Cushing MLP Total Return Fund
Form N-CSRS
August 08, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22072

The Cushing MLP Total Return Fund

(Exact name of registrant as specified in charter)

8117 Preston Road, Suite 440, Dallas, TX 75225

(Address of principal executive offices) (Zip code)

Jerry V. Swank

8117 Preston Road, Suite 440, Dallas, TX 75225

(Name and address of agent for service)

214-692-6334

Registrant s telephone number, including area code

Date of fiscal year end: November 30

Date of reporting period: May 31, 2016

Item 1. Reports to Stockholders.

Semi-Annual Report

May 31, 2016

THE CUSHING® MLP TOTAL RETURN FUND

Investment Adviser

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The Cushing® MLP Total Return Fund

Shareholder Letter

The Cushing® MLP Total Return Fund

Dear Fellow Shareholder,

For the six month fiscal period ended May 31, 2016 (the period), the Cushing® MLP Total Return Fund delivered a Net Asset Value Total Return (equal to the change in net asset value per share plus the reinvested distributions from underlying Fund investments during the period) of 4.05%, versus a total return of 1.93% for the S&P 500 Index (Total Return). The Fund s Share Price Total Return (equal to the change in market price per share plus reinvested distributions from underlying Fund investments paid during the period) was 5.54%, for the period and differs from the Net Asset Value Total Return due to fluctuations in the discount of share price to NAV. The Fund s shares traded at a 11.40% discount to NAV as of the end of the period.

Industry Overview and Themes

Although positive, we believe the performance for the period (a +5.22% total return for the master limited partnership (MLP) asset class, as measured by the performance of the Alerian MLP Index (AMZ), does not adequately convey the tumultuous period. The volatility encountered for the first four months of the period was unlike anything we have experienced since the depths of the 2008 financial crisis. In an effort to quantify the chaos, the AMZ traded up/down by 3% or more for 45% of the trading days from December 1, 2015 through March 31, 2016; specifically, 37 of the 82 trading days. Thankfully, volatility declined significantly as the period concluded, with only two 3% or more days recorded during the final two months of the period.

We can only hope that, like the second half of 2008 proved to be, this considerable intra-period volatility may be indicative of a bottoming process for prices of stocks in the MLP asset class. As of May 31, 2016, the performance of the MLP asset class, as measured by the AMZ, was up +51.9% from the bottom on February 11, 2016.

With full appreciation for the headwinds that may remain, we continued to see signs that the bottom for this cycle is behind us. We believe the two most critical factors weighing on the MLP sector during the period were i) crude oil prices and ii) capital market access (specifically, the rising cost of funding capex in a deteriorating equity and debt environment). We contend that midstream companies largely traded with ambivalence to company-specific drivers during period. There were exceptions of course, but daily fluctuations in the crude oil and credit markets were a near perfect indicator of daily MLP performance. Direct and indirect commodity price exposure, counter-party credit risk, E&P bankruptcies and midstream contract sanctity fears dominated investor areas of focus from the crude oil market side. While capital funding shortfalls, frozen debt and equity markets, rising costs of capital, credit rating downgrades and distribution / dividend cuts dominated investor concerns from the capital markets side.

Encouragingly, we continued to see supportive developments, and in some cases resolutions, regarding nearly all of these concerns. With greater commodity comfort and capital market / funding stability, we believe the focus now shifts to a potential recovery. During a recovery period, we would expect company performance to be more defined by midstream-specific competitive dynamics a welcome change from the prior macro-dominated period of fear. We would also expect the actual business of midstream MLPs to move back to the forefront with investors, analysts and management teams, including a focus on key drivers of performance such as basin presence, integration of asset footprint, project backlog quality, asset utilization and customer optionality, among others.

Fund Performance and Strategy

Turning to the Fund s performance for the period, the Fund benefitted from overweight exposure to holdings in the Crude Oil & Refined Products and Large Cap Diversified MLP subsectors. Portfolio holdings in the Crude Oil & Refined Products subsector contributed the strongest performance in large part due to the outsized actual and estimated distribution growth for its constituents relative to other MLPs. Additionally, this subsector represented the second largest average weight for the Fund as well as the largest overweight subsector versus the AMZ during the period.

The Fund was negatively impacted by the performance of holdings in the MLP General Partners and Natural Gas Gathering and Processing subsectors. Notably, the Fund had zero exposure during the period to the Upstream and Coal subsectors, which were worst performing MLP subsectors for the period, as measured by the performance of the AMZ.

On a stock specific basis, the top three contributors to the Fund s absolute performance during the period were, in order of greatest contribution to least: 1) Targa Resources Corp (NYSE: TRGP), a Natural Gas Gatherer & Processor C-Corp; 2) ONEOK Partners LP (NYSE: OKS), a Large Cap Diversified MLP; and 3) ONEOK Inc. (NYSE: OKE), the General Partner of OKS. ONEOK Partners and ONEOK Inc. s performance benefited from increased investor confidence in current and future pipeline volumes due to higher natural gas and natural gas liquids pricing. Targa Resources performance benefited from the announced consolidation acquisition with its limited partner, Targa Resources Partners, LP. All three of the top contributors to the Fund s absolute performance benefitted from the stabilization of commodity prices during the period. All three of these holdings had positive absolute performance during the period.

The bottom three contributors to absolute performance during the reporting period, in order of the most negative performance to the least negative performance, were: 1) Targa Resources Partners, LP (NYSE: NGLS), a Natural Gas Gatherer & Processor MLP; 2) Energy Transfer Equity, LP (NYSE: ETE), an MLP General Partner and 3) Williams Companies, Inc. (NYSE: WMB), an MLP General Partner. Targa Resources Partners, LP was negatively impacted during the first several months of the year due to declining commodity prices, capital markets access and distribution concerns. During the period Targa Resources Partners, LP was acquired by its General Partner parent, Targa Resources Corp. Energy Transfer Equity and Williams Companies, Inc. were negatively impacted by continued uncertainties and potential adverse financial impacts related to their proposed merger. All three of these detractors from the Fund s performance had negative absolute performance for the period.

We increased the Fund s subsector weightings in Large Cap Diversified and Natural Gas Transportation & Storage MLPs during the period. We reduced the Fund s exposure to the Crude Oil & Refined Products and MLP General Partners subsectors. At the end of the reporting period, the three largest subsector exposures, in order of size, were: 1) Large Cap Diversified; 2) Crude Oil & Refined Products; and 3) Natural Gas Transportation & Storage.

Leverage

The Fund s investment strategy focuses on holding core positions in MLPs with stable business models and long-term growth prospects. We also work diligently to optimize the use of leverage for additional income and total return potential. This involves leveraging investments in MLPs and energy debt instruments when the probabilities of positive total return are deemed to be skewed favorably. As the prices of the Fund s investments increase or decline, there is a risk that the impact to the Fund s NAV and total return will be negatively impacted by leverage, but this strategy is designed to have a positive impact over the longer term. At the end of the period, the Fund had a leverage ratio of approximately 143%, which compares to an average 131% leverage ratio for the Fund s prior year period. Leverage was increased compared to the prior year level as we continued to see supportive developments in the energy sector during the period. Fund performance was positively impacted by the use of leverage during the period.

Closing

In conclusion, we believe there are signs that an improvement in the crude oil global supply / demand balance is well underway. Succinctly put, based upon recently published data by the U.S. Energy Information Administration (EIA), global oil production is declining while global oil demand appears to be remaining resilient. There are select areas of North American production that are less economical to produce and could ultimately result in a decline in the flow of existing volumes, but we remain confident that North American shale basins will be developed over time, albeit at a reduced pace than previously assumed. While expected volume growth, cap-ex spending, and distribution growth have moderated for many MLPs for at least the near future, we believe the midstream business model for the broad group (largely based on fee-based, multi-year contracts) will prove to be resilient, and we do not foresee distribution cuts for the vast majority of midstream MLPs. Fund flows have begun to reenter the asset class, and notable value investors, such as Berkshire Hathaway and Appaloosa Management, established positions in select midstream companies during the period. Outside the energy space, U.S. economic data remains solid, and recent statements from the Fed are generally supportive of a continued low interest rate environment. In conclusion, we believe MLPs are poised to climb the current wall of worry and investors will ultimately be rewarded for their patience.

We truly appreciate your support and look forward to continuing to help you achieve your investment goals.

Sincerely,

Jerry V. Swank

Chairman, Chief Executive Officer and President

The information provided herein represents the opinion of the Fund s portfolio managers and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice. The opinions expressed are as of the date of this report and are subject to change.

The information in this report is not a complete analysis of every aspect of any market, sector, industry, security or the Fund itself. Statements of fact are from sources considered reliable, but the Fund makes no representation or warranty as to their completeness or accuracy. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. Please refer to the Schedule of Investments for a complete list of Fund holdings.

Past performance does not guarantee future results. Investment return, net asset value and common share market price will fluctuate so that you may have a gain or loss when you sell shares. Since the Fund is a closed-end management investment company, shares of the Fund may trade at a discount or premium from net asset value. This characteristic is separate and distinct from the risk that net asset value could decrease as a result of investment activities and may be a greater risk to investors expecting to sell their shares after a short time. The Fund cannot predict whether shares will trade at, above or below net asset value. The Fund should not be viewed as a vehicle for trading purposes. It is designed primarily for risk-tolerant long-term investors.

An investment in the Fund involves risks. The Fund is nondiversified, meaning it may concentrate its assets in fewer individual holdings than a diversified fund. Therefore, the Fund is more exposed to individual stock volatility than a diversified fund. The Fund will invest in Master Limited Partnerships (MLPs), which concentrate investments in the natural resource sector and are subject to the risks of energy prices and demand and the volatility of commodity investments. Damage to facilities and infrastructure of MLPs may significantly affect the value of an investment and may incur environmental costs and liabilities due to the nature of their business. MLPs are subject to significant regulation and may be adversely affected by changes in the regulatory environment. Investments in smaller companies involve additional risks such as limited liquidity and greater volatility. Investments in foreign securities involve political, economic and currency risks, greater volatility and differences in accounting methods. MLPs are subject to certain risks inherent in the structure of MLPs, including complex tax structure risks, the limited ability for election or removal of management, limited voting rights, potential dependence on parent companies or sponsors for revenues to satisfy obligations, and potential conflicts of interest between partners, members and affiliates. There is a risk to the future viability of the ongoing operation of MLPs that return investor s capital in the form of distributions.

The Fund is organized as a C corporation and is subject to U.S. federal income tax on its taxable income at the corporate tax rate (currently as high as 35%) as well as state and local income taxes. The potential tax benefits of investing in MLPs depend on them being treated as partnerships for federal income tax purposes. If the MLP is deemed to be a corporation then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the Fund which could result in a reduction of the Fund s value.

The Fund incurs operating expenses, including advisory fees, as well as leverage costs. Investment returns for the Fund are shown net of fees and expenses.

The Fund accrues deferred income taxes for future tax liabilities associated with the portion of MLP distributions considered to be a tax-deferred return of capital and for any net operating gains as well as capital appreciation of its investments. This deferred tax liability is reflected in the daily NAV and as a result the Fund s after-tax performance could differ significantly from the underlying assets even if the pre-tax performance is closely tracked.

Fund holdings and sector allocations are subject to change at any time and are not recommendations to buy or sell any security. Please refer to the Schedule of Investments for a complete list of Fund holdings.

The S&P 500 Index is an unmanaged index of common stocks that is frequently used as a general measure of stock market performance. The Alerian MLP Index is a capitalization-weighted index of the 50 most prominent energy master limited partnerships. Neither of these indices includes fees or expenses. It is not possible to invest directly in an index.

The Cushing® MLP Total Return Fund

Allocation of Portfolio Assets[1] (Unaudited)

May 31, 2016

(Expressed as a Percentage of Total Investments)

(1) Fund holdings and sector allocations are subject to change and there is no assurance that the Fund will continue to hold any particular security.
(2) Master Limited Partnerships and Related Companies
(3) Preferred Stock
(4) Common Stock

The Cushing® MLP Total Return Fund

Key Financial Data (Supplemental Unaudited Information)

The Information presented below regarding Distributable Cash Flow is supplemental non-GAAP financial information, which we believe is meaningful to understanding our operating performance. Supplemental non-GAAP measures should be read in conjunction with our full financial statements.

	Period from December 1, 2015 through May 31, 2016	Fiscal Year Ended 11/30/15	Fiscal Year Ended 11/30/14 [(a)]	Fiscal Year Ended 11/30/13 [(a)]	Fiscal Year Ended 11/30/12 [(a)]	Fiscal Year Ended 11/30/11 [(a)]
FINANCIAL DATA						
Total income from investments						
Distributions and dividends received, net of foreign taxes withheld	$ 4,700,613	$ 13,068,439	$ 26,986,074	$ 27,806,587	$ 25,284,505	$ 32,455,881
Interest	65,886	333,901	488,952	669,582	659,085	1,128,473
Other	27,448	80,169	198,333	798,964	5,061	18,038
Total income from investments	$ 4,793,947	$ 13,482,509	$ 27,673,359	$ 29,275,133	$ 25,948,651	$ 33,602,392
Advisory fee and operating expenses						
Advisory fees, less reimbursement by Adviser	$ 449,272	$ 1,899,225	$ 4,314,026	$ 3,862,641	$ 4,723,818	$ 4,822,578
Operating expenses [(b)]	430,799	895,481	1,127,724	686,943	3,312,486	2,671,727
Interest and dividends	381,332	1,447,431	1,264,615	552,890	1,698,813	1,094,343
Other	844	124,456	112,527	8,116	0	157,090
Total advisory fees and operating expenses	$ 1,262,247	$ 4,366,593	$ 6,818,892	$ 5,110,590	$ 9,735,117	$ 8,745,738
Distributable Cash Flow (DCF) [(c)]	$ 3,531,700	$ 9,115,916	$ 20,854,467	$ 24,164,543	$ 16,213,534	$ 24,856,654
Distributions paid on common stock	$ 3,636,523	$ 14,873,359	$ 30,182,347	$ 30,006,331	$ 29,822,349	$ 20,674,008
Distributions paid on common stock per share	$ 0.54	$ 2.21	$ 4.50	$ 4.50	$ 4.50	$ 3.40
Distribution Coverage Ratio						
Before advisory fee and operating expenses	1.3 x	0.9 x	0.9 x	1.0 x	0.9 x	1.6 x
After advisory fee and operating expenses	1.0 x	0.6 x	0.7 x	0.8 x	0.5 x	1.2 x
OTHER FUND DATA (end of period)						
Total Assets, end of period	144,219,846	138,132,445	326,002,305	329,717,559	257,548,780	370,416,553
Unrealized appreciation (depreciation), net of income taxes	11,626,321	(30,615,651)	(8,126,321)	17,896,838	979,250	9,253,059
Short-term borrowings	42,953,319	43,368,787	95,547,072	72,950,000	36,300,000	72,800,000
Short-term borrowings as a percent of total assets	30%	31%	29%	22%	14%	20%
Net Assets, end of period	91,574,560	92,650,518	199,847,099	233,619,616	220,020,922	255,747,023
Net Asset Value per common share	$ 13.60	$ 13.76	$ 29.70	$ 34.90	$ 33.10	$ 38.70
Market Value per share	$ 12.05	$ 12.02	$ 40.50	$ 40.45	$ 38.40	$ 47.15
Market Capitalization	$ 81,148,339	$ 80,946,310	$ 272,396,066	$ 270,839,382	$ 255,417,600	$ 311,708,103
Shares Outstanding	6,734,302	6,734,302	6,725,829	6,695,658	6,651,500	6,610,988

(a) Per share data adjusted for 1:5 reverse stock split completed as of September 14, 2015.

(b) Excludes expenses related to capital raising.

(c) Net Investment Income, before Income Taxes on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow: increased by the return of capital on MLP distributions.

The Cushing® MLP Total Return Fund

Schedule of Investments (Unaudited) **May 31, 2016**

Common Stock 17.3%	**Shares**	**Fair Value**
Diversified General Partners 4.5%		
Canada 2.0%		
Transcanada Corporation	43,600	$ 1,807,656
United States 2.5%		
Spectra Energy Corporation[1]	72,200	2,300,292
		4,107,948
General Partners 10.8%		
United States 10.8%		
Enlink Midstream, LLC	89,850	1,407,949
ONEOK, Inc.[1]	85,550	3,700,037
Targa Resources Corporation[1][2]	112,400	4,814,092
		9,922,078
Large Cap Diversified 2.0%		
United States 2.0%		
Kinder Morgan, Inc.[1]	103,050	1,863,144
		1,863,144
Total Common Stocks (Cost $13,324,411)		$ 15,893,170
MASTER LIMITED PARTNERSHIPS AND RELATED COMPANIES 124.2%		
Crude Oil & Refined Products 42.4%		
Republic of the Marshall Islands 3.0%		
VTTI Energy Partners L.P.[1]	137,250	$ 2,786,175
United States 39.4%		
Buckeye Partners, L.P.[1]	69,500	4,998,440
Enbridge Energy Management, LLC[1][3]		