TORTOISE MLP FUND, INC.
Form N-30B-2
October 24, 2013

Company at a Glance

Tortoise MLP Fund, Inc. (NYSE: NTG) offers a closed-end fund strategy of investing in energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs.

Investment Focus

NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions. The fund focuses primarily on midstream energy infrastructure MLPs that engage in the business of transporting, gathering and processing and storing natural gas and natural gas liquids (NGLs).

Under normal circumstances, we invest at least 80 percent of NTG s total assets in MLP equity securities with at least 70 percent of total assets in natural gas infrastructure MLP equity securities. Of the total assets in the fund, we may invest as much as 50 percent in restricted securities, primarily through direct investments in securities of listed companies. We do not invest in privately held companies and limit our investment in any one security to 10 percent.

About Energy Infrastructure Master Limited Partnerships

MLPs are limited partnerships whose units trade on public exchanges such as the New York Stock Exchange (NYSE), the NYSE Alternext US and NASDAQ. Buying MLP units makes an investor a limited partner in the MLP. There are currently more than 100 MLPs in the market in industries related to energy and natural resources.

We primarily invest in MLPs and their affiliates in the energy infrastructure sector, with an emphasis on natural gas infrastructure MLPs. Energy infrastructure MLPs are engaged in the transportation, storage and processing of crude oil, natural gas and refined products from production points to the end users. Natural gas infrastructure MLPs are companies in which over 50 percent of their revenue, cash flow or assets are related to the operation of natural gas or NGL infrastructure assets. Our investments are primarily in midstream (mostly pipeline) operations, which typically produce steady cash flows with less exposure to commodity prices than many alternative investments in the broader energy industry. With the growth potential of this sector, along with our disciplined investment approach, we endeavor to generate a predictable and increasing distribution stream for our investors.

An NTG Investment Versus a Direct Investment in MLPs

We provide our stockholders an alternative to investing directly in MLPs and their affiliates. A direct MLP investment potentially offers an attractive distribution with a significant portion treated as return of capital, and a historically low correlation to returns on stocks and bonds. However, the tax characteristics of a direct MLP investment are generally undesirable for tax-exempt investors such as retirement plans. We are structured as a C Corporation accruing federal and state income taxes based on taxable earnings and profits. Because of this innovative structure, pioneered by Tortoise Capital Advisors, institutions and retirement accounts are able to join individual stockholders as investors in MLPs.

Additional features include:

- The opportunity for tax deferred distributions and distribution growth;
- Simplified tax reporting (investors receive a single 1099) compared to directly owning MLP units;
- Appropriate for retirement and other tax exempt accounts;
- Potential diversification of overall investment portfolio; and
- Professional securities selection and active management by an experienced adviser.

September 15, 2013

Dear Fellow Stockholders,

Equity market performance was uneven over the summer months, with the S&P 500® registering gains in July but declines for both June and August. The broad market index closed the three month period with a paltry 0.7 percent gain and a much healthier 17.2 percent return for the fiscal year to date ending Aug. 31, 2013. Disappointing data on manufacturing and new home sales in July set the tone for a downbeat August that erased much of July s gains. Early in the month, U.S. unemployment dropped to its lowest level since December 2008, renewing speculation that the Federal Reserve may begin to taper its quantitative easing. Additional headwinds in August included an escalation of the crisis in Syria and economic data showing sluggish consumer spending. Against this uneven backdrop, natural gas infrastructure MLPs outperformed the broader market.

Master Limited Partnership Sector Review

The Tortoise MLP Index® posted a 0.7 percent and 16.7 percent total return for the three and nine months ending Aug. 31, 2013, respectively. MLPs performance during the quarter was markedly slower than in previous fiscal quarters. This was largely in response to concern and uncertainty around rising interest rates, as well as the digestion of increased equity offerings and some compression in crude oil location price differentials that had previously been at record levels. Midstream MLPs dramatically outperformed upstream MLPs for the quarter and by a wide margin for the fiscal year to date, as reflected by the Tortoise Midstream MLP Index s 19.4 percent fiscal year-to-date return as compared to the Tortoise Upstream MLP Index s -4.0 percent return for the same period. This outperformance was driven by midstream MLPs solid fundamentals, strong underlying distribution growth and continued infrastructure build-out in support of robust production out of North American shales, as well as some market and regulatory pressures faced by certain upstream MLPs.

The midstream sector of the energy value chain continues to benefit from the escalating volumes of natural gas production, which in turn is driving infrastructure build-out. Predictable onshore shale resources have supported globally competitive prices for natural gas. It is estimated that U.S. natural gas production will reach nearly 74 billion cubic feet per day by the end of this decade, an increase of 50 percent since 2005.[1] An area where particularly robust natural gas infrastructure build out is underway to support natural gas production is the massive Marcellus shale, where production in 2013 is up approximately 50 percent over last year.[2] As the most prolific natural gas basin in the U.S., the Marcellus is rapidly reshaping the flow of natural gas across America. Before production began ramping up in 2008, most of the Northeast relied on natural gas imported from the Gulf of Mexico or Canada. Today, the Marcellus is supplying the Pennsylvania and Northeast markets. It also may soon be exporting liquefied natural gas (LNG) to foreign countries that do not have a Free Trade Agreement with the U.S. On September 11, the Energy Department conditionally authorized a Maryland import terminal to convert to an export facility for LNG. The terminal is already connected to an interstate pipeline that draws from wells in the Marcellus.

Capital markets are humming, with MLPs raising approximately $32 billion in equity and $23 billion in debt fiscal year to date. This included the launch of four new midstream MLP initial public offerings during the fiscal quarter. Fiscal year to date, 12 MLPs have gone public, raising total proceeds of $3.2 billion. Merger and acquisition (M&A) activity also has been vigorous, with announced MLP transactions totaling nearly $40 billion fiscal year to date, including more than $16 billion in the quarter. The largest announced midstream transactions in the quarter were two sponsor dropdowns, with Spectra Energy Corporation and EQT Corporation both announcing dropdowns of midstream assets to their respective MLPs. Both transactions are pending.

Fund Performance Review

The fund s total assets grew from $1.85 billion to $1.89 billion during the quarter ended Aug. 31st, primarily from market appreciation of its investments. The fund s market-based total return was 2.6 percent and 20.4 percent (both including the reinvestment of distributions) for the three and nine months ending Aug. 31, 2013. The fund s NAV-based total return was 2.8 percent and 17.3 percent for the same periods. While on a fiscal year to date basis the fund s stock price premium relative to its NAV has increased, during the third quarter there was a slight narrowing in the market s premium.

During the fiscal quarter, the fund s asset performance was driven by its overall strategy and focus on natural gas pipeline MLPs and gathering and processing MLPs, as well as its midstream focus. Natural gas pipeline MLPs continue to benefit from the ongoing investment in infrastructure to support the country s emerging supply basins, although some near-term challenges exist. M&A activity also positively impacted performance as assets migrated to MLPs from larger integrated energy companies. Gathering and processing MLPs also benefitted from a growing fee-based profile. The fund s underweighting in crude oil pipeline MLPs contributed positively to its performance given the downward pressure they faced due in part to narrowing of location price differentials.

(Unaudited)

The fund paid a distribution of $0.41875 per common share ($1.675 annualized) to stockholders on Sept. 3, 2013, an increase of 0.3 percent quarter over quarter and 0.9 percent year over year. This distribution represented an annualized yield of 5.8 percent based on the fund s third fiscal quarter closing price of $28.65. The distribution payout coverage (distributable cash flow divided by distributions) for the fiscal quarter was 100.9 percent, reflective of our emphasis on sustainability. The fund ended the period with leverage (including bank debt, senior notes and preferred stock) at 18.2 percent of total assets. Additional information about the fund s financial performance, distributions and leverage is available in the Key Financial Data and Management s Discussion sections of this report.

Concluding Thoughts

The unconventional energy revolution taking place in North America today is profoundly altering the energy landscape. North America s abundant natural gas supply has effectively eliminated the United States dependency on foreign gas imports and made it one of the world s leading producers of this valuable resource. At the same time, prolific natural gas production is creating opportunities for energy companies across the energy value chain, including for natural gas infrastructure MLPs. We remain enthusiastic about these prospects and about the future of North American energy. We look forward to serving you as your professional investment adviser as this compelling story continues.

Sincerely,
The Managing Directors
Tortoise Capital Advisors, L.L.C.
The adviser to Tortoise MLP Fund, Inc.

P. Bradley Adams	H. Kevin Birzer	Zachary A. Hamel
Kenneth P. Malvey	Terry Matlack	David J. Schulte

[1] *Energy Information Administration, 2013*
[2] *Bentek, 2013*

The Tortoise MLP Index® is a float-adjusted, capitalization weighted index of energy master limited partnerships (MLPs). The Tortoise Midstream MLP Index, a sub-index of the Tortoise MLP Index®, is comprised of all constituents included in the following sub sectors: Crude Oil Pipelines, Gathering & Processing, Natural Gas Pipelines and Refined Products Pipelines. The Tortoise Upstream MLP Index is comprised of all constituents included in the Tortoise MLP Index s Coal and Oil & Gas Production sub sector indices. The S&P 500 Index® is an unmanaged market-value-weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance.

(Unaudited)

Key Financial Data *(Supplemental Unaudited Information)*
(dollar amounts in thousands unless otherwise indicated)

The information presented below regarding Distributable Cash Flow and Selected Financial Information is supplemental non-GAAP financial information, which we believe is meaningful to understanding our operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and we believe they are an important supplemental measure of performance and promote comparisons from period-to-period. This information is supplemental, is not inclusive of required financial disclosures (e.g. Total Expense Ratio), and should be read in conjunction with our full financial statements.

	2012		2013		
	Q3(1)	Q4(1)	Q1(1)	Q2(1)	Q3(1)
Total Income from Investments					
Distributions received from master limited partnerships	$24,350	$24,580	$24,787	$26,111	$26,099
Dividends paid in stock	1,803	1,875	1,936	1,187	1,224
Total from investments	26,153	26,455	26,723	27,298	27,323
Operating Expenses Before Leverage Costs and Current Taxes					
Advisory fees, net of fees waived	2,991	3,044	3,236	3,753	3,860
Other operating expenses	278	278	327	324	321
	3,269	3,322	3,563	4,077	4,181
Distributable cash flow before leverage costs and current taxes	22,884	23,133	23,160	23,221	23,142
Leverage costs(2)	3,392	3,378	3,352	3,343	3,316
Current income tax expense(3)					
Distributable Cash Flow(4)	$19,492	$19,755	$19,808	$19,878	$19,826
As a percent of average total assets(5)					
Total from investments	6.50%	6.45%	6.39%	5.83%	5.66%
Operating expenses before leverage costs and current taxes	0.81%	0.81%	0.85%	0.87%	0.87%
Distributable cash flow before leverage costs and current taxes	5.69%	5.64%	5.54%	4.96%	4.79%
As a percent of average net assets(5)					
Total from investments	9.24%	9.23%	9.19%	8.39%	8.21%
Operating expenses before leverage costs and current taxes	1.15%	1.16%	1.23%	1.25%	1.26%
Leverage costs and current taxes	1.20%	1.18%	1.15%	1.03%	1.00%
Distributable cash flow	6.89%	6.89%	6.81%	6.11%	5.95%
Selected Financial Information					
Distributions paid on common stock	$19,166	$19,287	$19,404	$19,549	$19,653
Distributions paid on common stock per share	0.41500	0.41500	0.41625	0.41750	0.41875
Distribution coverage percentage for period(6)	101.7%	102.4%	102.1%	101.7%	100.9%
Net realized gain, net of income taxes, for the period	12,964	19,399	15,101	9,232	5,325
Total assets, end of period	1,633,486	1,633,815	1,785,448	1,853,489	1,891,133
Average total assets during period(7)	1,601,246	1,649,297	1,697,239	1,858,008	1,914,383
Leverage(8)	345,600	368,900	345,000	345,000	345,000
Leverage as a percent of total assets	21.2%	22.6%	19.3%	18.6%	18.2%
Net unrealized appreciation, end of period	198,772	193,475	288,835	340,955	374,919
Net assets, end of period	1,140,486	1,140,635	1,229,367	1,270,264	1,287,655
Average net assets during period(9)	1,126,062	1,152,970	1,178,669	1,290,683	1,320,738
Net asset value per common share	24.68	24.50	26.37	27.11	27.44
Market value per common share	26.19	24.91	27.59	28.35	28.65
Shares outstanding (actual)	46,203,904	46,559,833	46,617,023	46,860,898	46,932,383

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.
(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.
(3)

Includes taxes paid on net investment income and foreign taxes, if any. Taxes related to realized gains are excluded from the calculation of Distributable Cash Flow (DCF).

(4) Net investment loss, before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the return of capital on MLP distributions, the value of paid-in-kind distributions, implied distributions included in direct placement discounts, and amortization of debt issuance costs; and decreased by current taxes paid on net investment income.

(5) Annualized for periods less than one full year.

(6) Distributable Cash Flow divided by distributions paid.

(7) Computed by averaging month-end values within each period.

(8) Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.

(9) Computed by averaging daily net assets for the period.

Management s Discussion *(Unaudited)*

The information contained in this section should be read in conjunction with our Financial Statements and the Notes thereto. In addition, this report contains certain forward-looking statements. These statements include the plans and objectives of management for future operations and financial objectives and can be identified by the use of forward-looking terminology such as may, will, expect, intend, anticipate, estimate, or continue or the negative thereof or other variations thereon or comparabl terminology. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results and conditions to differ materially from those projected in these forward-looking statements are set forth in the Risk Factors section of our public filings with the SEC.

Overview

Tortoise MLP Fund, Inc. s (NTG) primary investment objective is to provide a high level of total return with an emphasis on current distributions paid to stockholders. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of energy infrastructure master limited partnerships (MLPs) and their affiliates, with an emphasis on natural gas infrastructure. Energy infrastructure MLPs own and operate a network of pipeline and energy-related logistical assets that transport, store, gather and process natural gas, natural gas liquids (NGLs), crude oil, refined petroleum products, and other resources or distribute, market, explore, develop or produce such commodities. Natural gas infrastructure MLPs are defined as companies engaged in such activities with over 50 percent of their revenue, cash flow or assets related to natural gas or NGL infrastructure assets.

While we are a registered investment company under the Investment Company Act of 1940, as amended (the 1940 Act), we are not a regulated investment company for federal tax purposes. Our distributions do not generate unrelated business taxable income (UBTI) and our stock may therefore be suitable for holding by pension funds, IRAs and mutual funds, as well as taxable accounts. We invest primarily in MLPs through private and public market purchases. MLPs are publicly traded partnerships whose equity interests are traded in the form of units on public exchanges, such as the NYSE or NASDAQ. Tortoise Capital Advisors, L.L.C. serves as our investment adviser.

Company Update

Total assets increased approximately $38 million during the 3rd quarter, primarily as a result of higher market values of our MLP investments. Distribution increases from our MLP investments were in-line with our expectations and asset-based expenses increased from the previous quarter along with increased average managed assets. Total leverage as a percent of total assets decreased and we increased our quarterly distribution to $0.41875 per share. Additional information on these events and results of our operations are discussed in more detail below.

Critical Accounting Policies

The financial statements are based on the selection and application of critical accounting policies, which require management to make significant estimates and assumptions. Critical accounting policies are those that are both important to the presentation of our financial condition and results of operations and require management s most difficult, complex, or subjective judgments. Our critical accounting policies are those applicable to the valuation of investments and certain revenue recognition matters as discussed in Note 2 in the Notes to Financial Statements.

Determining Distributions to Stockholders

Our portfolio generates cash flow from which we pay distributions to stockholders. Our Board of Directors has adopted a policy of declaring what it believes to be sustainable distributions. In determining distributions, our Board of Directors considers a number of current and anticipated factors, including, among others, distributable cash flow (DCF), realized and unrealized gains, leverage amounts and rates, current and deferred taxes payable, and potential volatility in returns from our investments and the overall market. While the Board considers many factors in determining distributions to stockholders, particular emphasis is given to DCF and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders and is discussed in more detail below. Over the long term, we expect to distribute substantially all of our DCF to holders of common stock. Our Board of Directors reviews the distribution rate quarterly and may adjust the quarterly distribution throughout the year.

Determining DCF

DCF is distributions received from investments, less expenses. The total distributions received from our investments include the amount we receive as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on our net investment income in addition to foreign taxes, if any. Taxes incurred from realized gains on the sale of investments, expected tax benefits and deferred taxes are not included in DCF.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas

Management s Discussion *(Unaudited)*
(Continued)
such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including expense reimbursement, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Distributions Received from Investments

Our ability to generate cash is dependent on the ability of our portfolio of investments to generate cash flow from their operations. In order to maintain and grow distributions to our stockholders, we evaluate each holding based upon its contribution to our investment income, our expectation for its growth rate, and its risk relative to other potential investments.

We concentrate on MLPs we believe can expect an increasing demand for services from economic and population growth. We seek well-managed businesses with hard assets and stable recurring revenue streams. Our focus remains primarily on investing in fee-based service providers that operate long-haul, interstate pipelines. We further diversify among issuers, geographies and energy commodities to seek a distribution payment which approximates an investment directly in energy infrastructure MLPs. In addition, many crude/refined products and natural gas liquids pipeline companies are regulated and currently benefit from a tariff inflation escalation index of PPI + 2.65 percent. Over the long-term, we believe MLPs distributions will outpace inflation and interest rate increases, and produce positive real returns.

Total distributions received from our investments for the 3rd quarter 2013 were approximately $27.3 million, representing an increase of 4.5 percent as compared to 3rd quarter 2012 and a slight increase as compared to 2nd quarter 2013. On an annualized basis, total distributions for the quarter equate to 5.66 percent of our average total assets for the quarter. These changes reflect increases in per share distribution rates on our MLP investments and the impact of various portfolio trading activity.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee, and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 0.87 percent of average total assets for the 3rd quarter 2013, an increase of 0.06 percent as compared to the 2nd quarter 2013 and unchanged as compared to 3rd quarter 2012. While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser waived an amount equal to 0.20 percent of average monthly managed assets from July 28, 2011 through December 31, 2012 and has agreed to waive an amount equal to 0.15 percent of average monthly managed assets through December 31, 2013, with further reductions in the fee waiver of 0.05 percent of average managed assets per calendar year through 2015.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately $3.3 million for the 3rd quarter 2013, a decrease of 0.8 percent as compared to the 2nd quarter 2013.

The weighted average annual rate of our leverage at August 31, 2013 was 3.76 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.125 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable Cash Flow

For 3rd quarter 2013, our DCF was approximately $19.8 million, an increase of 1.7 percent as compared to 3rd quarter 2012 and a decrease of 0.3 percent as compared to 2nd quarter 2013. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of $19.7 million, or $0.41875 per share, during the quarter. This represents an increase of $0.00375 per share as compared to 3rd quarter 2012 and an increase of $0.00125 from 2nd quarter 2013.

Our distribution coverage ratio was 100.9 percent for 3rd quarter 2013, compared to a coverage ratio of 101.7 percent for 2nd quarter 2013 and 101.7 percent for 3rd quarter 2012. Our goal is to pay what we believe to be sustainable distributions with any increases safely covered by earned DCF. A distribution coverage ratio of greater than 100 percent provides flexibility for on-going management of the portfolio, changes in leverage costs, the impact of taxes from realized gains and other expenses. An on-going distribution coverage ratio of less than 100 percent will, over time, erode the earning power of a portfolio and may lead to lower distributions. We expect to allocate a portion of the projected future growth in DCF to increase distributions to stockholders while also continuing to build critical distribution coverage to help preserve the sustainability of distributions to stockholders for the years ahead.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2013 YTD and 3rd quarter 2013 (in thousands):

	2013 YTD	**3rd Qtr 2013**
Net Investment Loss, before Income Taxes	$(23,097)	$ (6,007)
Adjustments to reconcile to DCF:		
Dividends paid in stock	4,346	1,223
Distributions characterized as return of capital	77,974	24,513
Amortization of debt issuance costs	289	97
DCF	$ 59,512	$19,826

Management s Discussion *(Unaudited)*

(Continued)

Liquidity and Capital Resources

We had total assets of $1.891 billion at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 3rd quarter 2013, total assets increased by approximately $38 million. This change was primarily the result of a $37 million increase in the value of our investments as reflected by the change in net realized and unrealized gains on investments (excluding return of capital on distributions).

Total leverage outstanding at August 31, 2013 was $345.0 million, unchanged as compared to May 31, 2013. Outstanding leverage is comprised of $255 million in senior notes and $90 million in preferred shares, with 88.4 percent of leverage with fixed rates and a weighted average maturity of 4.6 years. Total leverage represented 18.2 percent of total assets at August 31, 2013, as compared to 18.6 percent as of May 31, 2013 and 21.2 percent as of August 31, 2012. Our leverage as a percent of total assets remains below our long-term target level of 25 percent, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in MLP values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of $345 million is comprised of 74 percent private placement debt and 26 percent private placement preferred equity with a weighted average rate of 3.74 percent and remaining weighted average laddered maturity of approximately 4.6 years.

We use leverage to acquire MLPs consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Notes 8, 9 and 10 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at www.tortoiseadvisors.com.

Taxation of our Distributions and Income Taxes

We invest in partnerships that generally have cash distributions in excess of their income for accounting and tax purposes. Accordingly, the distributions include a return of capital component for accounting and tax purposes. Distributions declared and paid by us in a year generally differ from taxable income for that year, as such distributions may include the distribution of current year taxable income or return of capital.

The taxability of the distribution you receive depends on whether we have annual earnings and profits (E&P). E&P is primarily comprised of the taxable income from MLPs with certain specified adjustments as reported on annual K-1s, fund operating expenses and net realized gains. If we have E&P, it is first allocated to the preferred shares and then to the common shares.

In the event we have E&P allocated to our common shares, all or a portion of our distribution will be taxable at the Qualified Dividend Income (QDI) rate, assuming various holding requirements are met by the stockholder. The QDI rate is variable based on the taxpayer s taxable income. The portion of our distribution that is taxable may vary for either of two reasons. First, the characterization of the distributions we receive from MLPs could change annually based upon the K-1 allocations and result in less return of capital and more in the form of income. Second, we could sell an MLP investment and realize a gain or loss at any time. It is for these reasons that we inform you of the tax treatment after the close of each year as the ultimate characterization of our distributions is undeterminable until the year is over.

For tax purposes, distributions to common stockholders for the year ended 2012 were 100 percent return of capital as we had negative E&P for the year. A holder of our common stock would reduce their cost basis for income tax purposes by the amount designated as return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com. For book purposes, the source of distributions to common stockholders for the year ended 2012 was 100 percent return of capital. We currently estimate that 90 to 100 percent of 2013 distributions will be characterized as return of capital for tax purposes, with the remaining percentage, if any, characterized as qualified dividend income. A final determination of the characterization will be made in January 2014.

As of November 30, 2012, we had approximately $138 million in net operating losses. To the extent we have taxable income in the future that is not offset by net operating losses, we will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets or borrowings.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At August 31, 2013, our investments are valued at approximately $1.889 billion, with an adjusted cost of $1.298 billion. The $591 million difference reflects unrealized gain that would be realized for financial statement purposes if those investments were sold at those values. The Statement of Assets and Liabilities also reflects either a net deferred tax liability or net deferred tax asset depending primarily upon unrealized gains (losses) on investments, realized gains (losses) on investments, capital loss carryforwards and net operating losses. At August 31, 2013, the balance sheet reflects a net deferred tax liability of approximately $232.7 million or $4.96 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

Schedule of Investments
August 31, 2013
(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 146.2%[1]		
Natural Gas/Natural Gas Liquids Pipelines 87.2%[1]		
United States 87.2%[1]		
Boardwalk Pipeline Partners, LP	3,523,800	$ 105,925,428
El Paso Pipeline Partners, L.P.	3,145,810	131,274,651
Energy Transfer Partners, L.P.	2,893,600	148,354,872
Enterprise Products Partners L.P.	2,156,400	128,133,288
EQT Midstream Partners, L.P.	434,900	20,827,361
Inergy Midstream, L.P.	1,134,129	26,357,158
Kinder Morgan Energy Partners, L.P.	665,696	54,294,166
Kinder Morgan Management, LLC[2]	941,107	75,138,010
ONEOK Partners, L.P.	1,112,900	55,188,711
Regency Energy Partners LP	4,520,433	122,187,304
Spectra Energy Partners, LP	3,358,800	139,994,784
TC PipeLines, LP	407,400	19,685,568
Williams Partners L.P.	1,940,900	95,744,597
		1,123,105,898
Natural Gas Gathering/Processing 27.8%[1]		
United States 27.8%[1]		
Access Midstream Partners, L.P.	1,391,000	63,443,510
Crestwood Midstream Partners LP	1,179,800	30,604,012
DCP Midstream Partners, LP	1,283,459	61,516,190
MarkWest Energy Partners, L.P.	924,600	61,754,034
Summit Midstream Partners, LP	330,500	10,899,890
Targa Resources Partners LP	1,224,600	59,833,956
Western Gas Equity Partners, LP	209,800	8,261,924
Western Gas Partners LP	1,036,430	61,294,470
		357,607,986
Crude/Refined Products Pipelines 31.2%[1]		
United States 31.2%[1]		
Buckeye Partners, L.P.	1,111,600	77,812,000
Enbridge Energy Partners, L.P.	1,438,700	42,902,034
Holly Energy Partners, L.P.	1,144,672	40,670,196
Magellan Midstream Partners, L.P.	938,300	50,912,158
MPLX LP	496,382	17,720,838
NuStar Energy L.P.	712,300	29,710,033
Phillips 66 Partners LP	301,600	9,280,232
Plains All American Pipeline, L.P.	1,595,200	80,653,312
Rose Rock Midstream Partners, L.P.	137,031	4,476,803
Sunoco Logistics Partners L.P.	579,000	37,194,960
Tesoro Logistics LP	196,500	10,532,400
		401,864,966
Total Master Limited Partnerships and Related Companies (Cost $1,291,721,640)		1,882,578,850
Short-Term Investment 0.5%[1]		

United States Investment Company — 0.5%(1)		
Fidelity Institutional Money Market Portfolio Class I, 0.05%(3) (Cost $5,941,929)	5,941,929	5,941,929
Total Investments — 146.7%(1) (Cost $1,297,663,569)		1,888,520,779
Other Assets and Liabilities — (19.9%)(1)		(255,865,979)
Long-Term Debt Obligations — (19.8%)(1)		(255,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (7.0%)(1)		(90,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%(1)		$ 1,287,654,800

(1) Calculated as a percentage of net assets applicable to common stockholders.