TORTOISE MLP FUND, INC.
Form N-30B-2
April 22, 2014

Company at a Glance

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

Investment Focus

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

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

About Energy Infrastructure Master Limited Partnerships

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

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

An NTG Investment Versus a Direct Investment in MLPs

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

Additional features include:

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

March 24, 2014

Dear Fellow Stockholders,

The first fiscal quarter ending Feb. 28, 2014 was generally positive for midstream MLPs, which continued to benefit from the energy infrastructure build-out underway to support robust North American oil and natural gas production. The quarter did provide a few headwinds, however, in the form of mixed earnings across the sector and some market volatility.

From a broader perspective, the equity market was uneven, with stocks recording strong gains in December following the Federal Reserve s decision to begin tapering its asset purchases, but then falling sharply in January on concern of a slowdown in emerging markets. However, February saw equities back in positive territory as those concerns abated and U.S. companies delivered generally upbeat earnings reports.

Master Limited Partnership Sector Review and Outlook

The Tortoise MLP Index® posted a 3.0 percent total return for the first fiscal quarter. In a reversal from most of their 2013 performance, upstream MLPs outperformed midstream MLPs during the fiscal quarter, as reflected by the Tortoise Upstream MLP Index s 5.2 percent return relative to the Tortoise Midstream MLP Index s 2.9 percent gain. The bulk of that outperformance was delivered in December and January due to higher commodity prices, somewhat offset by weather-related disruptions affecting upstream earnings in February.

Domestic natural gas production slightly increased and averaged 66.5 billion cubic feet per day in 2013,[1] with the sources of supply shifting as low natural gas prices have stalled drilling in some areas. Production out of the vast Marcellus shale in Pennsylvania in 2013 was up approximately 50 percent over 2012, with the Marcellus now providing more than 15 percent of U.S. natural gas supply, an amount that is expected to grow to 18 percent in 2014.[2] These production volumes are driving the need for more and enhanced infrastructure, which continues to support midstream natural gas MLPs. However, within natural gas pipeline MLPs, location of assets is increasingly important, as is careful portfolio selection. We believe the best opportunities among natural gas pipeline MLPs are those with strategically located assets that are benefiting from demand needs i.e. pipelines that are transporting natural gas away from those areas where production growth is accelerating to areas of demand.

Although the pace of funding slowed in the first fiscal quarter of 2014 relative to the same quarter of 2013, capital markets continued to support sector strength, with MLPs raising more than $5 billion in equity and $6.6 billion in debt offerings during the fiscal quarter, including two MLP IPOs. MLP mergers and acquisitions totaling approximately $3.3 billion were announced during the quarter. The largest of these was a dropdown of multiple assets valued at $700 million by Phillips 66 to its MLP, Phillips 66 Partners.

Fund Performance Review

The fund s assets increased to approximately $2.0 billion on Feb. 28, 2014, up approximately $32 million from Nov. 30, 2013, primarily due to net realized and unrealized gains on investments and approximately $9 million in new leverage. The fund s leverage (including bank debt, senior notes and preferred stock) remained fairly consistent during the quarter, ending the period at 19.2 percent of total assets.

On Feb. 28, 2014, the fund paid a distribution of $0.42125 per common share ($1.685 annualized) to stockholders, an increase of 0.3 percent quarter over quarter and 1.2 percent year over year. This distribution represented an annualized distribution rate of 6.1 percent based on the fund s fiscal quarter closing price of $27.63. In managing the fund, Tortoise places particular emphasis on distribution coverage: distributable cash flow (DCF) earned by the fund divided by distributions paid to stockholders. The goal is to declare what we believe to be sustainable quarterly distributions with increases safely covered by earned distributable cash flow. The distribution payout coverage was 95.8 percent for the fiscal quarter and 101.9 percent for the last four quarters.

For the fiscal quarter, the fund s market-based total return was 3.1 percent and its NAV-based total return was 1.0 percent (both including the reinvestment of distributions). The difference between the market value return and the NAV total return reflected a narrowing of the market s discount of the fund s stock price relative to its NAV during the quarter. This was not the case for many closed-end funds in recent months, as they came under pressure as the market continued to factor in concern over rising interest rates, with the average discount nearly doubling from last May through February.

(Unaudited)

Key Performance Drivers

- Robust production out of North American shales continued to be a catalyst for pipeline infrastructure expansion projects, which in turn supported the fund s asset performance during the fiscal quarter.
- The fund s stake in refined products pipeline MLPs combined with astute selection benefited additionally from recent dropdowns and the anticipation of more dropdowns in the months ahead. Better selection among crude oil pipeline MLPs stemming from greater volumes due to production growth also contributed to performance.
- Gathering and processing pipeline companies that demonstrated solid fee-based growth profiles relating to the increased demand for and production of natural gas liquids also contributed, aided by better selection.
- Natural gas pipeline MLPs detracted from performance as the group was challenged by contract renewals and rate cases, including Boardwalk Pipeline Partners, which significantly reduced its distribution during the fiscal quarter.

Additional information about the fund s financial performance, distributions and leverage is available in the Key Financial Data and Management s Discussion sections of this report.

Concluding Thoughts

We continue to believe that now is a great time to invest in North American energy. Domestic natural gas production potential remains abundant and is driving the critical need for supporting natural gas infrastructure. Although challenges exist, we believe that the transformation underway in North America bodes well for the fund s long-term investment strategy, U.S. security, our economy and our energy future.

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

[1] *Energy Information Administration*
[2] *ITG*

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

(Unaudited)

Key Financial Data *(Supplemental Unaudited Information)*

(dollar amounts in thousands unless otherwise indicated)

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

	2013			
	Q1(1)	Q2(1)	Q3(1)	Q4(1)
Total Income from Investments				
Distributions from master limited partnerships	$24,787	$26,111	$26,099	$27,397
Dividends paid in stock	1,936	1,187	1,224	1,270
Other income				359
Total from investments	26,723	27,298	27,323	29,026
Operating Expenses Before Leverage Costs and Current Taxes				
Advisory fees, net of fees waived	3,236	3,753	3,860	3,807
Other operating expenses	327	324	321	315
	3,563	4,077	4,181	4,122
Distributable cash flow before leverage costs and current taxes	23,160	23,221	23,142	24,904
Leverage costs(2)	3,352	3,343	3,316	3,322
Current income tax expense(3)				
Distributable Cash Flow(4)	$19,808	$19,878	$19,826	$21,582
As a percent of average total assets(5)				
Total from investments	6.39%	5.83%	5.66%	6.02%
Operating expenses before leverage costs and current taxes	0.85%	0.87%	0.87%	0.86%
Distributable cash flow before leverage costs and current taxes	5.54%	4.96%	4.79%	5.16%
As a percent of average net assets(5)				
Total from investments	9.19%	8.39%	8.21%	8.91%
Operating expenses before leverage costs and current taxes	1.23%	1.25%	1.26%	1.27%
Leverage costs and current taxes	1.15%	1.03%	1.00%	1.02%
Distributable cash flow	6.81%	6.11%	5.95%	6.62%
Selected Financial Information				
Distributions paid on common stock	$19,404	$19,549	$19,653	$19,740
Distributions paid on common stock per share	0.41625	0.41750	0.41875	0.42000
Distribution coverage percentage for period(6)	102.1%	101.7%	100.9%	109.3%
Net realized gain (loss), net of income taxes, for the period	15,101	9,232	5,325	8,154
Total assets, end of period	1,785,448	1,853,489	1,891,133	1,956,493
Average total assets during period(7)	1,697,239	1,858,008	1,914,383	1,933,455
Leverage(8)	345,000	345,000	345,000	372,200
Leverage as a percent of total assets	19.3%	18.6%	18.2%	19.0%
Net unrealized appreciation, end of period	288,835	340,955	374,919	416,628
Net assets, end of period	1,229,367	1,270,264	1,287,655	1,315,866
Average net assets during period(9)	1,178,669	1,290,683	1,320,738	1,306,726
Net asset value per common share	26.37	27.11	27.44	28.00
Market value per common share	27.59	28.35	28.65	27.22
Shares outstanding (000 s)	46,617	46,861	46,932	47,000

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.

(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.

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

(4)

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

(5) *Annualized for periods less than one full year.*
(6) *Distributable Cash Flow divided by distributions paid.*
(7) *Computed by averaging month-end values within each period.*
(8) *Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.*
(9) *Computed by averaging daily net assets within each period.*

Management s Discussion *(Unaudited)*

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

Overview

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

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

Company Update

Total assets increased approximately $32 million during the 1st quarter, primarily as a result of higher market values of our MLP investments and increased leverage utilization. While distribution increases from our MLP investments were generally in-line with our expectations, overall distributions received declined from the prior quarter due to the sale of one portfolio company that announced a reduced distribution rate during the quarter. Asset-based expenses increased from the previous quarter along with average managed assets. Total leverage as a percent of total assets increased slightly and we increased our quarterly distribution to $0.42125 per share. Additional information on these events and results of our operations are discussed in more detail below.

Critical Accounting Policies

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

Determining Distributions to Stockholders

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

Determining DCF

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

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations. In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Management s Discussion *(Unaudited)*
(Continued)

Distributions Received from Investments

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

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

Total distributions received from our investments for the 1st quarter 2014 were approximately $26.7 million, representing a decrease of 0.3 percent as compared to 1st quarter 2013 and a decrease of 8.2 percent as compared to 4th quarter 2013. On an annualized basis, total distributions for the quarter equate to 5.48 percent of our average total assets for the quarter. These changes reflect increases in per share distribution rates on our MLP investments, the distributions received from additional investments funded from leverage proceeds, the impact of various portfolio trading activity and non-recurring income received in 4th quarter 2013. In addition, distributions received in the 1st quarter 2014 were negatively impacted as only a portion of the proceeds from our sale of Boardwalk Pipeline Partners, LP prior to its ex-date were reinvested to earn distributions during the quarter.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee, and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 0.89 percent of average total assets for the 1st quarter 2014, an increase of 0.03 percent as compared to the 4th quarter 2013 and an increase of 0.04 percent as compared to 1st quarter 2013. While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser waived an amount equal to 0.15 percent of average monthly managed assets from January 1, 2013 through December 31, 2013 and has agreed to waive an amount equal to 0.10 percent of average monthly managed assets during calendar year 2014 and an amount equal to 0.05 percent of average monthly managed assets during calendar year 2015.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately $3.4 million for the 1st quarter 2014, a slight increase as compared to the 4th quarter 2013 due to increased leverage utilization.

The weighted average annual rate of our leverage at February 28, 2014 was 3.49 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.125 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable Cash Flow

For 1st quarter 2014, our DCF was approximately $19.0 million, a decrease of 4.2 percent as compared to 1st quarter 2013 and a decrease of 12.1 percent as compared to 4th quarter 2013. The changes are the net result of changes in distributions and expenses as outlined above. We paid a distribution of $19.8 million, or $0.42125 per share, during the quarter. This represents an increase of $0.005 per share as compared to 1st quarter 2013 and an increase of $0.00125 per share from 4th quarter 2013.

Our distribution coverage ratio was 95.8 percent for 1st quarter 2014, a decrease in the coverage ratio of 6.3 percent as compared to 1st quarter 2013 and a decrease of 7.4 percent as compared to 4th quarter 2013 excluding non-recurring income received during 4th quarter 2013. Our goal is to pay what we believe to be sustainable distributions with any increases safely covered by earned DCF. A distribution coverage ratio of greater than 100 percent provides flexibility for on-going management of the portfolio, changes in leverage costs, the impact of taxes from realized gains and other expenses. An on-going distribution coverage ratio of less than 100 percent will, over time, erode the earning power of a portfolio and may lead to lower distributions. We expect to allocate a portion of the projected future growth in DCF to increase distributions to stockholders while also continuing to build critical distribution coverage to help preserve the sustainability of distributions to stockholders for the years ahead.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2014 (in thousands):

	1st Qtr 2014
Net Investment Loss, before Income Taxes	$ (6,266)
Adjustments to reconcile to DCF:	
Dividends paid in stock	1,302
Distributions characterized as return of capital	23,844
Amortization of debt issuance costs	90
DCF	$ 18,970

Liquidity and Capital Resources

We had total assets of $1.988 billion at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 1st quarter 2014, total assets increased by approximately $32 million. This change was primarily the result of a $2.5 million increase in the value of our investments as reflected by the change in net realized and unrealized gains on investments (excluding return of capital on distributions), an increase in receivables for investments sold of approximately $5.0 million and net purchases during the quarter of approximately $24.4 million.

Management s Discussion *(Unaudited)*
(Continued)

Total leverage outstanding at February 28, 2014 was $381 million, an increase of $8.8 million as compared to November 30, 2013. On an adjusted basis to reflect borrowings for pending portfolio transactions at quarter-end, total leverage increased approximately $28.8 million. Outstanding leverage is comprised of $243 million in senior notes, $90 million in preferred shares and $48 million outstanding under the credit facility, with 76.9 percent of leverage with fixed rates and a weighted average maturity of 3.7 years. Total leverage represented 19.2 percent of total assets at February 28, 2014, as compared to 19.0 percent as of November 30, 2013 and 19.3 percent as of February 28, 2013. During the quarter, we utilized our credit facility to fund the maturity of the $12.0 million Series A Notes. Our leverage as a percent of total assets remains below our long-term target level of 25 percent, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in investment values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of $333 million is comprised of 73 percent private placement debt and 27 percent private placement preferred equity with a weighted average rate of 3.78 percent and remaining weighted average laddered maturity of approximately 4.2 years.

During the quarter, we entered into amendments to our credit facility, increasing the borrowing capacity under the facility from $60 million to $107 million to allow us to increase leverage closer to our long-term target. Other terms of the credit facility were unchanged.

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

Subsequent to quarter-end, we entered into an agreement to issue $85,000,000 of privately placed debt. Tranches of debt include $45,000,000 of Series H Notes which carry a floating interest rate based on 3-month LIBOR plus 1.35 percent and mature on April 17, 2019, $10,000,000 of Series I Notes which carry a fixed interest rate of 2.77 percent and mature on April 17, 2018, and $30,000,000 of Series J Notes which carry a fixed interest rate of 3.72 percent and mature on April 17, 2021. We issued $30,000,000 of the Series H Notes on April 17, 2014 and expect to issue the remaining $15,000,000 on or about May 8, 2014. The Series I Notes and Series J Notes were issued in full on April 17, 2014. The proceeds will be used to fund the maturity of the $15,000,000 Series F Notes on June 15, 2014, with the remainder of the proceeds used to purchase additional portfolio investments consistent with our investment philosophy and to reduce the balance of our short-term credit facility.

Taxation of our Distributions and Income Taxes

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

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

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

For tax purposes, distributions to common stockholders for the year ended 2013 were approximately 5 percent qualified dividend income and 95 percent return of capital. A holder of our common stock would reduce their cost basis for income tax purposes by the amount designated as return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com. For book purposes, the source of distributions to common stockholders for the year ended 2013 was 100 percent return of capital.

As of November 30, 2013, we had approximately $188 million in net operating losses. To the extent we have taxable income in the future that is not offset by net operating losses, we will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets or borrowings. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At February 28, 2014, our investments are valued at approximately $1.981 billion, with an adjusted cost of $1.293 billion. The $688 million difference reflects unrealized gain that would be realized for financial statement purposes if those investments were sold at those values. The Statement of Assets and Liabilities also reflects a net deferred tax liability primarily due to unrealized gains (losses) on investments. At February 28, 2014, the balance sheet reflects a net deferred tax liability of approximately $267.7 million or $5.70 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes.

Schedule of Investments

February 28, 2014
(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 151.4%[1]		
Natural Gas/Natural Gas Liquids Pipelines 78.6%[1]		
United States 78.6%[1]		
Crestwood Midstream Partners LP	2,396,515	$ 53,657,971
El Paso Pipeline Partners, L.P.	1,119,851	33,651,523
Energy Transfer Partners, L.P.	2,973,900	165,140,667
Enterprise Products Partners L.P.	2,324,000	155,963,640
EQT Midstream Partners, L.P.	627,000	41,325,570
Kinder Morgan Energy Partners, L.P.	607,600	45,126,452
Kinder Morgan Management, LLC[2]	840,400	58,659,935
ONEOK Partners, L.P.	2,162,700	114,860,997
Regency Energy Partners LP	3,426,420	89,943,525
Spectra Energy Partners, LP	3,863,800	184,380,536
Williams Partners L.P.	1,732,600	85,954,286
		1,028,665,102
Natural Gas Gathering/Processing 34.3%[1]		
United States 34.3%[1]		
Access Midstream Partners, L.P.	1,707,500	96,388,375
Crosstex Energy, L.P.	1,312,800	40,552,392
DCP Midstream Partners, LP	1,742,400	85,029,120
MarkWest Energy Partners, L.P.	1,028,600	65,676,110
Summit Midstream Partners, LP	330,500	13,411,690
Targa Resources Partners LP	1,224,600	65,748,774
Western Gas Partners LP	1,304,294	82,548,767
		449,355,228
Crude/Refined Products Pipelines 38.5%[1]		
United States 38.5%[1]		
Buckeye Partners, L.P.	1,262,300	92,438,229
Enbridge Energy Partners, L.P.	1,438,700	39,593,024
Holly Energy Partners, L.P.	1,144,672	38,460,979
Magellan Midstream Partners, L.P.	938,300	63,494,761
MPLX LP	496,382	24,228,405
NuStar Energy L.P.	712,300	35,558,016
Phillips 66 Partners LP	301,600	13,819,312
Plains All American Pipeline, L.P.	1,923,500	104,195,995
Rose Rock Midstream Partners, L.P.	137,031	5,333,247
Sunoco Logistics Partners L.P.	579,000	47,906,460
Tesoro Logistics LP	498,200	29,991,640
Valero Energy Partners LP	220,382	8,151,930
		503,171,998
Total Master Limited Partnerships and Related Companies (Cost $1,293,083,485)		1,981,192,328
Short-Term Investment 0.0%[1]		
United States Investment Company 0.0%[1]		

Fidelity Institutional Money Market Portfolio Class I, 0.04%(3) (Cost $65,678)	65,678	65,678
Total Investments 151.4%(1) (Cost $1,293,149,163)		1,981,258,006
Other Assets and Liabilities (25.9%)(1)		(339,818,104)
Long-Term Debt Obligations (18.6%)(1)		(243,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value (6.9%)(1)		(90,000,000)
Total Net Assets Applicable to Common Stockholders 100.0%(1)		$ 1,308,439,902

(1) Calculated as a percentage of net assets applicable to common stockholders.
(2) Security distributions are paid-in-kind.
(3) Rate indicated is the current yield as of February 28, 2014.

See accompanying Notes to Financial Statements.

Statement of Assets & Liabilities

February 28, 2014
(Unaudited)

Assets		
Investments at fair value (cost $1,293,149,163)	$	1,981,258,006
Receivable for Adviser fee waiver		316,835
Receivable for investments sold		4,991,678
Prepaid expenses and other assets		1,640,764
Total assets		1,988,207,283
Liabilities		
Payable to Adviser		3,009,927
Payable for investments purchased		25,080,606
Accrued expenses and other liabilities		2,929,435
Deferred tax liability		267,747,413
Short-term borrowings		48,000,000
Long-term debt obligations		243,000,000
Mandatory redeemable preferred stock ($25.00 liquidation value per share; 3,600,000 shares outstanding)		90,000,000
Total liabilities		679,767,381
Net assets applicable to common stockholders	$	1,308,439,902
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, $0.001 par value; 47,000,211 shares issued and outstanding (100,000,000 shares authorized)	$	47,000
Additional paid-in capital		857,057,646
Accumulated net investment loss, net of income taxes		(59,857,118)
Undistributed realized gain, net of income taxes		74,706,719
Net unrealized appreciation of investments, net of income taxes		436,485,655
Net assets applicable to common stockholders	$	1,308,439,902
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	$	27.84

Statement of Operations

Period from December 1, 2013 through February 28, 2014
(Unaudited)

Investment Income	
Distributions from master limited partnerships	$ 25,349,734
Less return of capital on distributions	(23,844,150)
Net distributions from master limited partnerships	1,505,584
Dividends from money market mutual funds	14
Total Investment Income	1,505,598
Operating Expenses	
Advisory fees	4,536,178
Administrator fees	116,340
Professional fees	50,650
Directors fees	48,377
Stockholder communication expenses	44,643
Fund accounting fees	21,649
Custodian fees and expenses	20,283
Registration fees	10,332
Franchise fees	7,087
Stock transfer agent fees	3,098
Other operating expenses	24,830

Total Operating Expenses	4,883,467
Leverage Expenses	
Interest expense	2,386,203
Distributions to mandatory redeemable preferred stockholders	934,250
Amortization of debt issuance costs	89,795
Other leverage expenses	35,615
Total Leverage Expenses	3,445,863
Total Expenses	8,329,330
Less fees waived by Adviser	(557,821)
Net Expenses	7,771,509
Net Investment Loss, before Income Taxes	(6,265,911)
Deferred tax benefit	1,940,473
Net Investment Loss	(4,325,438)
Realized and Unrealized Gain (Loss) on Investments	
Net realized loss on investments, before income taxes	(4,989,471)
Deferred tax benefit	1,830,637
Net realized loss on investments	(3,158,834)
Net unrealized appreciation of investments, before income taxes	31,365,185
Deferred tax expense	(11,507,886)
Net unrealized appreciation of investments	19,857,299
Net Realized and Unrealized Gain on Investments	16,698,465
Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations	$ 12,373,027

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

	Period from December 1, 2013 through February 28, 2014 (Unaudited)	Year Ended November 30, 2013
Operations		
Net investment loss	$ (4,325,438)	$ (19,490,034)
Net realized gain (loss) on investments	(3,158,834)	37,812,183
Net unrealized appreciation of investments	19,857,299	223,153,248
Net increase in net assets applicable to common stockholders resulting from operations	12,373,027	241,475,397
Distributions to Common Stockholders		
Return of capital	(19,798,839)	(78,345,962)
Capital Stock Transactions		
Proceeds from shelf offerings of 223,888 common shares		6,364,992
Underwriting discounts and offering expenses associated with the issuance of common stock		(103,845)
Issuance of 216,490 common shares from reinvestment of distributions to stockholders		5,839,742
Net increase in net assets applicable to common stockholders from capital stock transactions		12,100,889
Total increase (decrease) in net assets applicable to common stockholders	(7,425,812)	175,230,324
Net Assets		
Beginning of period	1,315,865,714	1,140,635,390
End of period	$ 1,308,439,902	$ 1,315,865,714
Accumulated net investment loss, net of income taxes, end of period	$ (59,857,118)	$ (55,531,680)

See accompanying Notes to Financial Statements.

Statement of Cash Flows

Period from December 1, 2013 through February 28, 2014
(Unaudited)

Cash Flows From Operating Activities		
Distributions received from master limited partnerships	$	25,349,734
Dividend income received		15
Purchases of long-term investments		(146,009,510)
Proceeds from sales of long-term investments		141,118,078
Proceeds from sales of short-term investments, net		13,232
Interest expense paid		(2,389,805)
Distributions to mandatory redeemable preferred stockholders		(934,250)
Other leverage expenses paid		(36,963)
Operating expenses paid		(4,344,296)
Net cash provided by operating activities		12,766,235
Cash Flows From Financing Activities		
Advances from revolving line of credit		110,900,000
Repayments on revolving line of credit		(90,100,000)
Maturity of long-term debt obligations		(12,000,000)
Distributions paid to common stockholders		(21,566,235)
Net cash used in financing activities		(12,766,235)
Net change in cash		
Cash beginning of period		
Cash end of period	$	
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities		
Net increase in net assets applicable to common stockholders resulting from operations	$	12,373,027
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities:		
Purchases of long-term investments		(170,469,041)
Proceeds from sales of long-term investments		146,109,756
Proceeds from sales of short-term investments, net		13,232
Return of capital on distributions received		23,844,150
Deferred tax expense		7,736,776
Net unrealized appreciation of investments		(31,365,185)
Net realized loss on investments		4,989,471
Amortization of debt issuance costs		89,795
Changes in operating assets and liabilities:		
Increase in receivable for investments sold		(4,991,678)
Increase in prepaid expenses and other assets		(107,734)
Increase in payable for investments purchased		24,459,531
Increase in payable to Adviser, net of fee waiver		119,775
Decrease in accrued expenses and other liabilities		(35,640)
Total adjustments		393,208
Net cash provided by operating activities	$	12,766,235

See accompanying Notes to Financial Statements.

Financial Highlights

	Period from December 1, 2013 through February 28, 2014 *(Unaudited)*	Year Ended November 30, 2013	Year Ended November 30, 2012	Yea Nov
Per Common Share Data[2]				
Net Asset Value, beginning of period	$ 28.00	$ 24.50	$ 24.54	$
Public offering price				
Income from Investment Operations				
Net investment loss[3]	(0.09)	(0.42)	(0.40)	
Net realized and unrealized gain on investments[3]	0.35	5.59	2.02	
Total income from investment operations	0.26	5.17	1.62	
Distributions to Common Stockholders				
Return of capital	(0.42)	(1.67)	(1.66)	
Capital stock transactions				
Underwriting discounts and offering costs on issuance of common stock[4]				
Premiums less underwriting discounts and offering costs on issuance of common stock[5]		0.00	0.00	
Total capital stock transactions		0.00	0.00	
Net Asset Value, end of period	$ 27.84	$ 28.00	$ 24.50	$
Per common share market value, end of period	$ 27.63	$ 27.22	$ 24.91	$
Total Investment Return Based on Market Value[6][7]	3.08%	16.27%	7.14%	
Supplemental Data and Ratios				
Net assets applicable to common stockholders, end of period (000 s)	$1,308,440	$ 1,315,866	$ 1,140,635	$ 1,
Average net assets (000 s)	$1,302,016	$ 1,274,638	$ 1,157,421	$ 1,
Ratio of Expenses to Average Net Assets[8]				
Advisory fees	1.41%	1.38%	1.34%	
Other operating expenses	0.11	0.10	0.10	
Total operating expenses, before fee waiver	1.52	1.48	1.44	
Fee waiver	(0.17)	(0.23)	(0.28)	
Total operating expenses	1.35	1.25	1.16	
Leverage expenses	1.07	1.08	1.20	
Income tax expense[9]	2.41	11.09	3.86	
Total expenses	4.83%	13.42%	6.22%	

See accompanying Notes to Financial Statements.

Financial Highlights

(Continued)

	Period from December 1, 2013 through February 28, 2014 *(Unaudited)*	Year Ended November 30, 2013	Year Ended November 30, 2012	Year Ended November 30, 2011	Period from July 30, 2010[(1)] through November 30, 2010