TORTOISE MLP FUND, INC.
Form N-CSRS
July 22, 2014

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 **811-22409**

Tortoise MLP Fund, Inc.
(Exact name of registrant as specified in charter)

11550 Ash Street, Suite 300, Leawood, KS 66211
(Address of principal executive offices) (Zip code)

Terry Matlack
Diane Bono
11550 Ash Street, Suite 300, Leawood, KS 66211
(Name and address of agent for service)

913-981-1020
Registrant's telephone number, including area code

Date of fiscal year end: **November 30**

Date of reporting period: **May 31, 2014**

Item 1. Reports to Stockholders.

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.

June 23, 2014

Dear Fellow Stockholders,

The second fiscal quarter ending May 31, 2014 was positive for midstream MLPs, whose success continued to be driven by the robust oil and natural gas production that is creating the critical need for energy infrastructure build-out. Their performance was further enhanced by an upbeat earnings season and an uptick in pipeline reversal projects, particularly in the pipeline-constrained Marcellus shale in Pennsylvania where takeaway needs are acute.

With respect to the broad market, equities demonstrated some volatility as the second fiscal quarter unfolded, although strength among blue chips and stronger-than-expected first-quarter earnings reports from nearly three-quarters of the companies in the S&P 500 Index® helped maintain a generally upward trajectory. For the three- and six-month periods ending May 31, 2014, the S&P 500 Index® returned 4.0 and 7.6 percent respectively, with energy, utilities, consumer staples and materials emerging as the best-performing sectors.

Master Limited Partnership Sector Review and Outlook

MLPs handily outperformed the broader market, with the Tortoise MLP Index® posting 10.2 and 13.5 percent total returns for the three- and six-month periods through May 31, 2014. Midstream MLPs outperformed upstream MLPs by a wide margin, as upstream MLPs dealt with a weaker earnings season. The Tortoise Midstream MLP Index returned 10.8 and 14.0 percent for the three and six months, respectively, compared to the Tortoise Upstream MLP Index s 1.5 and 6.8 percent returns for the same periods.

Strong oil and natural gas production growth out of premier North American shales is driving the need for new infrastructure, and midstream MLPs are responding. While infrastructure build-out continues to be weighted toward new crude oil and natural gas liquids pipelines, there has been an increase in natural gas pipelines activity, especially around the gas-rich Marcellus. In addition to all of this new construction, we also are seeing investments to enable gas pipelines to reverse the direction they transport gas. As the sources of oil and gas have shifted, some pipelines are adding bi-directional capability and reversing flow, reflecting how domestic production growth is reducing our reliance on imported energy and changing the way it moves around our country.

Capital markets continued to underpin sector growth, with MLPs raising approximately $14.6 billion in equity and $14.1 billion in debt offerings during the second fiscal quarter, bringing the totals for debt and equity raised during the first half of the fiscal year to approximately $19.6 billion and $20.7 billion respectively, including three new initial public offerings in the second quarter. Merger and acquisition activity has remained healthy, with approximately $14.7 billion in MLP transactions announced thus far in 2014. The largest of these was Kinder Morgan s dropdown of natural gas assets to El Paso Pipeline Partners LP in a deal valued at approximately $2 billion. As part of the deal, El Paso will acquire a 50 percent interest in Ruby Pipeline and Gulf LNG and a 47.5 percent interest in Young Gas Storage.

Fund Performance Review

The fund s assets increased from approximately $2.0 billion on Feb. 28, 2014, to approximately $2.3 billion on May 31, 2014, primarily due to net realized and unrealized gains on investments and approximately $110 million in new leverage. The fund s leverage (including bank debt, senior notes and preferred stock) increased from 19.2 percent at the beginning of the quarter to 21.8 percent of total assets at the end of the quarter.

At fiscal quarter end, the fund paid a distribution of $0.42125 per common share ($1.685 annualized) to stockholders, which is in line with last quarter s distribution and a 0.9 percent increase year over year. The distributions represented an annualized distribution rate of 5.9 percent based on the fund s fiscal quarter closing price of $28.43. 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. Our 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 98.2 percent for the fiscal quarter and 101.0 percent for the last four quarters.

For the fiscal quarter, the fund s market-based total return was 4.4 percent and its NAV-based total return was 9.7 percent (7.6 and 10.8 percent for the six months, respectively) including the reinvestment of distributions. The difference between the market value total return and the NAV total return reflected a widening of the discount of the fund s stock price relative to its NAV during the quarter. This was the case for many closed-end funds as they came under pressure due to concerns over rising interest rates.

(Unaudited)

Key Quarterly 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.
- Natural gas pipeline MLPs added the most to absolute returns but underperformed the broader MLP market.
- The fund s investments in gathering and processing pipeline companies that demonstrated solid fee-based growth profiles related to the increased demand for natural gas liquids infrastructure contributed to relative results. Better selection among this group led to relative outperformance.
- Performance also was boosted by the fund s exposure to refined products and crude oil pipelines.
- Certain non-midstream MLPs the fund did not hold, given its midstream investment strategy, had strong performance during the quarter. This restrained performance slightly during the period.

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 believe the prolific volumes of oil and natural gas being produced in the premier basins will continue to drive the need for new pipelines to remove bottlenecks and transport these valuable resources from areas of new and growing production to end users.

In closing, we invite you to visit Tortoise s new educational microsite, www.uncoverenergy.com, which provides articles covering 10 themes that trace North America s energy past, present and future. We created this site as part of our commitment to promote education and knowledge about the energy sector. It is designed to be a resource for the investment community, educators and the general public. As always, we welcome your feedback and suggestions. Also, if you haven t had a chance to view our May webcast of the annual stockholders meeting, we encourage you to do so.

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

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			2014	
	Q2(1)	Q3(1)	Q4(1)	Q1(1)	Q2(1)
Total Income from Investments					
Distributions from master limited partnerships	$26,111	$26,099	$27,397	$25,350	$27,013
Dividends paid in stock	1,187	1,224	1,270	1,302	967
Other income			359		
Total from investments	27,298	27,323	29,026	26,652	27,980
Operating Expenses Before Leverage Costs and Current Taxes					
Advisory fees, net of fees waived	3,753	3,860	3,807	3,978	4,516
Other operating expenses	324	321	315	348	348
	4,077	4,181	4,122	4,326	4,864
Distributable cash flow before leverage costs and current taxes	23,221	23,142	24,904	22,326	23,116
Leverage costs(2)	3,343	3,316	3,322	3,356	3,680
Current income tax expense(3)					
Distributable Cash Flow(4)	$19,878	$19,826	$21,582	$18,970	$19,436
As a percent of average total assets(5)					
Total from investments	5.83%	5.66%	6.02%	5.48%	5.25%
Operating expenses before leverage costs and current taxes	0.87%	0.87%	0.86%	0.89%	0.91%
Distributable cash flow before leverage costs and current taxes	4.96%	4.79%	5.16%	4.59%	4.34%
As a percent of average net assets(5)					
Total from investments	8.39%	8.21%	8.91%	8.30%	8.10%
Operating expenses before leverage costs and current taxes	1.25%	1.26%	1.27%	1.35%	1.41%
Leverage costs and current taxes	1.03%	1.00%	1.02%	1.05%	1.07%
Distributable cash flow	6.11%	5.95%	6.62%	5.90%	5.62%
Selected Financial Information					
Distributions paid on common stock	$19,549	$19,653	$19,740	$19,799	$19,799
Distributions paid on common stock per share	0.41750	0.41875	0.42000	0.42125	0.42125
Distribution coverage percentage for period(6)	101.7%	100.9%	109.3%	95.8%	98.2%
Net realized gain (loss), net of income taxes, for the period	9,232	5,325	8,154	(3,159)	7,781
Total assets, end of period	1,853,489	1,891,133	1,956,493	1,988,207	2,254,379
Average total assets during period(7)	1,858,008	1,914,383	1,933,455	1,973,730	2,113,784
Leverage(8)	345,000	345,000	372,200	381,000	491,000
Leverage as a percent of total assets	18.6%	18.2%	19.0%	19.2%	21.8%
Net unrealized appreciation, end of period	340,955	374,919	416,628	436,486	564,007
Net assets, end of period	1,270,264	1,287,655	1,315,866	1,308,440	1,415,146
Average net assets during period(9)	1,290,683	1,320,738	1,306,726	1,302,016	1,370,204
Net asset value per common share	27.11	27.44	28.00	27.84	30.11
Market value per common share	28.35	28.65	27.22	27.63	28.43
Shares outstanding (000 s)	46,861	46,932	47,000	47,000	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 $266 million during the 2nd quarter, primarily as a result of higher market values of our MLP investments and increased leverage utilization. Distribution increases from our MLP investments were in-line with our expectations. Asset-based expenses increased from the previous quarter along with average managed assets. Total leverage as a percent of total assets increased and we maintained our quarterly distribution of $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,

Management s Discussion *(Unaudited)*

(Continued)

distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Distributions Received from Investments

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

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

Total distributions received from our investments for the 2nd quarter 2014 were approximately $28.0 million, representing an increase of 2.5 percent as compared to 2nd quarter 2013 and an increase of 5.0 percent as compared to 1st quarter 2014. On an annualized basis, total distributions for the quarter equate to 5.25 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 and the impact of various portfolio trading activity.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee, and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 0.91 percent of average total assets for the 2nd quarter 2014, an increase of 0.02 percent as compared to the 1st quarter 2014 and an increase of 0.04 percent as compared to 2nd quarter 2013. Advisory fees for the 2nd quarter 2014 increased 13.5 percent from 1st quarter 2014 as a result of increased average managed assets for the quarter as well as the full impact of the reduced waiver that took effect during the 1st quarter 2014. 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 $3.7 million for the 2nd quarter 2014, an increase of 9.7 percent as compared to the 1st quarter 2014 due to increased leverage utilization.

The weighted average annual rate of our leverage at May 31, 2014 was 3.18 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 2nd quarter 2014, our DCF was approximately $19.4 million, a decrease of 2.2 percent as compared to 2nd quarter 2013 and an increase of 2.5 percent as compared to 1st quarter 2014. 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 $0.00375 per share as compared to 2nd quarter 2013 and is unchanged from 1st quarter 2014.

Our distribution coverage ratio was 98.2 percent for 2nd quarter 2014, a decrease in the coverage ratio of 3.5 percent as compared to 2nd quarter 2013 and an increase of 2.4 percent as compared to 1st quarter 2014. 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.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2014 YTD and 2nd quarter 2014 (in thousands):

	2014 YTD	2nd Qtr 2014
Net Investment Loss, before Income Taxes	$ (19,590)	$ (13,324)
Adjustments to reconcile to DCF:		
Dividends paid in stock	2,269	967
Distributions characterized as return of capital	55,545	31,701
Amortization of debt issuance costs	182	92
DCF	$ 38,406	$ 19,436

Management s Discussion *(Unaudited)*
(Continued)
Liquidity and Capital Resources

We had total assets of $2.25 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 2nd quarter 2014, total assets increased by approximately $266 million. This change was primarily the result of a $182 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), a decrease in receivables for investments sold of approximately $5.0 million and net purchases during the quarter of approximately $89 million funded through increased leverage utilization.

Total leverage outstanding at May 31, 2014 was $491 million, an increase of $110 million as compared to February 28, 2014. Outstanding leverage is comprised of $313 million in senior notes, $90 million in preferred shares and $88 million outstanding under the credit facility, with 67.8 percent of leverage with fixed rates and a weighted average maturity of 3.6 years. Total leverage represented 21.8 percent of total assets at May 31, 2014, as compared to 19.2 percent as of February 28, 2014 and 18.6 percent as of May 31, 2013. We issued senior notes in the amount of $70 million on April 17, 2014 and $15 million on May 8, 2014 and $15 million of our senior notes matured on May 12, 2014. 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 $403 million is comprised of 78 percent private placement debt and 22 percent private placement preferred equity with a weighted average rate of 3.58 percent and remaining weighted average laddered maturity of approximately 4.4 years.

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

Taxation of our Distributions and Income Taxes

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

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

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

For tax purposes, distributions to common stockholders for the year ended 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. We currently estimate that 90 to 100 percent of 2014 distributions will be characterized as return of capital for tax purposes, with the remaining percentage, if any, characterized as qualified dividend income. A final determination of the characterization will be made in January 2015.

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 May 31, 2014, our investments are valued at approximately $2.252 billion, with an adjusted cost of $1.363 billion. The $889 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 May 31, 2014, the balance sheet reflects a net deferred tax liability of approximately $341.6 million or $7.27 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

May 31, 2014

(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 159.2%[1]		
Natural Gas/Natural Gas Liquids Pipelines 80.3%[1]		
United States 80.3%[1]		
Crestwood Midstream Partners LP	2,396,515	$ 52,244,027
El Paso Pipeline Partners, L.P.	982,843	33,652,544
Energy Transfer Partners, L.P.	3,179,300	179,058,176
Enterprise Products Partners L.P.	2,541,298	190,139,917
EQT Midstream Partners, L.P.	920,999	75,650,858
Kinder Morgan Energy Partners, L.P.	404,700	30,777,435
Kinder Morgan Management, LLC[2]	713,905	51,451,147
ONEOK Partners, L.P.	2,422,832	133,498,043
Regency Energy Partners LP	3,426,420	95,254,476
Spectra Energy Partners, LP	3,863,800	202,656,310
Williams Partners L.P.	1,732,600	92,018,386
		1,136,401,319
Natural Gas Gathering/Processing 38.3%[1]		
United States 38.3%[1]		
Access Midstream Partners, L.P.	1,707,500	107,555,425
DCP Midstream Partners, LP	1,742,400	93,584,304
EnLink Midstream Partners, LP	1,644,609	50,111,236
MarkWest Energy Partners, L.P.	1,170,000	72,481,500
Summit Midstream Partners, LP	700,700	31,538,507
Targa Resources Partners LP	1,354,200	92,031,432
Western Gas Partners LP	1,304,294	93,896,125
		541,198,529
Crude/Refined Products Pipelines 40.6%[1]		
United States 40.6%[1]		
Buckeye Partners, L.P.	1,329,262	104,293,897
Enbridge Energy Partners, L.P.	1,438,700	44,599,700
Holly Energy Partners, L.P.	1,203,136	42,518,826
Magellan Midstream Partners, L.P.	999,000	81,798,120
MPLX LP	496,382	28,373,195
NuStar Energy L.P.	618,300	35,873,766
Phillips 66 Partners LP	301,600	18,261,880
Plains All American Pipeline, L.P.	1,959,928	110,677,134
Rose Rock Midstream Partners, L.P.	137,031	5,951,257
Sunoco Logistics Partners L.P.	628,206	57,794,952
Tesoro Logistics LP	498,200	34,724,540
Valero Energy Partners LP	220,382	9,791,572
		574,658,839
Total Master Limited Partnerships and Related Companies (Cost $1,362,793,413)		2,252,258,687
Short-Term Investment 0		