for the issuer level scores are available in the MSCI ESG Ratings Methodology document.

Step 2: Calculate adjustment % based on fund exposure to “Fund ESG Laggards (%)”, “Fund ESG Trend Negative (%)”, and “Fund ESG Trend Positive (%)”.

Step 3: Multiply the “Fund Weighted Average ESG Score” by (1 + Adjustment %)

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For more information, please visit <https://www.msci.com/esg-fund-ratings>.

Performance information included in this presentation represents composite returns for the Strategy. Actual account performance for a separately managed account invested in accordance with the Strategy will vary from these returns based upon account cash flows and investment timing.

Year	Total Assets (\$ millions)		% of Composite Assets from Wrap Program	Number of Accounts	Composite Performance (%)		Benchmark (%) MSCI ACWI Net TR USD Index ³	Annualized 3-Year Standard Deviation ¹		Internal Composite Dispersion ²
	Firm	Composite			Gross	Net		Composite	Benchmark (%) MSCI ACWI Net TR USD Index ³	
2023 ¹	1,026	22	N.A.	2	6.08	5.55	13.93	38.54	17.27	N.A.
2022	1,039	22	N.A.	2	-29.75	-30.45	-18.36	41.20	20.14	N.A.
2021	972	30	N.A.	2	-13.95	-14.81	18.54	33.90	17.08	N.A.
2020	829	13	N.A.	1	149.65	147.16	16.25	N.A.	N.A.	N.A.
2019	1,807	2	N.A.	1	38.43	37.06	26.60	N.A.	N.A.	N.A.
2018	2,712	1	N.A.	1	-6.29	-7.22	-9.41	N.A.	N.A.	N.A.

Past performance is not indicative of future results.

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

¹ Performance reflects the un-annualized performance for the period from 1/1/2023 to 6/30/2023.

For periods with less than 36 months of composite performance, no 3-year ex -post standard deviation measurement is available

² Dispersion is the asset-weighted standard deviation of annual returns of all portfolios in the composite for the entire year. If dispersion is N.A., the composite did not hold 6 or more accounts for the entire year or the period is a partial year.

³ Benchmark: MSCI ACWI Net TR USD Index

Compliance Statement: Cushing® Asset Management, LP (“Cushing”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared

and presented this report in compliance with the GIPS standards. Cushing has been independently verified for the period January 1, 2006 through December 31, 2021. The verification reports are available upon request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

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