Salient MLP & Energy Infrastructure Fund
Form 497
March 20, 2013

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with and declared effective by the Securities and Exchange Commission. This preliminary prospectus supplement and the accompanying prospectus do not constitute an offer to sell these securities or a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED MARCH 20, 2013

Preliminary Prospectus Supplement
(To Prospectus dated November 29, 2012)

1,000,000 Shares
Salient MLP & Energy Infrastructure Fund
$ per Share

Salient MLP & Energy Infrastructure Fund (the "Fund") is a non-diversified, closed-end management investment company which commenced investment operations in May 2011. The Fund's investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its Common Shareholders.

The Fund is offering 1,000,000 common shares of beneficial interest, $0.01 par value per share ("Common Shares"), in this Prospectus Supplement. This Prospectus Supplement, together with the accompanying Prospectus dated November 29, 2012, sets forth the information that you should know before investing.

The Fund's Common Shares are listed on the New York Stock Exchange under the symbol "SMF." As of March 19, 2013, the last reported sale price for the Fund's Common Shares on the New York Stock Exchange was $28.49 per share.

Investing in the Fund's securities involves certain risks. You could lose some or all of your investment. See "Risks" beginning on page 36 of the accompanying Prospectus. You should consider carefully these risks together with all of the other information contained in this Prospectus Supplement and the accompanying Prospectus before making a decision to purchase the Fund's securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Prospectus Supplement or the accompanying Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to the Fund	$	$

The Fund has granted the underwriters an option exercisable for a period of 30 days from the date of this Prospectus Supplement to purchase up to 150,000 additional Common Shares at the public offering price, less the underwriting discount, to cover over-allotments, if any. If the underwriters exercise the option in full, the total underwriting discounts and commissions will be $, and the total proceeds, before expenses, to the Fund will be $.

Delivery of the Common Shares will be made on or about March , 2013.

Joint Book-Running Managers

Stifel Oppenheimer & Co.

Prospectus Supplement dated March , 2013

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Prospectus Supplement

Prospectus

ABOUT THIS PROSPECTUS SUPPLEMENT

This Prospectus Supplement, together with the accompanying Prospectus, set forth concisely the information that you should know before investing in the Fund's Common Shares. You should read the accompanying Prospectus and this Prospectus Supplement, which contain important information, before deciding whether to invest in the Fund's securities. You should retain the Prospectus and Prospectus Supplement for future reference. A statement of additional information, dated November 29, 2012, as supplemented from time to time, containing additional information, has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference in its entirety into this Prospectus Supplement and the accompanying Prospectus. This Prospectus Supplement, the accompanying Prospectus and the statement of additional information are part of a "shelf" registration statement that the Fund filed with the SEC. This Prospectus Supplement describes the specific details regarding this offering, including the method of distribution. If information in this Prospectus Supplement is inconsistent with the accompanying Prospectus or the statement of additional information, you should rely on this Prospectus Supplement.

You should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the accompanying Prospectus in making your investment decisions. The Fund has not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This Prospectus Supplement and the accompanying Prospectus do not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this Prospectus Supplement and in the accompanying Prospectus is accurate only as of the dates on their covers. The Fund's business, financial condition and prospects may have changed since such dates. The Fund will advise investors of any material changes to the extent required by applicable law.

The Fund's securities do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement, the accompanying Prospectus and the statement of additional information contain "forward-looking statements." Forward-looking statements can be identified by the words "may," "will," "intend," "expec "estimate," "continue," "plan," "anticipate," and similar terms and the negative of such terms. Such forward-lookin statements may be contained in this Prospectus Supplement as well as in the accompanying Prospectus. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect the Fund's actual results are the performance of the portfolio of securities the Fund holds, the price at which the Common Shares will trade in the public markets and other factors discussed in the Fund's periodic filings with the SEC. Currently known risk factors that could cause actual results to differ materially from the Fund's expectations include, but are not limited to, the factors described in the "Risks" section of the accompanying Prospectus. You are urged to review carefully those sections for a more detailed discussion of the risks of an investment in the Fund's securities.

Although the Fund believes that the expectations expressed in the Fund's forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in the Fund's forward-looking statements. The Fund's future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the "Risks" section of the accompanying Prospectus. All forward-looking statements contained or incorporated by reference in this Prospectus Supplement or the accompanying Prospectus are made as of the date of this Prospectus Supplement or the accompanying Prospectus, as the case may be. Except for the Fund's ongoing obligations under the federal securities laws, the Fund does not intend, and the Fund undertakes no obligation, to update any forward-looking statement. The forward-looking statements contained in this Prospectus Supplement, the accompanying Prospectus and the statement of additional information are excluded from the safe harbor protection provided by section 27A of the Securities Act of 1933, as amended.

PROSPECTUS SUPPLEMENT SUMMARY

The following summary contains basic information about the Fund and the Fund's securities. It is not complete and may not contain all of the information that you may want to consider. You should review the more detailed information contained in this Prospectus Supplement and in the accompanying Prospectus and in the statement of additional information, especially the information set forth under the heading "Risks" beginning on page 36 of the accompanying Prospectus.

The Fund

The Fund is a non-diversified, closed-end management investment company, with total managed assets of approximately $203,915,118 as of March 15, 2013. The Fund commenced operations in May 2011 following the Fund's initial public offering. The Fund's investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions to its Common Shareholders.

Investment Adviser

Salient Capital Advisors, LLC ("SCA"), the Fund's investment adviser, is responsible for providing portfolio investment services to the Fund, implementing and administering the Fund's investment strategy and providing management and administrative assistance in connection with its operations. SCA is a wholly-owned subsidiary of Salient Partners, L.P., a Delaware limited partnership, and SCA is registered as an investment adviser with the Securities and Exchange Commission ("SEC"). As of December 31, 2012, SCA managed assets of approximately $2.0 billion, including $1.2 billion in MLPs and Energy Infrastructure Companies. Salient and its affiliates managed assets of approximately $17.4 billion as of December 31, 2012.

Pursuant to an investment management agreement, the Fund has agreed to pay SCA, as compensation for the services rendered by it, a management fee equal on an annual basis to 1.20% of the average monthly total assets of the Fund, computed and paid monthly. See "Management – Investment Management Agreement" beginning on page 63 of the accompanying Prospectus.

The Offering

Common Shares the Fund is offering	1,000,000 Common Shares

Common Shares to be outstanding after this offering	7,144,933 Common Shares (or 7,294,933 Common Shares if the underwriters' option to purchase additional Common Shares is exercised in full).
Use of proceeds after expenses	SCA estimates that the net proceeds from this offering after expenses without exercise of the over-allotment option will be approximately $. The Fund intends to use the net proceeds to make investments in portfolio companies in accordance with its investment objective and policies and for general corporate purposes. See "Use of Proceeds."
Risk factors	See "Risks" and other information included in the accompanying Prospectus for a discussion of factors you should carefully consider before deciding to invest in Common Shares.
NYSE Symbol	"SMF"

Stockholder Transaction Expenses

Underwriting discounts and commissions (as a percentage of offering price)	[ ]%
Net offering expenses borne by the Fund (as a percentage of offering price)	[ ]%
Dividend reinvestment plan fees(1)	None

(1) Shareholders will pay brokerage charges if they direct U.S. Bancorp Fund Services, LLC, as agent for the Common Shareholders, to sell their Common Shares held in a dividend reinvestment account.

Example

This example replaces the example as set forth on page 23 of the accompanying prospectus with respect to this offering. The following example illustrates the expenses that Common Shareholders would pay on a $1,000 investment in Common Shares, assuming (i) total annual expenses of 5.40% including estimated offering expenses of [ ]% of net assets attributable to Common Shares in years 1 through 10; (ii) a sales load of [ ]%; (iii) a 5% annual return; and (iv) all distributions are reinvested at NAV.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return:	$ [ ]	$ [ ]	$ [ ]	$ [ ]

The example and the expenses in the table above should not be considered a representation of future expenses. The example assumes that the estimated "Total Annual Expenses" set forth in the Annual Expenses table are accurate and that all distributions are reinvested at net asset value. Actual expenses (including the cost of financial leverage and other expenses) may be greater or less than shown. Moreover, the Fund's actual rate of return may be greater or less than the hypothetical 5% return shown in the example

USE OF PROCEEDS

SCA estimates that the net proceeds from the sale of the 1,000,000 Common Shares that the Fund is offering will be approximately $, after deducting the underwriting discounts and commissions and estimated offering expenses payable by the Fund, or approximately $ if the underwriters exercise their over-allotment option in full.

Unless otherwise specified in this Prospectus Supplement, the Fund currently intends to use the net proceeds from the sale of the Fund's Common Shares in this offering primarily to invest in accordance with the Fund's investment objective and policies (as described under "Investment Objective and Policies," beginning on page 27 of the accompanying Prospectus). The Fund anticipates that it will be possible to invest the proceeds of this offering consistent with the Fund's investment objective and policies within three months.

SUMMARY OF FUND EXPENSES

The purpose of the table below is to help you understand all fees and expenses that you, as a Common Shareholder, would bear directly or indirectly. In accordance with SEC requirements, the table below shows the Fund's expenses as a percentage of its average net assets as of November 30, 2012, and not as a percentage of total assets. By showing expenses as a percentage of average net assets, expenses are not expressed as a percentage of all of the assets the Fund invests. The offering costs to be paid or reimbursed by the Fund are not included in the Annual Expenses table below. However, these expenses will be borne by Common Shareholders and will result in a reduction in the net asset value of the Common Shares. The table is based on the Fund's capital structure as of November 30, 2012. As of November 30, 2012, the Fund had $61,650,000 in borrowings outstanding, representing 28.7% of total assets as of that date.

	Percentage of Net Assets Attributable to Common Shares
Annual expenses:	
Management Fees(1)	1.54%
Interest Payments on Borrowed Funds(2)	0.50%
Subsidiary Deferred Income Tax Expenses(3)	2.88%
Other Expenses(4)	0.73%
Total Annual Expenses	5.65%
Less Management Fee Waiver/Reimbursement(5)	(0.25%)
Net Annual Expenses	5.40%

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(1) Pursuant to the terms of the investment management agreement between the Fund and SCA, the management fee is calculated at an annual rate of 1.20% of the average monthly total assets of the Fund. Management fees in the table above are calculated as a percentage of net assets attributable to Common Shares, which results in a higher percentage than the percentage attributable to average monthly total assets. See "Management—Investment Management Agreement" in the accompanying Prospectus.

(2) Reflects interest expense on $42,900,000 in average borrowings under the credit facility described in the accompanying Prospectus under "Use of Leverage."

(3) Salient MLP & Energy Infrastructure Fund, Inc. (the "Subsidiary") is classified for federal income tax purposes as a taxable regular corporation or so called Subchapter "C" Corporation. As a "C" Corporation, the Subsidiary (and thus indirectly the Fund) accrues deferred tax liability associated with the capital appreciation of its investments and the distributions received by the Subsidiary on equity securities of MLPs, as defined in the accompanying Prospectus, considered to be a return of capital and for any net operating gains. The Subsidiary's accrued deferred tax liability, if any, is reflected in the Fund's net asset value per share. The deferred income tax expense/(benefit) represents an estimate of the Subsidiary's potential tax expense/(benefit) if it were to recognize the unrealized gains/(losses) in the portfolio. An estimate of deferred income tax expense/(benefit) is dependent

on the Subsidiary's net investment income/(loss) and realized and unrealized gains/(losses) on investments, and such expense/(benefit) may vary greatly from year to year and

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week to week depending on the nature of the Subsidiary's investments, the performance of those investments and general market conditions. Therefore, any estimate of deferred income tax expense/(benefit) cannot be reliably predicted from year to year. For the year ended November 30, 2012, the Subsidiary (and thus indirectly the Fund) had net operating losses of $(936,310) and accrued $4,355,543 in net deferred tax expense/(benefit) primarily related to unrealized appreciation on investments.

(4) Other Expenses in the table include costs incurred in connection with the Fund's operations, including but not limited to payments to the Fund's administrator, custodian, fund accountant, transfer agent, tax preparer, legal counsel, and its independent public accounting firm. Other Expenses are based on estimated amounts for the current fiscal year.

(5) SCA has contractually agreed to waive or reimburse the Fund for a portion of its management fee in an amount equal on an annual basis to 0.20% of the Fund's average monthly total assets until May 25, 2013. Management fees and waivers are expressed as a percentage of net assets in the table.

CAPITALIZATION

The following table sets forth the Fund's capitalization:

on a historical basis as of November 30, 2012;

on an adjusted basis to reflect (i) the issuance of 4,527 of the Fund's Common Shares through the Fund's dividend reinvestment plan through March 15, 2013 and (ii) a decrease in the Fund's borrowings under its credit facility to $55,000,000 as of March 15, 2013; and

on a further adjusted basis to reflect the issuance of 1,000,000 Common Shares in an offering under this Prospectus Supplement and the accompanying Prospectus.

	Actual (unaudited)	As Adjusted (unaudited)	As Further Adjusted
Credit Facility			
Credit Facility: $20,000,000 available (1)	61,650,000	55,000,000	
Common Shareholders' equity			
Common shares, $0.01 par value per share, unlimited shares authorized, 6,140,406 shares outstanding (actual), 6,144,933 shares outstanding (as adjusted) and 7,144,933 shares outstanding (as further adjusted)	132,232,316	142,344,620	
Undistributed net investment income (loss)	(2,090,128)	1,589,966	
Accumulated net realized gain (loss) on investments, written options, foreign currency transactions, and interest rate swaps	(1,723,525)	(1,783,147)	
Net unrealized appreciation (depreciation) on investments, written options, foreign currency transactions, and interest rate swaps	16,606,778	21,194,313	
Net assets applicable to Common Shareholders	145,025,441	163,345,752	
Total Capitalization	206,675,441	218,345,752	

(1) The Fund and its subsidiary, Salient MLP & Energy Infrastructure Fund, Inc. (the "Subsidiary") have entered into a credit facility with a bank to borrow up to a limit of $75 million in aggregate with the Subsidiary. As of March 15, 2013, the Fund had $55,000,000 borrowed under the credit facility.

MARKET AND NET ASSET VALUE INFORMATION

The Common Shares are listed on the New York Stock Exchange under the symbol “SMF.” The Fund’s Common Shares commenced trading on the New York Stock Exchange in May 2011.

The Common Shares have traded both at a premium and a discount to net asset value, or "NAV". The Fund cannot predict whether the Common Shares will trade in the future at a premium or discount to NAV. The provisions of the 1940 Act generally require that the public offering price of Common Shares (less any underwriting commissions and discounts) must equal or exceed the NAV per share of a company’s common stock (calculated within 48 hours of pricing). The Fund’s issuance of Common Shares may have an adverse effect on prices in the secondary market for the Fund’s Common Shares by increasing the number of Common Shares available, which may put downward pressure on the market price for the Fund’s Common Shares. Shares of common stock of closed-end investment companies frequently trade at a discount from NAV. See “Risks —Market Discount Risk” on page 36 of the accompanying Prospectus.

The following table sets forth for each of the periods indicated the high and low closing market prices for Common Shares on the NYSE, and the corresponding net asset value per share and the premium or discount to net asset value per share at which the Fund’s Common Shares were trading as of such date. Net asset value is determined once daily as of the close of regular trading of the NYSE (typically 4:00 P.M., Eastern Time). See “Net Asset Value” on page 63 of the accompanying Prospectus for information as to the determination of the Fund’s NAV.

	Market Price		Net Asset Value per Share on Date of Market Price		Premium/(Discount) on Date of Market Price	
Fiscal Quarter Ended	High	Low	High	Low	High	Low
11/30/2012	$25.92	$24.03	$24.15	$23.62	7.33%	1.74%
8/31/2012	$26.50	$23.80	$24.66	$22.14	7.46%	7.50%
5/31/2012	$26.50	$24.23	$25.15	$23.17	5.37%	4.57%
2/29/2012	$25.18	$21.95	$25.90	$24.69	(2.78)%	(11.10)%
11/30/2011	$24.38	$20.21	$23.45	$21.42	4.00%	(5.65)%
8/31/2011	$25.50	$20.55	$23.66	$20.77	7.78%	(1.06)%
5/31/2011	$25.36	$25.00	$23.87	$23.87	6.24%	(4.73)%

The last reported sale price, NAV per common share and percentage discount to NAV per common share on March 15, 2013, were $28.48, $26.58 and 7.15%, respectively. As of March 15, 2013, the Fund had 6,144,933 Common Shares outstanding and the net assets of the Fund were $163,345,752.

The following table provides information about the Fund’s outstanding securities as of March 15, 2013:

Title of Class	Amount Authorized	Amount Held by the Fund or for its Account	Amount Outstanding
Common Shares	Unlimited	0	6,144,933

UNDERWRITING

The underwriters named below, acting through their representatives, Stifel, Nicolaus & Company, Incorporated and Oppenheimer & Co. Inc. ("Representatives"), are acting as underwriters in this offering. Subject to the terms and conditions contained in the underwriting agreement by and among the underwriters, SCA and the Fund, the underwriters have agreed to purchase from the Fund, and the Fund has agreed to sell to the underwriters, the number of Common Shares set forth opposite their names below.

Underwriter	Number of Common Shares
Stifel, Nicolaus & Company, Incorporated	
Oppenheimer & Co. Inc.	
Total	1,000,000

The underwriting agreement provides that the underwriters, severally and not jointly, are obligated to purchase, subject to certain conditions, all of the Common Shares being offered. The conditions contained in the underwriting agreement include requirements that (1) the representations and warranties made by the Fund and SCA to the underwriters are true; (2) there has been no material change in the financial markets; and (3) the Fund and SCA deliver customary closing documents to the underwriters.

The Fund has agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments the underwriters may be required to make in respect of those liabilities; provided that such indemnification shall not extend to any liability or action resulting from the gross negligence or willful misconduct of the underwriters.

The underwriters are offering the Common Shares, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Common Shares, and other conditions contained in the underwriting agreement, such as the receipt by the underwriters of officer's certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commissions and Discounts

The underwriters have advised the Fund that they propose initially to offer the Common Shares to the public at the public offering price on the cover page of this Prospectus Supplement and to dealers at that price less a concession not in excess of $ per share. The underwriters may allow, and the dealers may reallow, a discount not in excess of $ per Common Share to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

The following table shows the per Common Share and total public offering price, underwriting discount and proceeds before offering expenses to the Fund. The information assumes either no exercise or full exercise by the underwriters of the overallotment option.

	Per Share	Without Option	With Option
Public offering price	$	$	$
Underwriting discount	$	$	$
Proceeds, before offering expenses, to us	$	$	$

The expenses of the offering are estimated to be $, all of which will be borne by the Fund. Investors must pay for any Common Shares purchased in this offering on or before March , 2013.

Overallotment Option

The Fund has granted an option to the underwriters to purchase up to an additional 150,000 Common Shares at the public offering price less the underwriting discount. The underwriters may exercise this option for 30 days from the date of this Prospectus Supplement solely to cover any overallotments. If the underwriters exercise this option, they will be obligated, subject to conditions contained in the underwriting agreement, to purchase such additional Common Shares, and the Fund will be obligated, pursuant to that option, to sell these Common Shares to the underwriters.

Lock-Up Agreement

The Fund has agreed not to offer or sell any additional Common Shares for a period of 60 days after the date of the underwriting agreement without first obtaining the written consent of the Representatives, except for the sale of Common Shares to the underwriters pursuant to the underwriting agreement or Common Shares issued pursuant to the Fund's dividend reinvestment plan. Specifically, the Fund has agreed, with certain limited exceptions, not to directly or indirectly

offer, pledge, sell or contract to sell any Common Shares;

sell any option or contract to purchase any Common Shares;

purchase any option or contract to sell any Common Shares;

grant any option, right or warrant for the sale of any Common Shares;

lend or otherwise dispose of or transfer any Common Shares;

file a registration statement related to the Common Shares, but not including any post-effective amendment to the current registration statement or a new registration statement in order to maintain a universal shelf registration statement; or

enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any Common Shares, whether any such swap or transaction is to be settled by delivery of Common Shares or other securities, in cash or otherwise.

New York Stock Exchange Listing

The Fund's currently outstanding Common Shares are, and the Common Shares sold pursuant to this Prospectus Supplement and the accompanying Prospectus will be, listed on the New York Stock Exchange under the symbol "SMF."

Price Stabilization, Short Positions

Until the distribution of the Common Shares is completed, SEC rules may limit the underwriters and selling group members from bidding for and purchasing the Common Shares. However, the underwriters may engage in transactions that stabilize the price of the Common Shares, such as bids or purchases to peg, fix or maintain that price.

In connection with the offering, the underwriters may purchase and sell Common Shares in the open market. These transactions may include short sales, purchases on the open market to cover positions created by short sales and stabilizing transactions. Short sales involve the sale by the underwriters of a greater number of Common Shares than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional Common Shares in the offering. The underwriters may close out any covered short position by either exercising their overallotment option or purchasing Common Shares in the open market. In determining the source of Common Shares to close out the covered short position, the underwriters will consider, among other things, the price of Common Shares available for purchase in the open market as compared to the price at which they may purchase Common Shares through the overallotment option. "Naked" short sales are sales in excess of the overallotment option. The underwriters must close out any naked short position by purchasing Common Shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of Common Shares in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of Common Shares made by the underwriter in the open market prior to the completion of the offering.

Similar to other purchase transactions, the underwriters' purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of Common Shares or preventing or retarding a decline in the market price of Common Shares. As a result, the price of the Common Shares may be higher than the price that might otherwise exist in the open market.

Neither the Fund nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Common Shares. In addition, neither the Fund nor the underwriters make any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Other Relationships

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Fund. They have received customary fees and commissions for these transactions.

Electronic Distribution

The Prospectus Supplement and the accompanying Prospectus in electronic format may be made available on the Internet sites or through other online services maintained by the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and prospective investors may be allowed to place orders online. The underwriters may allocate a specific number of Common Shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the Representatives on the same basis as other allocations.

Other than this Prospectus Supplement and the accompanying Prospectus in electronic format, the information on the underwriters' web sites and any information contained in any other web site maintained by the underwriters are not part of this Prospectus Supplement, the accompanying Prospectus or the registration statement of which this Prospectus Supplement and the accompanying Prospectus form a part, and have not been approved and/or endorsed by the Fund and should not be relied upon by prospective investors.

Certain Relationships and Fees

To the extent permitted under the Investment Company Act of 1940, as amended and the rules and regulations promulgated thereunder, the Fund anticipates that an underwriter may from time to time act as a broker or dealer and receive fees in connection with the execution of the Fund's portfolio transactions after an underwriter has ceased to be an underwriter and, subject to certain restrictions, may act as a broker while it is an underwriter.

Addresses

Stifel, Nicolaus & Company, Incorporated's principal office is located at 501 North Broadway, St. Louis, Missouri 63102.

Oppenheimer & Co. Inc.'s principal office is located at 125 Broad Street, New York, New York 10004.

LEGAL MATTERS

Certain legal matters in connection with the Common Shares will be passed upon for the Fund by K&L Gates LLP, 1 Lincoln Street, Boston, Massachusetts 02111, and for the underwriters by Andrews Kurth LLP, 450 Lexington Avenue, New York, New York 10017.

AVAILABLE INFORMATION

The Fund is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Investment Company Act of 1940, as amended (the "1940 Act") and is required to file reports, including annual and semi-annual reports, proxy statements and other information with the SEC. These documents are available on the SEC's EDGAR system and can be inspected and copied for a fee at the SEC's public reference room, 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Additional information about the operation of the public reference room facilities may be obtained by calling the SEC at (202) 551-5850.

This Prospectus Supplement and the accompanying Prospectus do not contain all of the information in the Fund's registration statement, including amendments, exhibits, and schedules. Statements in this Prospectus Supplement and the accompanying Prospectus about the contents of any contract or other document are not necessarily complete and in each instance reference is made to the copy of the contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by this reference.

Additional information about the Fund can be found in the Fund's registration statement (including amendments, exhibits, and schedules) on Form N-2 filed with the SEC. The SEC maintains a web site (http://www.sec.gov) that contains the Fund's registration statement, other documents incorporated by reference, and other information the Fund has filed electronically with the SEC, including proxy statements and reports filed under the Exchange Act.

Until , 2013 (25 days after the date of this Prospectus Supplement), all dealers that buy, sell or trade the Common Shares, whether or not participating in this offering, may be required to deliver a prospectus and the applicable prospectus supplement. This delivery requirement is in addition to the dealers' obligation to deliver a prospectus and the applicable prospectus supplement when acting as underwriters and with respect to their unsold allotments or subscriptions.

[ ] Shares

Salient MLP & Energy Infrastructure Fund

Common Shares

PROSPECTUS SUPPLEMENT

March , 2013

Stifel

Oppenheimer & Co.

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BASE PROSPECTUS

DATED NOVEMBER 29, 2012

UP TO $75,000,000
SALIENT MLP & ENERGY INFRASTRUCTURE FUND
COMMON SHARES

The Fund and Its Investment Objective. Salient MLP & Energy Infrastructure Fund (the "Fund") is a non-diversified, closed-end management investment company, which commenced operations in May 2011. The Fund's investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions ("Distributions") to its common shareholders ("Common Shareholders"). There can be no assurance that the Fund will achieve its investment objective. The Fund seeks to provide its Common Shareholders with a tax-efficient vehicle to invest in a portfolio of energy infrastructure companies that own midstream and other energy assets. Capitalized terms, not otherwise defined herein, have the meanings ascribed to them in the Glossary of Key Terms on page ii of this Prospectus.

Investment Strategies. The Fund seeks to achieve its investment objective by investing at least 80% of its total assets in securities of MLPs and Energy Infrastructure Companies (each as defined below). A majority of the Fund's investments consist of investments in Midstream MLPs and Midstream Energy Infrastructure Companies (as defined below).

Tax Matters. The Fund is, for U.S. federal income tax purposes, a regulated investment company, or RIC. As a RIC, the Fund generally is not required to pay U.S. federal income taxes on any ordinary income or capital gains that it receives from its portfolio investments and distributes to its Common Shareholders as dividends. See "Tax Matters."

Investment Adviser. The Fund's investment adviser, Salient Capital Advisors, LLC, a Texas limited liability company ("SCA"), which is a registered investment adviser and, with its affiliates, is an experienced investment adviser to other management investment companies and closed-end funds. As of July 31, 2012, SCA managed assets of approximately $2.4 billion, including $950 million in MLPs and Energy Infrastructure Companies.

The Offering. The Fund may offer, from time to time, in one or more offerings, the Fund's common shares of beneficial interest, $0.01 par value per share ("Common Shares"). Common Shares may be offered at prices and on terms to be set forth in one or more supplements to this Prospectus (each, a "Prospectus Supplement"). The provisions of the Investment Company Act of 1940, as amended, generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the net asset value per share of a company's common stock (calculated within 48 hours of pricing). You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares.

Common Shares may be offered directly to one or more purchasers, through agents designated from time to time by the Fund, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents or underwriters involved in the sale of Common Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated. The Fund may not sell any Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of the Common Shares.

Exchange Listing. As of November 1, 2012, the Fund had 6,140,406 Common Shares outstanding. The Fund's Common Shares are traded on the New York Stock Exchange ("NYSE") under the symbol "SMF." As of November 1, 2012, the last reported sales price of a Common Share of the Fund on the NYSE was $26.00. Common Shares offered and sold pursuant to this Registration Statement will also be listed on the NYSE and trade under this symbol.

The Common Shares have traded both at a premium and a discount to net asset value. The Fund cannot predict whether Common Shares will trade in the future at a premium or discount to net asset value. The provisions of the Investment Company Act of 1940, as amended, generally require that the public offering price of common shares (less any underwriting commissions and discounts) must equal or exceed the net asset value per share of a company's common stock (calculated within 48 hours of pricing). The Fund's issuance of Common Shares may have an adverse effect on prices in the secondary market for the Fund's Common Shares by increasing the number of Common Shares available, which may put downward pressure on the market price for our Common Shares. Shares of common stock of closed-end investment companies frequently trade at a discount from net asset value, which may increase investors' risk of loss. The returns earned by holders of the Common Shares who purchase their shares in this offering and sell their shares below net asset value will be reduced.

Investing in the Fund's Common Shares involves certain risks. You could lose some or all of your investment. See "Risks" beginning on page 36 of this Prospectus.

The Securities and Exchange Commission has not approved or disapproved of these securities or determined if this Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Prospectus dated November 29, 2012

Distributions. The Fund makes and intends to make regular distributions of cash to its Common Shareholders out of legally available funds (“Distributions”). There is no assurance that the Fund will continue to pay regular Distributions or that it will do so at a particular rate. See “Distributions” and “Tax Matters.”

Leverage. The Fund generally seeks to enhance its total returns through the use of financial leverage, presently in the form of bank debt (“Indebtedness”), but which in the future could be in the form of the issuance of preferred shares (together with Indebtedness, “Financial Leverage”). Under the Investment Company Act of 1940, as amended (the “1940 Act”), the Fund may use Financial Leverage in the form of Indebtedness in an aggregate amount of up to 33 1/3% of the Fund’s total assets immediately after such borrowing, and may use Financial Leverage through issuance of preferred shares in an aggregate amount of up to 50% of the Fund’s total assets, including assets obtained through the use of Financial Leverage, immediately after such issuance. Under normal market conditions, the Fund utilizes Financial Leverage (currently in the form of Indebtedness) in an amount that represents approximately 25% of its total assets (which also represents approximately 37.5% of net assets), including proceeds from such Financial Leverage. However, as market conditions develop, the Fund may use Financial Leverage in amounts that represent greater than 25% leverage up to the above-stated amounts permitted by the 1940 Act. The Fund also may utilize derivatives and other portfolio techniques (such as short selling and uncovered call writing) that have the economic effect of leverage by creating additional investment exposure. “Effective leverage” is the combination of the amount of leverage in the Fund’s capital structure plus the amount of leverage from any such derivatives and other portfolio techniques. The Fund’s effective leverage ratio will vary from time to time, based upon changes in market conditions and variations in the value of the portfolio’s holdings. To the extent obligations created by the Fund’s use of leverage may be deemed to constitute senior securities, the Fund will segregate or earmark liquid assets with its custodian in accordance with 1940 Act Release No. 10666 (Apr. 18, 1979) to cover these obligations. The Fund’s effective leverage will not exceed 40% of the Fund’s total assets. There is no assurance that the Fund’s use of Financial Leverage will be successful in enhancing the level of the Fund’s total return. The Fund anticipates that it will be possible to invest the proceeds of the Offering consistent with the Fund’s investment objective and policies within three months. The Fund and its subsidiary, Salient MLP & Energy Infrastructure Fund, Inc. (the “Subsidiary”) have entered into a credit facility (the “Agreement”) with a bank to borrow up to a limit of $75 million in aggregate with the Subsidiary. The Fund is required to maintain certain net asset levels during the term of the Agreement. As of October 31, 2012, the Fund had $67 million in outstanding borrowings, at an interest rate of 1.16%. The Fund may enter into additional credit facilities that may represent an aggregate amount up to 33 1/3% of total assets (which represents 50% of net assets). See “Description of Shares—Credit Facility.” The use of leverage involves increased risk, including increased variability of the Fund’s net income, distributions and net asset value in relation to market changes. See “Use of Leverage—Effects of Leverage,” “Risks—Leverage Risk,” and “Description of Shares.”

Option Strategy. The Fund currently may write covered call options in an amount up to 30% of the value of total assets in its portfolio (which represents 45% of net assets) with the purpose of generating realized gains. The Fund also may write uncovered call options, in an amount up to 10% of the value of total assets in its portfolio (approximately 15% of net assets), and purchase put options as part of its hedging strategy (as discussed below). This option strategy is intended to generate returns from options premiums as a means to enhance distributions to the Fund’s Common Shareholders. A call option on a security is a contract that gives the holder of such call option the right to buy the security underlying the call option from the writer of such call option at a specified price at any time during the term of the option. At the time the call option is sold, the writer of a call option receives a premium (or call premium) from the buyer of such call option. If the Fund writes a call option on a security, it will have the obligation upon exercise of such call option to deliver the underlying security upon payment of the exercise price. When the Fund writes a call option, an amount equal to the premium received by the Fund will be recorded as a liability and will be subsequently adjusted to the current fair value of the option written. Premiums received from writing options that expire unexercised are treated by the Fund as realized gains from investments on the expiration date. If the Fund repurchases a written call option prior to its exercise, the difference between the premium received and the amount paid to repurchase the option is treated as a realized gain or realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security in determining whether the Fund has realized a gain or loss. The Fund, as the writer of the option, bears the market risk of an unfavorable change in the price of the security underlying the written option. As the writer of a covered call option, the Fund forgoes, during the option's life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but has retained the risk of loss should the price of the underlying security decline. As the Fund writes covered calls over more of its portfolio, its ability to benefit from capital appreciation becomes more limited. Separately, in the Fund's hedging strategy, it may both write covered and uncovered call options and purchase put options to attempt to hedge various Fund investments and/or markets or indices, as well as interest rates. The Fund limits its use of uncovered calls to 10% of the value of total assets in its portfolio (which represents 15% of net assets). As a writer of uncovered calls, the Fund would be subject to the risk of unlimited losses. See "Risks—Options Risk—Derivatives Risk—Short Sales Risk," and "Description of Shares."

This Prospectus, together with any other applicable Prospectus Supplement, sets forth concisely the information about the Fund that a prospective investor should know before investing. You should read this Prospectus and the applicable Prospectus Supplement, which contain important information, before deciding whether to invest in the Common Shares. You should retain the Prospectus and Prospectus Supplement for future reference. A Statement of Additional Information, dated November 29, 2012, as it may be amended (the "SAI"), containing additional information about the Fund, has been filed with the Securities and Exchange Commission (the "SEC") and is incorporated by reference in its entirety into this Prospectus. You may request a free copy of the SAI (the table of contents of which is on page 77 of this Prospectus), annual and semi-annual reports to Common Shareholders (when available), and additional information about the Fund by calling toll-free at (800) 809-0525, or by writing to the Fund at 4265 San Felipe, Suite 800, Houston, Texas 77027 or visiting the Fund's website (www.salientmlpfund.com). The information contained in, or accessed through, the Fund's website is not part of this Prospectus. You may also obtain a copy of the SAI (and other information regarding the Fund) from the SEC's Public Reference Room in Washington, D.C. Information relating to the Public Reference Room may be obtained by calling the SEC at (202) 551-8090. Such materials, as well as the Fund's annual and semi-annual reports (when available) and other information regarding the Fund, are also available on the SEC's website (www.sec.gov). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC's Public Reference Room, 100 F Street, N.E., Washington, D.C. 20549-0112.

The Fund's Common Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

You should rely only on the information contained or incorporated by reference in this Prospectus. The Fund has not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This Prospectus does not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted or where the person making the offer or sale is not qualified to do so or to any person to whom it is not permitted to make such offer or sale. The information appearing in this Prospectus is accurate only as of the date on the front cover of this Prospectus. Its business, financial condition, results of operations and prospects may have changed since that date. The Fund will advise investors of any material changes to the extent required by applicable law.

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GLOSSARY OF KEY TERMS

This glossary contains definitions of certain key terms, as they are used in the Fund's investment objective and policies and as described in this Prospectus. These definitions may not correspond to standard sector definitions.

"Energy Infrastructure Companies" means companies, including MLP Affiliates, that own and operate assets that are used in the energy sector, including assets used in exploring, developing, producing, generating, transporting, transmitting, storing, gathering, processing, refining, distributing, mining or marketing of natural gas, natural gas liquids, crude oil, refined products, coal or electricity, or that provide energy-related services. For purposes of this definition, such companies (i) derive at least 50% of their revenues or operating income from operating such assets or providing services for the operation of such assets or (ii) have such assets that represent the majority of their assets.

"Marine Midstream Companies" means public companies that provide transportation and distribution services of energy-related products through the ownership and operation of marine transportation vessels (including tankers, barges and tugboats).

"Midstream Assets" means assets used in transporting, storing, gathering, processing, distributing, marketing and/or delivering of natural gas, natural gas liquids, crude oil or refined products or coal.

"Midstream Energy Infrastructure Companies" means companies, other than Midstream MLPs, that own and operate Midstream Assets. Such companies are not structured as MLPs and are taxed as corporations. For purposes of this definition, this means companies that (i) derive at least 50% of their revenues or operating income from operating Midstream Assets or (ii) have Midstream Assets that represent the majority of their assets.

"Midstream MLPs" means MLPs that principally own and operate Midstream Assets. Midstream MLPs also include (a) MLPs that provide transportation and distribution services of energy related products through the ownership of marine transportation vessels and (b) MLP Affiliates of Midstream MLPs.

"Midstream Sector" consists of (a) Midstream MLPs and (b) Midstream Energy Infrastructure Companies.

"MLPs" means entities that are structured as Master Limited Partnerships and includes Midstream MLPs and other energy MLPs. "Master Limited Partnerships" means limited partnerships and limited liability companies that are publicly traded and are treated as partnerships for U.S. federal income tax purposes.

"MLP Affiliates" means affiliates of MLPs substantially all of whose assets consist of units or ownership interests of an affiliated Master Limited Partnership (which may include general partner interests, incentive distribution rights, common units and subordinated units) and are structured as C Corporations for U.S. federal income tax purposes. MLP Affiliates are not treated as partnerships for U.S. federal income tax purposes.

"Other Energy Infrastructure Companies" means Energy Infrastructure Companies, excluding MLPs and Midstream Energy Infrastructure Companies.

PROSPECTUS SUMMARY

This is only a summary. You should review the more detailed information elsewhere in this Prospectus (“Prospectus”), in any related supplement to this Prospectus (each, a “Prospectus Supplement”), and in the Statement of Additional Information (the “SAI”) prior to making an investment in the Fund. See “Risks.” Unless otherwise defined herein, the Glossary of Key Terms on page ii herein provides the definitions of certain key terms used in this Prospectus

The Fund	Salient MLP & Energy Infrastructure Fund (the “Fund”) is a Delaware statutory trust registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the “1940 Act”), which commenced operations in May, 2011.
The Offering	The Fund may offer, from time to time, in one or more offerings, up to $75,000,000 worth of common shares of beneficial interest of the Fund (“Common Shares”) on terms to be determined at the time of the offering. The Common Shares may be offered at prices and on terms to be set forth in one or more Prospectus Supplements. You should read this Prospectus and the applicable Prospectus Supplement carefully before you invest in Common Shares. Common Shares may be offered directly to one or more purchasers, through agents designated from time to time by the Fund, or to or through underwriters or dealers. The Prospectus Supplement relating to the offering will identify any agents, underwriters or dealers involved in the sale of Common Shares, and will set forth any applicable purchase price, fee, commission or discount arrangement between the Fund and its agents or underwriters, or among its underwriters, or the basis upon which such amount may be calculated. See “Plan of Distribution.” The Fund may not sell any Common Shares through agents, underwriters or dealers without delivery of a Prospectus Supplement describing the method and terms of the particular offering of Common Shares.
Investment Objective	The Fund’s investment objective is to provide a high level of total return with an emphasis on making quarterly cash distributions (“Distributions”) to its common shareholders (“Common Shareholders”). The Fund seeks to achieve its investment objective by investing at least 80% of its total assets in securities of MLPs and Energy Infrastructure Companies. A majority of the Fund’s portfolio investments consist of securities of Midstream MLPs and Midstream Energy Infrastructure Companies. There can be no assurance that the Fund will achieve its investment objective. See “Investment Objective and Policies.”
The Adviser	Salient Capital Advisors, LLC (“SCA”), the Fund’s investment adviser, is responsible for providing portfolio investment services to the Fund, implementing and administering the Fund’s investment strategy and providing management and administrative assistance in connection with its operations. SCA is a wholly-owned subsidiary of Salient Partners, L.P., a Delaware limited partnership (“Salient”), and SCA is a registered investment adviser with the Securities and Exchange Commission (“SEC”). As of July 31, 2012, SCA managed assets of approximately $2.4 billion, including $950 million in MLPs and Energy Infrastructure Companies. Salient and its affiliates managed assets of approximately $17.6 billion as of July 31, 2012. Salient and its principals have invested in Midstream MLPs and Midstream Energy Infrastructure Companies since 2003, and Salient has developed an understanding of the North American energy markets that Salient believes enables it to identify and take advantage of attractive investment opportunities in the Midstream Sector as well as in other

MLPs and Energy Infrastructure Companies. In addition, Salient's senior professionals have many long-term relationships with industry managers, which Salient believes gives it an important advantage in making portfolio management decisions and sourcing and structuring private investments for the Fund.

Pursuant to the investment management agreement, the Fund has agreed to pay SCA, as compensation for the services rendered by it, a management fee equal on an annual basis to 1.20% of the average monthly total assets of the Fund, computed and paid monthly. Because SCA's management fee is based upon a percentage of the Fund's total assets, its fee will be higher if the Fund employs Financial Leverage. Until May 25, 2013, SCA has contractually agreed to waive or reimburse the Fund for a portion of its management fee in an amount equal on an annual basis to .20% of the Fund's average monthly total assets. See "Management—Investment Adviser."

Listing

As of November 1, 2012, the Fund had 6,140,406 Common Shares outstanding. The Fund's Common Shares are traded on the NYSE under the symbol "SMF." As of November 1, 2012, the last reported sales price of a Common Share of the Fund on the NYSE was $26.00. Common Shares offered and sold pursuant to this Registration Statement will also be listed on the NYSE and trade under this symbol.

Use of Proceeds

Subject to the remainder of this section, and unless otherwise specified in a Prospectus Supplement, it is expected that the net proceeds of the Offering will be invested in accordance with the Fund's investment objective and policies within three months. See "Use of Proceeds."

Plan of Distribution

The Fund may sell the Common Shares being offered under this Prospectus in any one or more of the following ways: (i) directly to purchasers; (ii) through agents; (iii) to or through underwriters; or (iv) through dealers.

The Fund may distribute Common Shares from time to time in one or more transactions at: (i) a fixed price or prices, which may be changed; (ii) market prices prevailing at the time of sale; (iii) prices related to prevailing market prices; or (iv) negotiated prices.

The Fund may directly solicit offers to purchase Common Shares, or the Fund may designate agents to solicit such offers. The Fund will, in a Prospectus Supplement relating to such offering, name any agent that could be viewed as an underwriter under the Securities Act of 1933 (the "Securities Act") and describe any commissions the Fund must pay. Any such agent will be acting on a best efforts basis for the period of its appointment or, if indicated in the applicable Prospectus Supplement or other offering materials, on a firm commitment basis. Agents, dealers and underwriters may be customers of, engage in transactions with, or perform services for the Fund in the ordinary course of business.

If any underwriters or agents are used in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will enter into an underwriting agreement or other agreement with them at the time of sale to them, and the Fund will set forth in the Prospectus Supplement relating to such offering their names and the terms of the Fund's agreement with them.

If a dealer is utilized in the sale of Common Shares in respect of which this Prospectus is delivered, the Fund will sell such Common Shares to the dealer, as principal. The dealer may then resell such Common Shares to the public at varying prices to be determined by such dealer at the time of resale.

The Fund may engage in at-the-market offerings to or through a market maker or into an existing trading market, on an exchange or otherwise, in accordance with Rule 415(a)(4) under the Securities Act. An at-the-market offering may be through an underwriter or underwriters acting as principal or agent for the Fund.

Agents, underwriters and dealers may be entitled under agreements which they may enter into with the Fund to indemnification by the Fund against certain civil liabilities, including liabilities under the Securities Act, and may be customers of, engage in transactions with or perform services for the Fund in the ordinary course of business.

In order to facilitate the offering of Common Shares, any underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of Common Shares or any other Common Shares the prices of which may be used to determine payments on the Common Shares. Specifically, any underwriters may over-allot in connection with the offering, creating a short position for their own accounts. In addition, to cover over-allotments or to stabilize the price of Common Shares or of any such other Common Shares, the underwriters may bid for, and purchase, Common Shares or any such other Common Shares in the open market. Finally, in any offering of Common Shares through a syndicate of underwriters, the underwriting syndicate may reclaim selling concessions allowed to an underwriter or a dealer for distributing Common Shares in the offering if the syndicate repurchases previously distributed Common Shares in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of Common Shares above independent market levels. Any such underwriters are not required to engage in these activities and may end any of these activities at any time.

The Fund may enter into derivative transactions with third parties, or sell Common Shares not covered by this Prospectus to third parties in privately negotiated transactions. If the applicable Prospectus Supplement indicates, in connection with those derivatives, the third parties may sell Common Shares covered by this Prospectus and the applicable Prospectus Supplement or other offering materials, including in short sale transactions. If so, the third parties may use Common Shares pledged by the Fund or borrowed from the Fund or others to settle those sales or to close out any related open borrowings of securities, and may use Common Shares received from the Fund in settlement of those derivatives to close out any related open borrowings of securities. The third parties in such sale transactions will be underwriters and, if not identified in this Prospectus, will be identified in the applicable Prospectus Supplement or other offering materials (or a post-effective amendment).

The Fund or one of the Fund's affiliates may loan or pledge Common Shares to a financial institution or other third party that in turn may sell Common Shares using this Prospectus. Such financial institution or third party may transfer its short position to investors in Common Shares or in connection with a simultaneous offering of other Common Shares offered by this Prospectus or otherwise.

The maximum amount of compensation to be received by any member of the Financial Industry Regulatory Authority will not exceed 8% of the initial gross proceeds from the sale of any security being sold with respect to each particular offering of Common Shares made through a single Prospectus Supplement.

Distributions

The Fund has made quarterly Distributions in amounts ranging from $0.40 to $0.44 per share since inception, with the first such distribution made on August 25, 2011. It is anticipated that only a portion of the cash payments that the Fund receives from its investments will constitute investment company taxable income. The balance will be return of capital from such investments. The Fund cannot predict with respect to a given quarter how much of its investment company taxable income will be included in the Distribution it makes for that quarter. However, the Fund intends to pay to Common Shareholders on an annual basis at least 90% of its investment company taxable income. Distributions may also include gains from premiums on options the Fund has written, cash received as return of capital from the Fund's portfolio investments or return of investors' capital. Any such returns of capital, while not taxable, will lower a Common Shareholder's basis and may result in higher taxes in the future.

Section 19(a) of the 1940 Act and Rule 19a-1 thereunder require the Fund to provide a written statement accompanying payment from any source other than income that adequately discloses the source or sources of such payment. Thus, if the Fund's capital was the source of a Distribution, and the payment amounted to a

	return of capital, the Fund would be required to provide written notice to that effect. Nevertheless, Common Shareholders who periodically receive Distributions may be under the impression that such payments are made from income, when, in fact, they are not. The amount of the Fund's Distribution that constitutes a return of capital represents a return of a Common Shareholder's original investment in its shares. Accordingly, Common Shareholders should carefully read any written disclosure accompanying a Distribution and should not assume that the source of payment is from income of the Fund. Various factors will affect the levels of cash that the Fund receives from its investments, as well as the amounts of income and return of capital represented by such cash. To permit the Fund to maintain a more stable Distribution, the Fund may distribute less or more than the entire amount of cash that it receives from its investments in a particular period. Any undistributed cash would be available to supplement future Distributions, and until distributed would add to the Fund's net asset value. Correspondingly, once distributed, such amounts will be deducted from the Fund's net asset value. See "Distributions."
U.S. Federal Income Tax Status	The Fund is, for U.S. federal income tax purposes, a regulated investment company, or RIC, under the Internal Revenue Code of 1986, as amended (the "Code"). As a RIC, the Fund generally is not required to pay U.S. federal income taxes on any ordinary income or capital gains that it receives from its portfolio investments and distributes to its Common Shareholders. To qualify as a RIC and maintain its RIC status, the Fund must meet specific source-of-income and asset diversification requirements and distribute in each of its taxable years at least 90% of the sum of its "investment company taxable income" (which generally consists of ordinary income and realized net short-term capital gains in excess of realized net long-term capital losses, if any) and net tax-exempt interest out of assets legally available for distribution. If, in any year, the Fund fails to qualify as a RIC under U.S. federal income tax laws, it would be taxed as an ordinary corporation. In such circumstances, the Fund could be required to recognize unrealized gains, pay substantial taxes and make substantial Distributions before requalifying as a RIC that is accorded special tax treatment. See "Tax Matters—Qualification as a RIC." Under the current tax diversification rules applicable to RICs, the Fund may directly invest up to 25% of its total assets (which represents 37.5% of net assets assuming the Fund uses Financial Leverage to the maximum extent permitted) in equity or debt securities of MLPs that are treated as "qualified publicly traded partnerships" under the Code. In order to increase the Fund's investments in MLPs, it invests in a subsidiary C corporation, Salient MLP & Energy Infrastructure Fund, Inc. (the "Subsidiary"), that invests in MLPs. The Subsidiary, and any similar subsidiary C corporation in which the Fund invests, will be subject to federal corporate income tax on its income, regardless of whether such income is distributed to the Fund. For a more complete discussion of the Fund's portfolio composition, see "Investment Objective and Policies."
Common Shareholder Tax Features	Excluding the impact of any realized gains or realized losses, the Fund expects that a portion of its Distributions to Common Shareholders may constitute a non-taxable return of capital. If the Fund distributes investment company taxable income from current and accumulated earnings and profits (which includes realized gains or realized losses, if any) as computed for U.S. federal income tax purposes, such Distributions will generally be taxable to Common Shareholders in the current period as ordinary income for U.S. federal income

tax purposes. If such Distributions exceed the Fund's current and accumulated earnings and profits as computed for U.S. federal income tax purposes, such excess Distributions will constitute a non-taxable return of capital to the extent of a Common Shareholder's basis in the Fund's Common Shares and will result in a reduction of such basis. To the extent such excess exceeds a Common Shareholder's basis in the Fund's Common Shares, such excess will be taxed as capital gain. A "return of capital" represents a return of a Common Shareholder's original investment in the Fund's Common Shares, and should not be confused with a dividend from earnings and

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	profits. Upon the sale of Common Shares, a holder of the Fund's Common Shares generally will recognize capital gain or loss measured by the difference between the sale proceeds received by the Fund's Common Shareholders and the Common Shareholder's U.S. federal income tax basis in the Fund's Common Shares sold, as adjusted to reflect return of capital. The Fund may also make Distributions of net capital gains in the form of capital gain dividends, which generally will be taxable to Common Shareholders as long-term capital gain for U.S. federal income tax purposes. See "Tax Matters—Taxation of U.S. Shareholders."
Distribution Reinvestment Plan	The Fund has adopted a distribution reinvestment plan (the "DRIP") for its Common Shareholders. The plan is an "opt out" distribution reinvestment plan. As a result, if the Fund declares a Distribution, then its Common Shareholders' cash Distributions will be automatically reinvested in additional Common Shares, unless they specifically elect to receive cash. Common Shareholders who receive Distributions in the form of Common Shares will be subject to the same federal, state and local tax consequences as Common Shareholders who elect to receive their Distributions in cash. See "Distribution Reinvestment Plan."
Trading at a Discount	The common shares of closed-end investment companies frequently trade at prices lower than their net asset value. Since inception, the market price of the Common Shares has fluctuated and at times has traded below the Fund's net asset value, and at times has traded above net asset value. The Fund cannot assure you that its Common Shares will trade at a price higher than or equal to their net asset value. In addition, the Fund's net asset value will be reduced immediately following this offering by the sales load and offering costs. The possibility that the Fund's Common Shares may trade at a discount to their net asset value is separate and distinct from the risk that Common Shares' net asset value may decline. In addition to net asset value, the market price of the Fund's Common Shares may be affected by such factors as the Distributions it makes (which are in turn affected by expenses), the stability of the Fund's Distributions, liquidity and market supply and demand. See "Risks," "Description of Shares" and "Closed-end Fund Structure; Repurchase of Common Shares and Conversion to Open-end Fund." The Fund's Common Shares are designed primarily for long-term investors, and you should not purchase the Fund's Common Shares if you intend to sell them shortly after purchase.
Custodian	U.S. Bank N.A. is custodian of the Fund's securities and other assets. See "Custodian."
Transfer Agent and Administrator	U.S. Bancorp Fund Services, LLC is the Fund's transfer agent, dividend-paying agent and administrator. See "Transfer Agent and Administrator."
Selected Risk Considerations	An investment in the Fund's Common Shares involves various, material risks, including the risk that you may receive little or no return on your investment or that you may lose part or all of your investment. The following discussion summarizes some of the risks that a potential investor should carefully consider before deciding whether to invest in the Fund's Common Shares. This list is not complete, and you should read and consider carefully the more complete list of risks described below under "Risks" before purchasing the Fund's Common Shares. DISCOUNT FROM OR PREMIUM TO NET ASSET VALUE.

The Fund's Common Shares will be offered only when Common Shares of the Fund are trading at a price equal to or above the Fund's net asset value per Common Share plus the per Common Share amount of commissions. As with any security, the market value of the Common Shares may increase or decrease from the amount initially paid for the Common Shares. The Fund's Common Shares have traded at both a premium and at a discount to net asset value. The shares of closed-end management investment companies frequently trade at a discount from their net asset value. This characteristic is a risk separate and distinct from the risk that the Fund's net asset value could decrease as a result of investment activities.

Investors bear a risk of loss to the extent that the price at which they sell their shares is lower in relation to the Fund's net asset value than at the time of purchase, assuming a stable net asset value.

SECONDARY MARKET FOR COMMON SHARES

The issuance of Common Shares through the Offering may have an adverse effect on the secondary market for the Common Shares. The increase in the amount of the Fund's outstanding Common Shares resulting from the Offering may put downward pressure on the market price for the Common Shares. Common Shares will not be issued pursuant to the Offering at any time when Common Shares are trading at a price lower than a price equal to the Fund's net asset value per Common Share plus the per Common Share amount of commissions to be paid.

The Fund also issues Common Shares of the Fund through its distribution reinvestment plan. See "Distribution reinvestment plan." Common Shares may be issued under the plan at a discount to the market price for such Common Shares, which may put downward pressure on the market price for Common Shares of the Fund.

When the Common Shares are trading at a premium, the Fund may also issue Common Shares of the Fund that are sold through transactions effected on the NYSE. The increase in the amount of the Fund's outstanding Common Shares resulting from that offering may also put downward pressure on the market price for the Common Shares.

The voting power of current shareholders will be diluted to the extent that such shareholders do not purchase shares in any future Common Share offerings or do not purchase sufficient shares to maintain their percentage interest. In addition, if SCA is unable to invest the proceeds of such offering as intended, the Fund's per share distribution may decrease (or may consist of return of capital) and the Fund may not participate in market advances to the same extent as if such proceeds were fully invested as planned.

NON-DIVERSIFICATION RISK.

Overall risk can be reduced by investing in securities from a diversified pool of issuers, while overall risk is increased by investing in securities of a small number of issuers. As a non-diversified closed-end management investment company under the 1940 Act, the Fund has fewer limitations in the proportion of its assets that may be invested in securities of a single issuer, which means that the Fund is allowed to invest a greater portion of its assets in a more limited number of issuers than a diversified fund. To the extent the Fund invests a relatively high percentage of its assets in the obligations of a limited number of issuers, the Fund may be more susceptible than a more widely diversified investment company to any single economic, political or regulatory occurrence. Additionally, as a result, credit, market and other risks associated with its investment strategies or techniques may be more pronounced for the Fund than for a fund that is "diversified."

INVESTMENT AND MARKET RISK.

An investment in the Fund's Common Shares is subject to investment risk, including the possible loss of the entire amount that you invest. An investment in the Fund's Common Shares is not intended to constitute a complete investment program and should not be viewed as such. The value of the securities in which the Fund invests, like other market investments, may move up or down, sometimes rapidly and unpredictably. Your investment in the Fund's Common Shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Distributions.

MASTER LIMITED PARTNERSHIP RISKS.

An investment in MLP units involves risks that differ from a similar investment in equity securities, such as common stock, of a corporation. Holders of MLP units have the rights typically afforded to limited partners in a limited partnership. As compared to common stockholders of a corporation, holders of MLP units have more limited control and limited rights to vote on matters affecting the partnership. There are certain tax risks associated with an investment in MLP units (described further below). Additionally, conflicts of interest may exist among common unit holders, subordinated unit holders and the general partner or managing member of an MLP; for example, a conflict may arise as a result of incentive distribution payments.

INDUSTRY SPECIFIC RISK.

Additionally, the Fund concentrates investments in the energy and energy infrastructure industries through investments in MLPs, Energy Infrastructure Companies, Midstream MLPs, Midstream Energy Infrastructure Companies and Other Energy Infrastructure Companies. Certain risks inherent in investing in these types of securities include the following:

Regulatory Risk. MLPs and Energy Infrastructure Companies in which the Fund may invest are subject to significant federal, state and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for products and services. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of MLPs and Energy Infrastructure Companies. In particular, changes to laws and increased regulations or enforcement policies as a result of the Macondo oil spill in the Gulf of Mexico may adversely affect the financial performance of MLPs and Energy Infrastructure Companies. In addition, such regulation can change rapidly or over time in both scope and intensity. For example, a particular by-product or process, including hydraulic fracturing, may be declared hazardous—sometimes retroactively—by a regulatory agency and unexpectedly increase production costs.

Catastrophe Risk. The operations of MLPs and Energy Infrastructure Companies in which the Fund may invest are subject to many hazards inherent in transporting, processing, or storing natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons, or in exploring, managing or producing such commodities or products, including: damage to pipelines, storage tanks or related equipment and surrounding properties caused by hurricanes, tornadoes, floods, fires and other natural disasters and acts of terrorism; inadvertent damage from construction and farm equipment; leaks of natural gas, natural gas liquids, crude oil, refined petroleum products or other hydrocarbons; fires and explosions. These risks could result in substantial losses due to personal injury and/or loss of life, severe damage to and destruction of property and equipment and pollution or other environmental damage and may result in the curtailment or suspension of their related operations. Not all MLPs and Energy Infrastructure Companies are fully insured against all risks inherent to their businesses. If a significant accident or event occurs that is not fully insured, it could adversely affect their operations and financial condition.

Pipelines Risk. MLPs and Energy Infrastructure Companies involved in pipelines are subject to the demand for natural gas, natural gas liquids, crude oil or refined products in the markets they serve, changes in the availability of products for gathering, transportation, processing or sale due to natural declines in reserves and production in the supply areas serviced by the companies' facilities, sharp decreases in crude oil or natural gas prices that cause producers to curtail production or reduce capital spending for exploration activities, and environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors. Companies that own interstate pipelines are subject to regulation by the Federal Energy Regulatory Commission ("FERC") with respect to the tariff rates they may charge for transportation services. An adverse determination by FERC with respect to the tariff rates of such companies could have a material adverse effect on their business, financial condition, results of operations and cash flows and their ability to pay cash Distributions or dividends. In addition, FERC has a tax allowance policy, which permits such companies to include in their cost of service an income tax allowance to the extent that their owners have an actual or potential tax liability on the income generated by them. If FERC's income tax allowance policy were to change in the future to disallow a material portion of the income tax allowance taken by such interstate pipeline companies, it would adversely impact the maximum tariff rates that such companies are permitted to charge for their transportation services, which would in turn could adversely affect such companies' financial condition and ability to pay distributions to shareholders.

Gathering and Processing Risk. MLPs and Energy Infrastructure Companies involved in gathering and processing are subject to natural declines in the production of oil and natural gas fields, which utilize their gathering and processing facilities as a way to market their production, prolonged declines in the price of natural gas or crude oil, which curtails drilling activity and therefore production, and declines in the prices of natural gas liquids and refined petroleum products, which cause lower processing margins. In addition, some gathering and processing contracts subject the gathering or processing company to direct commodities price risk.

Midstream Risk. MLPs and Energy Infrastructure Companies and other entities that provide crude oil, refined product and natural gas services are subject to supply and demand fluctuations in the markets they serve which may be impacted by a wide range of factors including fluctuating commodity prices, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, accidents or catastrophic events, and economic conditions, among others.

Exploration and Production Risk. MLPs and Energy Infrastructure Companies involved in exploration, development and production are particularly vulnerable to declines in the demand for and prices of crude oil and natural gas. Reductions in prices for crude oil and natural gas can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher, resulting in the plugging and abandonment of, and cessation of production from, that reservoir. In addition, lower commodity prices not only reduce revenues but also can result in substantial downward adjustments in reserve estimates. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and future exploration and development costs and engineering and geological interpretations and judgments. Different reserve engineers may make different estimates of reserve quantities and related revenue based on the same data. Actual oil and gas prices, development expenditures and operating expenses will vary from those assumed in reserve estimates, and these variances may be significant. Any significant variance from the assumptions used could result in the actual quantity of reserves and future net cash flow being materially different from those estimated in reserve reports. In addition, results of drilling, testing and production and changes in prices after the date of reserve estimates may result in downward revisions to such estimates. Substantial downward adjustments in reserve estimates could have a material adverse effect on a given exploration and production company's financial position and results of operations. In addition, due to natural declines in reserves and production, exploration and production companies must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.

Propane Risk. Propane companies and MLPs are subject to earnings variability based upon weather conditions in the markets they serve, fluctuating commodity prices, increased use of alternative fuels, increased governmental or environmental regulation, and accidents or catastrophic events, among others.

Coal Risk. Midstream Companies and MLP entities and other entities with coal assets are subject to supply and demand fluctuations in the markets they serve, which may be impacted by a wide range of factors including fluctuating commodity prices, the level of their customers' coal stockpiles, weather, increased conservation or use of alternative fuel sources, increased governmental or environmental regulation, depletion, rising interest rates, declines in domestic or foreign production, mining accidents or catastrophic events, health claims and economic conditions, among others.

Marine Shipping Risk. MLPs and Energy Infrastructure Companies involved in marine shipping (or "tanker" companies) are exposed to many of the same risks as other energy companies. In addition, the highly cyclical nature of the industry may lead to volatile changes in charter rates and vessel values, which may adversely affect the earnings of tanker companies in the Fund's portfolio. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. Historically, the tanker markets have been volatile because many conditions and factors can affect the supply and demand for tanker capacity. Changes in demand for transportation of oil over longer distances and supply of tankers to carry that oil may materially affect revenues, profitability and cash flows of tanker companies. The successful operation of vessels in the charter market depends upon, among other things, obtaining profitable spot charters and minimizing time spent waiting for charters and traveling unladen to pick up cargo. The value of tanker vessels may fluctuate and could adversely affect the value of tanker company securities in the Fund's portfolio. Declining tanker values could affect the ability of tanker companies to raise cash by limiting their ability to refinance their vessels, thereby adversely impacting tanker company liquidity. Tanker company vessels are at risk of damage or loss because of events such as mechanical failure, collision, human error, war, terrorism, piracy, cargo loss and bad weather. In addition, changing economic, regulatory and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, boycotts and government requisitioning of vessels. These sorts of events could interfere with shipping lanes and result in market disruptions and a significant loss of tanker company earnings.

Commodity Pricing Risk. MLPs and Energy Infrastructure Companies in which the Fund may invest may be directly affected by energy commodity prices, especially those MLPs and Energy Infrastructure Companies which own the underlying energy commodity. Commodity prices fluctuate for several reasons, including changes in market and economic conditions, the impact of weather on demand, levels of domestic production and imported commodities, energy conservation, domestic and foreign governmental regulation and taxation and the availability of local, intrastate and interstate transportation systems. Volatility of commodity prices which leads to a reduction in production or supply may also impact the performance of MLPs and Energy Infrastructure Companies that are solely involved in the transportation, processing, storing, distribution or marketing of commodities. Volatility of commodity prices may also make it more difficult for MLPs and

Energy Infrastructure Companies to raise capital to the extent the market perceives that their performance may be directly tied to commodity prices.

Supply and Demand Risk. A decrease in the production of natural gas, crude oil, coal or other energy commodities or a decrease in the volume of such commodities available for transportation, processing, storage or distribution may adversely impact the financial performance of MLPs and Energy Infrastructure Companies in which the Fund invests. Production declines and volume decreases could be caused by various Fund factors, including catastrophic events affecting production, depletion of resources, labor difficulties, environmental proceedings, increased regulations, equipment failures and unexpected maintenance problems, import supply disruption, increased competition from alternative energy sources or depressed commodity prices. Alternatively, a sustained decline in demand for such commodities could also impact the financial performance of MLPs and Energy Infrastructure Companies. Factors which could lead to a decline in demand include economic recession or other adverse economic conditions, higher fuel taxes or governmental regulations, increases in fuel economy, consumer shifts to the use of alternative fuel sources, an increase in commodity prices, or weather.

Depletion and Exploration Risk. MLPs and Energy Infrastructure Companies also engaged in the production (exploration, development, management or production) of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal are subject to the risk that their commodity reserves naturally deplete over time. Reserves are generally increased through expansion of their existing business, through exploration of new sources or development of existing sources, through acquisitions or by securing long-term contracts to acquire additional reserves, each of which entails risk. The financial performance of these issuers may be adversely affected if they are unable to acquire, cost-effectively, additional reserves at a rate at least equal to the rate of natural decline. A failure to maintain or increase reserves could reduce the amount and change the characterization of cash distributions paid by these MLPs and Energy Infrastructure Companies.

DERIVATIVES RISK.

The Fund may purchase and sell derivative investments such as exchange-listed and over-the-counter put and call options on securities, equity, fixed income, interest rate and currency indices, and other financial instruments, and swap agreements, such as interest rate swaps, total return swaps and credit default swaps. The Fund also may purchase derivative investments that combine features of these instruments. The use of derivatives has risks, including high price volatility, government intervention, non-performance by the counterparty and the imperfect correlation between the value of such instruments and the underlying assets, the possible default of the other party to the transaction or illiquidity of the derivative investments. Furthermore, the ability to successfully use these techniques depends on SCA's ability to predict pertinent market movements, which cannot be assured. The use of derivatives may result in losses greater than if they had not been used, may require the Fund to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Fund can realize on an investment or may cause the Fund to hold a security that the Fund might otherwise sell. In addition, amounts paid by the Fund as premiums and cash or other assets held in margin accounts with respect to derivative transactions are not otherwise available to the Fund for investment purposes. See "Risks—Derivatives Risk" and "Use of Derivatives, Options and Hedging Strategies" in the SAI.

OPTIONS RISK.

The Fund currently may write covered call options on portfolio positions, in an amount up to 30% of the value of total assets in its portfolio (which represents 45% of net assets), with the purpose of generating realized gains. The Fund also may write uncovered call options, in an amount up to 10% of the value of total assets in its portfolio (which represents 15% of net assets), and purchase put options as part of its hedging strategy. As the writer of a covered call option, during the option's life the Fund gives up the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call, but the Fund retains the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price. There can be no assurance that a liquid market will exist when the Fund seeks to close out an option position. If trading were suspended in an option purchased by the Fund, the Fund would not be able to close out the option. If the Fund were unable to close out a covered call option that the Fund had written on a security, the Fund would not be able to sell the underlying security unless the option expired without exercise.

The seller of an uncovered call option assumes the risk of a theoretically unlimited loss as a result of an increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of the call option may be unavailable for purchase except at much higher prices. Purchasing securities to satisfy the exercise of the call option can itself cause the price of the securities to rise further, sometimes by a significant amount, thereby exacerbating the loss. The buyer of a put or call option assumes the risk of losing its entire premium invested in the option. Although writing uncovered call options can have speculative characteristics, the Fund does not intend to speculate but to use such tactics in its hedging strategies.

SHORT SALES RISK.
A short sale creates the risk of an unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost of buying the securities that were sold short to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. The Fund intends to limit its use of short sales to 30% of the value of total assets in the portfolio (which represents 45% of net assets).

LEVERAGE RISK.
Under normal market conditions, the Fund utilizes Financial Leverage, presently in the form of Indebtedness, but which in the future could be in the form of the issuance of preferred shares. Under the 1940 Act, the Fund may use Financial Leverage in the form of Indebtedness in an aggregate amount of up to 33 1/3% of the Fund’s total assets immediately after such borrowing, and may use Financial Leverage through issuance of preferred shares in an aggregate amount of up to 50% of the Fund’s total assets, including assets obtained through the use of Financial Leverage, immediately after such issuance. Under normal market conditions, the Fund utilizes Financial Leverage (currently in the form of Indebtedness) in an amount that represents approximately 25% of its total assets (which also represents approximately 37.5% of net assets), including proceeds from such Financial Leverage. However, as market conditions develop, the Fund may use Financial Leverage in amounts that represent greater than 25% leverage up to the above-stated amounts permitted by the 1940 Act. The Fund also may utilize derivatives and other portfolio techniques (such as short selling and uncovered call writing) that have the economic effect of leverage by creating additional investment exposure. “Effective leverage” is the combination of the amount of leverage in the Fund’s capital structure plus the amount of leverage from any such derivatives and other portfolio techniques. The Fund’s effective leverage ratio will vary from time to time, based upon changes in market conditions and variations in the value of the portfolio’s holdings. To the extent obligations created by the Fund’s use of leverage may be deemed to constitute senior securities, the Fund will segregate or earmark liquid assets with its custodian in accordance with 1940 Act Release No. 10666 (Apr. 18, 1979) to cover these

obligations. The Fund’s effective leverage will not exceed 40% of the Fund’s total assets.

Financial Leverage will have seniority over the Common Shares and may be secured by the assets of the Fund. The Fund currently anticipates leveraging its assets through borrowings from banks and other financial institutions. It is expected that these borrowings will be made pursuant to the Fund’s (and the Subsidiary’s) credit facility established with a bank. The Fund has entered into a credit facility (the “Agreement”) with a bank to borrow up to a limit of $75 million in aggregate with the Subsidiary. The Fund is required to maintain certain net asset levels during the term of the Agreement. As of October 31, 2012 the Fund had $67 million in outstanding borrowings, at an interest rate of 1.16%. The Fund may enter into additional credit facilities that may represent an aggregate amount up to 33 1/3% of total assets (which represents 50% of net assets). Certain types of borrowings may result in the Fund being subject to covenants in credit agreements relating to asset coverage and portfolio composition requirements. The Fund may use leverage for investment purposes, to finance the repurchase of Common Shares and to meet cash requirements. Although the use of leverage by the Fund may create an opportunity for increased return for Common Shareholders, it also results in additional risks and can magnify the effect of any losses. If the income and gains earned on the securities and investments purchased with leverage proceeds are greater than the cost of the leverage, the Common Shares' return will be greater than if leverage had not been used. Conversely, if the income and gains from the securities and investments purchased with such proceeds do not cover the cost of leverage, the return to the Common Shares will be less than if leverage had not been used. There is no assurance that a leveraging strategy will be successful. Leverage involves risks and special considerations for Common Shareholders including:

- the likelihood of greater volatility of net asset value and market price of, and Distributions on, the Common Shares than a comparable portfolio without leverage;

- the risk that fluctuations in interest rates on borrowings and short-term debt or in the dividend rates on any preferred shares that the Fund may pay will reduce the return to the Common Shareholders or will result in fluctuations in the dividends paid on the Common Shares;

- the effect of leverage in a declining market, which is likely to cause a greater decline in the net asset value of the Common Shares than if the Fund were not leveraged, which may result in a greater decline in the market price of the Common Shares; and

- the Fund's use of certain types of leverage will cause the investment advisory fee payable to SCA to be higher than if the Fund did not use leverage.

The Fund may continue to use leverage if the benefits to the Fund's Common Shareholders of maintaining the leveraged position are believed to outweigh any current reduced return.

DELAY IN USE OF PROCEEDS.
The Fund anticipates that it will be possible to invest the proceeds of the Offering consistent with the Fund's investment objective and policies within three months. The trading market and volumes for the MLPs and Energy Infrastructure Companies in which the Fund intends to invest may at times be less liquid than the market for other securities. Prior to the time the proceeds of any offering are invested, such proceeds may be invested in cash, cash equivalents or other securities, pending investment in MLPs and Energy Infrastructure Companies in which the Fund intends to invest. As a result, the return and yield on the Common Shares in the year following the Offering may be lower than when the Fund is fully invested in accordance with its investment objective and policies. See "Use of Proceeds."

CASH FLOW RISK.

A substantial portion of the cash flow received by the Fund is derived from its investment in equity securities of MLPs and Energy Infrastructure Companies. The amount of cash that any such company has available to pay its equity holders in the form of distributions/dividends depends on the amount of cash flow generated from such company's operations. Cash available for distribution varies from month to month and is largely dependent on factors affecting the entity's operations and

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factors affecting the energy industry in general. In addition to the risk factors described in this Prospectus summary, other factors which may reduce the amount of cash an entity has available for distribution include increased operating costs, capital expenditures, acquisition costs, expansion, construction or exploration costs and borrowing costs.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

Copies of the following documents are included as exhibits to this report pursuant to Item 601 of Regulation S-K.

Exhibit No.	Description
3.1	Articles of Incorporation filed December 2, 1996 in the State of North Carolina are incorporated herein by reference to Exhibit 3.1 to the Form SB-2 Registration Statement of China Education Alliance, Inc. (File No. 333-101167) filed on November 13, 2002.
3.2	Articles of Amendment Business Corporation dated May 23, 2002 are incorporated herein by reference to Exhibit 3.2 to the Form SB-2 Registration Statement of China Education Alliance, Inc. (File No. 333-101167) filed on November 13, 2002.
3.3	Articles of Amendment Business Corporation filed November 17, 2004, changing the name of the Company from ABC Realty Co. to China Education Alliance, Inc. is incorporated herein by reference to Exhibit 3.3 filed with the Company's Form 10-KSB annual report for its fiscal year ended December 31, 2005.

3.4	Articles of Share Exchange of China Education Alliance, Inc. filed with the Department of The Secretary of State of the State of North Carolina on December 30, 2004 are incorporated herein by reference to Exhibit 3.1 filed with China Education Alliance, Inc.'s Form 10-QSB quarterly report for its quarter ended September 30, 2007 filed with the SEC on November 14, 2007.
3.5	Articles of Amendment to Articles of Incorporation filed with the Department of The Secretary of State of the State of North Carolina on October 4, 2007 are incorporated herein by reference to Exhibit 3.2 filed with China Education Alliance, Inc.'s Form 10-QSB quarterly report for its quarter ended September 30, 2007 filed with the SEC on November 14, 2007.
3.6	Articles of Amendment to Articles of Incorporation filed with the Department of The Secretary of State of the State of North Carolina on September 26, 2011 is incorporated herein by reference to Exhibit 3.6 to the Form 10-K filed with the SEC on April 16, 2012.
3.7	By Laws of China Education Alliance, Inc. are incorporated herein by reference to Exhibit 3.3 to the Form SB-2/A Registration Statement of China Education Alliance, Inc. filed on February 7, 2003 (File No. 333-101167).
4.1	China Education Alliance, Inc. 2009 Stock Incentive Plan is incorporated herein by reference to Exhibit 4.1 to the Post-Effective Amendment to Registration Statement on Form S-8 filed with the SEC on June 19, 2009.
4.2	China Education Alliance, Inc. 2011 Stock Incentive Plan is incorporated herein by reference to Exhibit 4.1 to Form S-8 filed with the SEC on July 1, 2011.

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10.1	Stock Transaction Agreement between and among China Education Alliance, Inc. and the former owners of Harbin Zhonghelida Educational Technology Co., Ltd., a wholly owned subsidiary of China Education Alliance, Inc. is incorporated herein by reference to Exhibit 10.3 to China Education Alliance, Inc.'s Form 10-KSB for the year ended December 31, 2005 filed with the SEC on April 17, 2006.
10.2	Organization Constitution of Heilongjiang Zhonghe Education Training Center, a wholly owned subsidiary of the Company, dated June 15, 2005, is incorporated herein by reference to Exhibit 10.4 to China Education Alliance, Inc.'s Form 10-KSB for the year ended December 31, 2005 filed with the SEC on April 17, 2006.
10.3	Business licenses of Harbin Zhong He Li Da Educational Technology Company Limited, a wholly owned subsidiary of China Education Alliance, Inc. is incorporated herein by reference to Exhibit 10.5 to China Education Alliance, Inc.'s Form 10-KSB for the year ended December 31, 2005 and filed with the SEC on April 17, 2006.
10.4	Product Commission Process Contract dated March 2, 2006, with Tianjin Huishi Printing Products Co., Ltd. is incorporated herein by reference to Exhibit 10.6 to China Education Alliance, Inc.'s Form 10-KSB for the fiscal year ended December 31, 2005 filed with the SEC on April 17, 2006.
10.5	Consulting Agreement with Conceptual Management Limited dated March 20, 2006 is incorporated herein by reference to Exhibit 10.8 to China Education Alliance, Inc.'s Form 10-KSB for the fiscal year ended December 31, 2005 filed with the SEC on April 17, 2006.
10.6	Form of Secured Promissory Note dated September 29, 2006, by China Education Alliance, Inc. is hereby incorporated herein by reference to Exhibit 10.1 to the Form 8-K current report of China Education Alliance, Inc. filed with the SEC on November 1, 2006.
10.7	Stock Pledge Agreement dated September 29, 2006, between Xiqun Yu and SBI Advisors, LLC, as Agent is hereby incorporated herein by reference to Exhibit 10.2 to the Form 8-K current report of China Education Alliance, Inc. filed with the SEC on November 1, 2006.
10.8	Guarantee Agreement dated as of September 29, 2006, among Harbin Zhong He Li Da Jiao Yu KeJi You Xian Gong Si, Heilongjiang Zhonghe Education Training Center, Harbin Zhonghelida Educational Technology Company Limited, Xinqun Yu, and SBI Advisors, LLC, as Agent is hereby incorporated herein by reference to Exhibit 10.3 to the Form 8-K current report of China Education Alliance, Inc.filed with the SEC on November 1, 2006.
10.9	Investor Relations Agreement dated November 1, 2006, between China Education Alliance, Inc. and Taylor Rafferty Associates, Inc. is incorporated herein by reference to Exhibit 10.3 to the Form 10-QSB quarterly report of the Company for the period ended June 30, 2006.
10.10	Purchase Contract dated December 28, 2006, between Harbin Zhonghelida Education &Technology Co., Ltd. and Harbin Nangang Compass Computer Training School is incorporated herein by reference to Exhibit 10.11 to China Education Alliance, Inc.'s Form 10-KSB for the fiscal year ended December 31, 2006 filed with the SEC on April 2, 2007.
10.11	Securities Purchase Agreement dated as of May 8, 2007, among China Education Alliance, Inc., Barron Partners, LP and the other investors named therein is hereby incorporated herein by reference to Exhibit 99.1 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.

10.12	3% Convertible Note issued to Barron Partners, LP is hereby incorporated herein by reference to Exhibit 99.2 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.
10.13	3% Convertible Note issued to Eos Holdings is hereby incorporated herein by reference to Exhibit 99.3 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.

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10.14	3% Convertible Note issued to Hua-Mei 21st Century Partners, LP is hereby incorporated herein by reference to Exhibit 99.4 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.
10.15	Registration Rights Agreement, dated May 8, 2007, among China Education Alliance, Inc. , Barron Partners, LP and the other investors named therein is hereby incorporated herein by reference to Exhibit 99.5 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.
10.16	Closing Escrow Agreement, dated May 8, 2007, among China Education Alliance, Inc. , Barron Partners, LP, the other investors named therein and the escrow agent named therein is hereby incorporated herein by reference to Exhibit 99.6 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.
10.17	Letter agreement dated May 8, 2007 between China Education Alliance, Inc. and SBI Advisors LLC, and related payment letter is hereby incorporated herein by reference to Exhibit 99.7 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on May 15, 2007.
10.18	Amendment dated as of May 23, 2007 to the Securities Purchase Agreement dated May 8, 2007, among China Education Alliance, Inc., Barron Partners, LP and the other investors named therein is hereby incorporated herein by reference to Exhibit 99.1 to the Form 8-K of China Education Alliance, Inc. y filed with the SEC on June 7, 2007.
10.19	3% Convertible Note issued to Barron Partners, LP is hereby incorporated herein by reference to Exhibit 99.2 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on June 7, 2007.
10.20	Closing Escrow Agreement, dated May, 2007, among China Education Alliance, Inc., Barron Partners, LP, the other investors named therein and the escrow agent named therein is hereby incorporated herein by reference to Exhibit 99.3 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on June 7, 2007.
10.21	Letter Agreement dated November 30, 2007, among China Education Alliance, Inc. , Barron Partners, LP and the other investors named therein is incorporated herein by reference to Exhibit 10.22 to the Form SB-2/A Registration Statement of China Education Alliance, Inc. (File No. 333-146023) filed with the SEC on December 7, 2007.
10.22	Extracts of Office Rental Agreement dated January 28, 2006 by and between Vocational Education Organization Service Centre and Beijing Hua Yu Hui Zhong Technology Development Co., Limited is incorporated herein by reference to Exhibit 10.22 to the Form 10-KSB of China Education Alliance, Inc. filed with the SEC on March 31, 2008.
10. 23	House Lease Contract dated January 29, 2006 by and between Beijing Yi De Zhi Bang Technology Limited and Beijing Hua Yu Hui Zhong Technology Development Co., Ltd. is incorporated herein by reference to Exhibit 10.24 to the Form 10-KSB of China Education Alliance, Inc. filed with the SEC on March 31, 2008.
10. 24	Employment Contract between Zhong He Li Da Education Technology Co., Ltd and Xiqun Yu dated August 9, 2004 is incorporated herein by reference to Exhibit 10.27 to the Form 10-KSB of China Education Alliance, Inc. filed with the SEC on March 31, 2008.
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Underwriting Agreement dated as of September 29, 2009 by and between the Registrant and Rodman & Renshaw, LLC, is incorporated herein by reference to Exhibit 10.1 to the Form 8-K of China Education Alliance, Inc. filed with the SEC on September 30, 2009.

10.26 Employment Agreement dated as of March 1, 2011 between Alice Lee Rogers and the Registrant is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed with the SEC on March 4, 2011.

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10.27	Employment Agreement dated as of November 30, 2011 between Cloris Li and the Registrant is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed with the SEC on November 30, 2011.
10.28	Translation of Appointment Agreement between the Company and Xiaohua Gu, dated June 30, 2011, is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed with the SEC on June 30, 2011.
10.29	Management Agreement dated March 4, 2011 between Nanchang Institute of Technology and Registrant filed with the SEC on March 7, 2011.
10.30	Share Transfer Agreement dated March 14, 2011 between the shareholder of Harbin Tianlang Culture and Education School and the Registrant filed with the SEC on March 17, 2011.
10.31	Agreement dated March 21, 2011 between the Company and Nanchang Institute of Technology.
10.32	Translation of Share Transfer Agreement, dated May 31, 2011, between the Company and the shareholder of Changchun City Chaoyang District Nuoya Foreign Languages School is incorporated herein by reference to Exhibit 10.1 to the Form 8-K filed with the SEC on May 31, 2011.
10.33	Translation of Share Transfer Agreement, dated May 31, 2011, between the Company and the shareholder of Harbin City Nangang District Nuoya Foreign Languages School is incorporated herein by reference to Exhibit 10.2 to the Form 8-K filed with the SEC on May 31, 2011.
10.34	Lease Agreement, dated August 8, 2011, between Beijing Hua Yu Ping Xue Education Technology Co., Ltd. and Langfang Zhongzhi Pipe Real Estate Development Co., Ltd. is incorporated herein by reference to Exhibit 10.34 to the Form 10-K filed with the SEC on April 16, 2012.
10.35	Lease Agreement, dated March 16, 2009, between Harbin Tianlang Culture and Education School and Harbin Zhong Tian Heng Ji Real Estate Consulting Firm is incorporated herein by reference to Exhibit 10.35 to the Form 10-K filed with the SEC on April 16, 2012.
10.36	Lease Agreement, dated June 1, 2011, between Changchun City Chaoyang District Foreign Languages School and Changchun Kaidi Group Industry Co., Ltd. is incorporated herein by reference to Exhibit 10.36 to the Form 10-K filed with the SEC on April 16, 2012.
10.37	Lease Agreement, dated May 15, 2011, between Harbin City Nangang District Nuoya Foreign Languages School and Harbin Gong Da Yang Guang Property Management Co., Ltd. is incorporated herein by reference to Exhibit 10.37 to the Form 10-K filed with the SEC on April 16, 2012.
10.38	Lease Agreement, dated September 7, 2010, between Harbin Zhong He Li Da Education Technology, Inc., and China Overseas Plaza Property Co., Ltd. is incorporated herein by reference to Exhibit 10.38 to the Form 10-K filed with the SEC on April 16, 2012.
10.39	Appointment Letter, dated June 17, 2009, between the Company and Yizhao Zhang is incorporated herein by reference to Exhibit 10.39 to the Form 10-K filed with the SEC on April 16, 2012.
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1	Certification of the Principal Executive Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*

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32.2	Certification of the Principal Financial Officer pursuant to U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document**
101.LAB	XBRL Taxonomy Label Linkbase Document**
101.PRE	XBRL Taxonomy Presentation Linkbase Document**

*The Exhibit attached to this Form 10-Q shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to liability under that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such filing.

** Pursuant to Rule 405(a)(2) of Regulation S-T, the Company is relying upon the applicable 30-day grace period for the initial filing of its Interactive Date File required to contain detail-tagged footnotes or schedules. The Company intends to file the required detail-tagged footnotes or schedules by the filing of an amendment to this Quarterly Report on Form 10-Q with the 30-day period.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CHINA EDUCATION ALLIANCE, INC.

Date: August 20, 2012 By: /s/ Xiqun Yu
Xiqun Yu
Chief Executive Officer and Chairman
(Principal Executive Officer)

Date: August 20, 2012 By: /s/ Cloris Li
Cloris Li
Chief Financial Officer
(Principal Financial Officer)

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