

TORTOISE PIPELINE & ENERGY FUND, INC.
Form N-CSR
January 23, 2018

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 **811-22585**

Tortoise Pipeline & Energy 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: **November 30, 2017**

Item 1. Report to Stockholders.

Annual Report | November 30, 2017

2017 Annual Report

Closed-End Funds

Tortoise Capital Advisors

2017 Annual Report to Stockholders

This combined report provides you with a comprehensive review of our funds that span the entire energy value chain.

Tortoise Capital Advisors specializes in energy investing, including closed-end funds, open end funds, private funds and separate accounts.

Table of contents

Letter to Stockholders	2	Financial Statements	19
TYG: Fund Focus	4	Notes to Financial Statements	50
NTG: Fund Focus	7	Report of Independent Registered	
TTP: Fund Focus	10	Public Accounting Firm	67
NDP: Fund Focus	13	Company Officers and Directors	68
TPZ: Fund Focus	16	Additional Information	70

TTP and TPZ distribution policies

Tortoise Pipeline & Energy Fund, Inc. ("TTP") and Tortoise Power and Energy Infrastructure Fund, Inc. ("TPZ") are relying on exemptive relief permitting them to make long-term capital gain distributions throughout the year. Each of TTP and TPZ, with approval of its Board of Directors (the "Board"), has adopted a distribution policy (the "Policy") with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of TTP and TPZ during such year and, if so determined by the Board, all or a portion of the return of capital paid by portfolio companies to TTP and TPZ during such year. In accordance with its Policy, TTP distributes a fixed amount per common share, currently \$0.4075, each quarter to its common shareholders and TPZ distributes a fixed amount per common share, currently \$0.125, each month to its common shareholders. These amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of TTP's and TPZ's performance, TTP and TPZ expect such distributions to correlate with its performance over time. Each quarterly and monthly distribution to shareholders is expected to be at the fixed amount established by the Board, except for extraordinary distributions in light of TTP's and TPZ's performance for the entire calendar year and to enable TTP and TPZ to comply with the distribution requirements imposed by the Internal Revenue Code. The Board may amend, suspend or terminate the Policy without prior notice to shareholders if it deems such action to be in the best interests of TTP, TPZ and their respective shareholders. For example, the Board might take such action if the Policy had the effect of shrinking TTP's or TPZ's assets to a level that was determined to be detrimental to TTP or TPZ shareholders. The suspension or termination of the Policy could have the effect of creating a trading discount (if TTP's or TPZ's stock is trading at or above net asset value), widening an existing trading discount, or decreasing an existing premium. You should not draw any conclusions about TTP's or TPZ's investment performance from the amount of the distribution or from the terms of TTP's or TPZ's distribution policy. Each of TTP and TPZ estimates that it has distributed more than its income and net realized capital gains; therefore, a portion of your distribution may be a return of capital. A return of capital may occur, for example, when some or all of the money that you invested in TTP or TPZ is paid back to you. A return of capital distribution does not necessarily reflect TTP's or TPZ's investment performance and should not be confused with "yield" or "income." The amounts and sources of distributions reported are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon TTP's and TPZ's investment experience during the remainder of their fiscal year and may be subject to changes based on tax regulations. TTP and TPZ will send you a Form 1099-DIV for the calendar year that will tell you how to report these distributions for federal income tax purposes.

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Closed-end fund comparison

Name/Ticker	Primary focus	Structure	Total assets (\$ millions)¹	Portfolio mix by asset type²	Portfolio mix by structure²
Tortoise Energy Infrastructure Corp. NYSE: TYG Inception: 2/2004 Tortoise MLP Fund, Inc.	Midstream MLPs	C-corp	\$2,324.2		
NYSE: NTG Inception: 7/2010 Tortoise Pipeline & Energy Fund, Inc.	Natural gas infrastructure MLPs	C-corp	\$1,380.8		
NYSE: TTP Inception: 10/2011 Tortoise Energy Independence Fund, Inc.	North American pipeline companies	Regulated investment company	\$273.0		
NYSE: NDP Inception: 7/2012 Tortoise Power and Energy Infrastructure Fund, Inc.	North American oil & gas producers	Regulated investment company	\$269.6		
NYSE: TPZ Inception: 7/2009	Power & energy infrastructure companies (Fixed income & equity)	Regulated investment company	\$202.8		

¹ As of 12/31/2017² As of 11/30/2017

(unaudited)

Tortoise Capital Advisors

1

Tortoise Capital Advisors

2017 Annual Report to closed-end fund stockholders

Dear fellow stockholders,

After three consecutive negative fiscal quarters, the broad energy sector ended on a high note for the fiscal year ending November 30, 2017. The S&P Energy Select Sector[®] Index, returned 11.3% for the fourth fiscal quarter, bringing the 2017 fiscal year return to -4.1%. A decline in global crude oil inventories, due partially to strong demand, drove performance in the closing fiscal quarter. OPEC and Russia extended the agreement to curtail crude oil production through the year-end 2018, and U.S. producers pointed to 2018 production growth yet with an increased focus on returns. We expect these trends to continue in 2018 as they shape our positive outlook.

Upstream

Upstream oil and gas producers, as represented by the Tortoise North American Oil and Gas Producers IndexSM, finally turned in a positive fiscal quarter returning 14.9%, bringing the 2017 fiscal year performance to -15.5%. Commodity price volatility and an uncertain 2018 OPEC policy weighed on performance. Crude oil prices opened the fiscal year with West Texas Intermediate (WTI) at \$49.44 per barrel before hitting a fiscal year low of \$42.31 in June and then ending the fiscal year higher at \$57.40 per barrel. OPEC confirmed its 2018 policy, though only at the fiscal year-end after shifting statements throughout the year. Natural gas prices opened the fiscal year at \$3.30 per million British thermal units (MMBtu), quickly hit their high of \$3.76 on December 7, 2016, sunk to a fiscal year low of \$2.44 shortly thereafter and closed the fiscal year at \$2.94.

In 2018, we expect crude oil and natural gas production to grow even as producers focus more on capital spending within cash flow. U.S. crude oil production averaged an estimated 9.3 million barrels per day (MMbbl/d)¹ in 2017. The 2018 forecast is for 10.3 MMbbl/d. If reached, it would be a record high¹. Natural gas production is expected to average 72.6 billion cubic feet per day (bcf/d) in 2017, and 79.3 in 2018² supported by a rise in both natural gas exports and domestic consumption in 2018, per the EIA.

Midstream

Midstream fundamentals remained steady throughout the fiscal year, supported by consistently strong quarterly earnings reports. However, these solid fundamental results did not translate to positive stock performance. Pipeline companies, as measured by the Tortoise North American Pipeline IndexSM, retreated back to negative territory in the final fiscal quarter returning -0.9%, resulting in a fiscal year 2017 return of 2.8%. MLPs, as represented by the Tortoise MLP Index[®], didn't fare as well for the full fiscal year, returning -5.4%, with a fourth fiscal quarter return of -4.0%.

While midstream fundamentals were healthy throughout the year, uncertainty resulted from simplification and IDR restructuring transactions and the trend towards self-funding. Sometimes these actions also resulted in lower distribution rates. An added boost of certainty did arrive after the close of the fiscal year. President Trump signed tax reform legislation that resulted in lower corporate tax rates, an unchanged definition of qualifying income for MLPs, and improved pass-through rates for partnerships like MLPs. Notably, the lower corporate tax rate directly benefits MLP closed-end funds structured as C-Corporations.

Performance across pipeline segments varied during the fiscal year. Local gas distribution companies were by far the strongest performers throughout the period as these utilities performed well in a low interest rate environment. While natural gas pipelines had slightly positive performance, all other pipeline segments turned in negative performance for the fiscal year. Our long-term outlook for the midstream sector remains positive as the need for greater pipeline capacity remains. We project capital investments in MLPs, pipelines and related organic projects at approximately \$145 billion for 2017 to 2019.

Downstream

Low natural gas prices are making U.S. natural gas exports competitive. For many countries, specifically in Europe and Asia, it is cheaper to import U.S. natural gas than it is to produce domestically. In particular, 2017 was the strongest year for U.S. natural gas exports. According to the EIA, natural gas exports to Mexico were 10% higher on average in 2017 compared to 2016. In 2017, liquefied natural gas (LNG) exports from the U.S. averaged nearly 2 bcf/d. With several additional LNG facilities expected to come online in 2018 and 2019, we believe growth will continue. This creates a significant opportunity for many U.S. companies along the energy value chain, including U.S. natural gas producers, natural gas pipeline operators, as well as LNG facilities operators.

We continue to expect renewables to play an increasing role in electricity generation. U.S. wind electricity generation totaled 81 gigawatts (GW) at the end of 2016. That total is expected to increase to 88 GW and 96 GW by the end of 2017 and 2018, respectively. U.S. solar generation at the end of 2016 was 22 GW. With expected capacity additions, that total is expected to increase to 27 GW by the end of 2017 and to 30 GW by the end of 2018¹.

Capital markets

Though total capital market issuance in fiscal year 2017 was nearly equal between debt and equity, debt markets remained supportive for MLPs throughout while equity access was fickle. MLPs and other pipeline companies raised more than \$91 billion during the period that included five midstream initial public offerings (IPOs). In the final fiscal quarter, BP Midstream was the largest and most notable MLP IPO while Oasis Midstream Partners LP also went public. We think that companies will continue to rely less on equity capital markets access and will seek to utilize alternative forms of capital.

Merger and acquisition activity among MLPs and other pipeline companies amounted to a modest \$7.6 billion during the fiscal quarter, bringing the fiscal year total to approximately \$75 billion. Phillips 66 Partners LP announced the largest transaction of the fiscal quarter, in a deal valued at about \$2.4 billion.

(unaudited)

2

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Tax reform

After much anticipation, The Tax Cuts and Jobs Act ("The Act") was signed into law on December 22, 2017. This new legislation provides sweeping changes across all industries. We believe the three changes that could have the most impact to our funds are the reduction of the U.S. corporate tax rate, 100% annual expensing on capital investments, and 30% interest expense deduction limitation. The Act reduced the U.S. corporate tax rate from 35% to 21%. This has an immediate impact to our C-corporation funds, TYG and NTG as they must revalue all deferred tax assets and liabilities using the new reduced rate. A reduced tax rate equates to a reduction in the net deferred tax liability and conversely an increase to the NAV. This impact was reflected in the NAV's on the day of enactment. Additionally, any current tax liability will be calculated using a reduced blended rate for the upcoming fiscal year ending November 30, 2018 and will be subject to the 21% rate thereafter. Furthermore, the new legislation allows companies to expense 100% of their annual capital investments for the next five years. This could have a meaningful impact on the MLP's in which the funds invest. Lastly, The Act provides for an interest expense deduction limitation set at 30% of EBITDA for four years. We believe this should have little or no impact to our funds. The wide-spread changes that result from the new legislation will transform the tax landscape and we will continue to monitor and evaluate the impact to our funds.

Concluding thoughts

At Tortoise, we believe the energy sector was underappreciated by investors in 2017. Yet, there are few sectors other than energy where demand has grown in 32 out of the last 33 years³. Looking to 2018, supply and demand fundamentals in the U.S. are expected to remain favorable with commodity prices at levels supportive of further production growth. Exports should only grow as the U.S. is a low cost energy provider to the rest of the world. Further, the recent favorable changes to corporate tax rates add to a growing list of competitive advantages for U.S. energy. We're optimistic returns will be compelling across the energy value chain in 2018.

Sincerely,

The Managing Directors
Tortoise Capital Advisors, L.L.C.

The S&P Energy Select Sector[®] Index is a capitalization-weighted index of S&P 500[®] Index companies in the energy sector involved in the development or production of energy products. The Tortoise North American Oil and Gas Producers IndexSM is a float-adjusted, capitalization-weighted index of North American energy companies engaged primarily in the production of crude oil, condensate, natural gas or natural gas liquids (NGLs). The Tortoise North American Pipeline IndexSM is a float adjusted, capitalization-weighted index of energy pipeline companies domiciled in the United States and Canada. The Tortoise MLP Index[®] is a float-adjusted, capitalization-weighted index of energy master limited partnerships.

The Tortoise indices are the exclusive property of Tortoise Index Solutions, LLC, which has contracted with S&P Opco, LLC (a subsidiary of S&P Dow Jones Indices LLC) to calculate and maintain the Tortoise MLP Index[®], Tortoise North American Pipeline IndexSM and Tortoise North American Oil and Gas Producers IndexSM (the "Indices"). The Indices are not sponsored by S&P Dow Jones Indices or its affiliates or its third party licensors (collectively, "S&P Dow Jones Indices LLC"). S&P Dow Jones Indices will not be liable for any errors or omission in calculating the Indices. "Calculated by S&P Dow Jones Indices" and its related stylized mark(s) are service marks of S&P Dow Jones Indices and have been licensed for use by Tortoise Index Solutions, LLC and its affiliates. S&P[®] is a registered trademark of Standard & Poor's Financial Services LLC ("SPFS"), and Dow Jones[®] is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones").

It is not possible to invest directly in an index.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost.

1 Energy Information Administration, January 2018

2 PIRA Natural Gas, December 2017

3 BP

(unaudited)

Tortoise Capital Advisors

3

Tortoise

Energy Infrastructure Corp. (TYG)

Fund description

TYG seeks a high level of total return with an emphasis on current distributions paid to stockholders. TYG invests primarily in equity securities of master limited partnerships (MLPs) and their affiliates that transport, gather, process or store natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal year ending November 30, 2017 were -7.5% and -9.1%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index[®] returned -5.4% for the same period. Midstream fundamentals remained steady throughout the fiscal year, supported by consistently strong quarterly earnings reports. However, these solid fundamental results did not translate to positive stock performance. While midstream fundamentals were healthy, uncertainty resulted from simplification and IDR restructuring transactions and the trend towards self-funding. Sometimes these actions also resulted in lower distribution rates.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2017)	\$2.62
Distributions paid per share (4th quarter 2017)	\$0.6550
Distribution rate (as of 11/30/2017)	10.1%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in February 2004	\$30.4625
Market-based total return	(7.5)%
NAV-based total return	(9.1)%
Premium (discount) to NAV (as of 11/30/2017)	8.1%

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

ONEOK Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Acquisition by parent company ONEOK, Inc.
MPLX LP	Midstream gathering and processing MLP	Greater strategic clarity on dropdowns and incentive distribution rights restructuring
Dominion Energy Midstream Partners, LP	Midstream natural gas/natural gas liquids pipeline MLP	Visibility to strong growth in an otherwise weak market and from dropdown asset suite of sponsor
Noble Midstream Partners LP	Midstream gathering and processing MLP	Visibility to strong growth in an otherwise weak market and from dropdown asset suite of sponsor
DCP Midstream, LP	Midstream gathering and processing MLP	Improving commodity prices and a positive outlook for natural gas liquids (NGLs) demand
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Reduced distribution on weaker supply & logistics outlook
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Concerns about equity funding for project backlog

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Buckeye Partners, L.P.	Midstream refined product pipeline MLP	Concerns about distribution coverage
Genesis Energy L.P.	Midstream crude oil pipeline MLP	Reduced distribution
Western Gas Partners, LP	Midstream gathering and processing MLP	Concerns about distribution coverage and need to restructure IDRs

(unaudited)

4

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Fund structure and distribution policy

The fund is structured as a corporation and is subject to federal and state income tax on its taxable income. The fund has adopted a distribution policy in which the Board of Directors considers many factors in determining distributions to stockholders. Particular emphasis is given to Distributable cash flow (“DCF”) and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders. Over the long term, the fund expects to distribute substantially all of its DCF to holders of common stock. The fund’s Board of Directors reviews the distribution rate quarterly, and may adjust the quarterly distribution throughout the year. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

DCF is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from investments, paid-in-kind distributions, and dividend and interest payments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on 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.

Distributions received from investments decreased approximately 3.3% as compared to 3rd quarter 2017 due primarily to the impact of lower distribution rates on several of the fund’s investments. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 6.5% during the quarter due to lower asset-based fees. Overall leverage costs were relatively unchanged as compared to 3rd quarter 2017. As a result of the changes in income and expenses, DCF decreased approximately 3.3% as compared to 3rd quarter 2017. The fund paid a quarterly distribution of \$0.655 per share, which was equal to the distribution paid in the prior quarter and 4th quarter 2016. The fund has paid cumulative distributions to stockholders of \$30.4625 per share since its inception in Feb. 2004.

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 other investments 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 and other investments 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. Net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). Income for DCF purposes is reduced by amortizing the cost of certain investments that may not have a residual value after a known time period. 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, realized and unrealized gains (losses) on interest rate swap settlements, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income.

“Net Investment Income (Loss), before Income Taxes” on the Statement of Operations is adjusted as follows to reconcile to DCF for 4th quarter 2017 (in thousands):

	YTD 2017	4th Qtr 2017
Net Investment Loss, before Income Taxes	\$ (49,252)	\$ (6,826)
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	178,394	38,882
Net premiums on options written	920	27
Amortization of debt issuance costs	460	110
Amortization on certain investments	(8)	(8)
Interest rate swap expenses	(744)	(176)

DCF

\$ 129,770

\$ 32,009

Leverage

The fund's leverage utilization decreased \$9.8 million during 4th quarter 2017 and represented 30.9% of total assets at November 30, 2017. The fund has maintained compliance with its applicable coverage ratios. At year-end, including the impact of interest rate swaps, approximately 79% of the leverage cost was fixed, the weighted-average maturity was 4.6 years and the weighted-average annual rate on leverage was 3.56%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facilities and as leverage and swaps mature or are redeemed. During the quarter, the fund issued \$25 million Senior Notes with a fixed interest rate of 3.33%. The notes were issued to replace \$25 million of maturing Senior Notes with a fixed interest rate of 2.75%.

Income taxes

During 4th quarter 2017, the fund's deferred tax liability decreased by \$63.3 million to \$342.1 million, primarily as a result of the decrease in value of its investment portfolio. The fund had net realized gains of \$5.0 million during the quarter. To the extent that the fund has taxable income, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results and recent tax reform, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise Capital Advisors

5

TYG 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 the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes 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 the full financial statements.

	Year Ended November 30,		2016	2017						
	2016	2017	Q4(1)	Q1(1)	Q2(1)	Q3(1)	Q4(1)			
Total Income from Investments										
Distributions and dividends from investments	\$ 182,278	\$ 180,342	\$ 44,714	\$ 46,007	\$ 44,556	\$ 45,456	\$ 44,323			
Premiums on options written	—	920	—	—	478	415	27			
Total from investments	182,278	181,262	44,714	46,007	45,034	45,871	44,350			
Operating Expenses Before Leverage										
Costs and Current Taxes										
Advisory fees	23,322	24,396	6,067	6,380	6,533	5,950	5,533			
Other operating expenses	1,615	1,764	229	437	443	441	443			
	24,937	26,160	6,296	6,817	6,976	6,391	5,976			
Distributable cash flow before leverage costs and current taxes	157,341	155,102	38,418	39,190	38,058	39,480	38,374			
Leverage costs ⁽²⁾	27,079	25,332	6,467	6,286	6,319	6,362	6,365			
Current income tax expense ⁽³⁾	—	—	—	—	—	—	—			
Distributable Cash Flow⁽⁴⁾	\$ 130,262	\$ 129,770	\$ 31,951	\$ 32,904	\$ 31,739	\$ 33,118	\$ 32,009			
As a percent of average total assets⁽⁵⁾										
Total from investments	7.11	% 6.95	% 6.90	% 6.83	% 6.49	% 7.13	% 7.53	%	%	%
Operating expenses before leverage costs and current taxes	0.97	% 1.01	% 0.97	% 1.01	% 1.01	% 0.99	% 1.01	%	%	%
Distributable cash flow before leverage costs and current taxes	6.14	% 5.94	% 5.93	% 5.82	% 5.48	% 6.14	% 6.52	%	%	%
As a percent of average net assets⁽⁵⁾										
Total from investments	13.54	% 12.82	% 12.58	% 12.32	% 11.88	% 13.48	% 14.12	%	%	%
Operating expenses before leverage costs and current taxes	1.85	% 1.86	% 1.77	% 1.83	% 1.84	% 1.88	% 1.90	%	%	%
Leverage costs and current taxes	2.01	% 1.80	% 1.82	% 1.68	% 1.67	% 1.87	% 2.03	%	%	%
Distributable cash flow	9.68	% 9.16	% 8.99	% 8.81	% 8.37	% 9.73	% 10.19	%	%	%
Selected Financial Information										
Distributions paid on common stock	\$ 127,370	\$ 128,749	\$ 32,045	\$ 32,082	\$ 32,115	\$ 32,253	\$ 32,299			
Distributions paid on common stock per share	2.6200	2.6200	0.6550	0.6550	0.6550	0.6550	0.6550			
Distribution coverage percentage for period ⁽⁶⁾	102.3%	100.8%	99.7%	102.6%	98.8%	102.7%	99.1%			
Net realized gain, net of income taxes, for the period	117,749	119,288	15,215	71,641	7,226	35,440	4,981			
Total assets, end of period ⁽⁷⁾	2,593,722	2,235,315	2,593,722	2,842,641	2,596,302	2,467,104	2,235,315			
Average total assets during period ⁽⁷⁾⁽⁸⁾	2,562,113	2,595,980	2,607,027	2,733,122	2,751,522	2,552,438	2,363,776			
Leverage ⁽⁹⁾	716,800	690,200	716,800	701,900	700,700	700,000	690,200			
Leverage as a percent of total assets	27.6	% 30.9	% 27.6	% 24.7	% 27.0	% 28.4	% 30.9	%	%	%
Net unrealized depreciation, end of period	(217,646)	(418,421)	(217,646)	(109,826)	(223,262)	(330,549)	(418,421)			
Net assets, end of period	1,412,274	1,181,528	1,412,274	1,556,125	1,400,652	1,296,782	1,181,528			
Average net assets during period ⁽¹⁰⁾	1,345,764	1,406,724	1,429,146	1,513,999	1,504,136	1,349,973	1,259,521			
Net asset value per common share	28.83	23.93	28.83	31.74	28.53	26.30	23.93			
Market value per share	30.63	25.86	30.63	34.63	31.76	28.47	25.86			
Shares outstanding (000's)	48,980	49,379	48,980	49,031	49,093	49,311	49,379			

- (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, interest rate swap expenses 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”).
“Net investment income (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 net premiums on options written, the
- (4) premium on redemptions of senior notes and MRP stock and amortization of debt issuance costs; and decreased by realized and unrealized gains (losses) on interest rate swap settlements, amortization on certain investments and 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) Includes deferred issuance and offering costs on senior notes and preferred stock.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under credit facilities.
- (10) Computed by averaging daily net assets within each period.

2017 Annual Report | November 30, 2017

Tortoise MLP Fund, Inc. (NTG)

Fund description

NTG seeks to provide stockholders with a high level of total return with an emphasis on current distributions. NTG invests primarily in master limited partnerships (MLPs) and their affiliates that own and operate a network of pipeline and energy-related logistical infrastructure assets with an emphasis on those that transport, gather, process and store natural gas and natural gas liquids (NGLs). NTG targets midstream MLPs benefiting from U.S. natural gas production and consumption expansion with minimal direct commodity exposure.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal year ending November 30, 2017 were -7.7% and -8.9%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise MLP Index[®] returned -5.4% for the same period. Midstream fundamentals remained steady throughout the fiscal year, supported by consistently strong quarterly earnings reports. However, these solid fundamental results did not translate to positive stock performance. While midstream fundamentals were healthy, uncertainty resulted from simplification and IDR restructuring transactions and the trend towards self-funding. Sometimes these actions also resulted in lower distribution rates.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2017)	\$1.69
Distributions paid per share (4th quarter 2017)	\$0.4225
Distribution rate (as of 11/30/2017)	10.6%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2010	\$12.0800
Market-based total return	(7.7)%
NAV-based total return	(8.9)%
Premium (discount) to NAV (as of 11/30/2017)	(0.4)%

Unlike the fund return, index return is pre-expenses and taxes.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

ONEOK Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Acquisition by parent company ONEOK, Inc.
MPLX LP	Midstream gathering and processing MLP	Greater strategic clarity on dropdowns and incentive distribution rights restructuring
Dominion Energy Midstream Partners LP	Midstream natural gas/natural gas liquids pipeline MLP	Visibility to strong growth in an otherwise weak market and from dropdown asset suite of sponsor

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

DCP Midstream LP	Midstream gathering and processing MLP	Improving commodity prices and a positive outlook for natural gas liquids (NGLs) demand
Williams Partners L.P.	Midstream gathering and processing MLP	Increased natural gas volume growth
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Reduced distribution on weaker supply & logistics outlook
	Midstream natural gas/natural gas liquids pipeline MLP	
Energy Transfer Partners, L.P.	Midstream refined product pipeline MLP	Concerns about equity funding for project backlog
Buckeye Partners, L.P.	Midstream crude oil pipeline MLP	Concerns about distribution coverage
Genesis Energy L.P.	Midstream crude oil pipeline MLP	Reduced distribution
Enbridge Energy Partners, L.P.	Midstream crude oil pipeline MLP	Reduced distribution

(unaudited)

Tortoise Capital Advisors

7

Tortoise

MLP Fund, Inc. (NTG) (continued)

Fund structure and distribution policy

The fund is structured as a corporation and is subject to federal and state income tax on its taxable income. The fund has adopted a distribution policy in which the Board of Directors considers many factors in determining distributions to stockholders. Particular emphasis is given to Distributable cash flow ("DCF") and distribution coverage. Distribution coverage is DCF divided by distributions paid to stockholders. Over the long term, the fund expects to distribute substantially all of its DCF to holders of common stock. The fund's Board of Directors reviews the distribution rate quarterly, and may adjust the quarterly distribution throughout the year. Although the level of distributions is independent of the funds' performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

DCF is distributions received from investments less expenses. The total distributions received from investments include the amount received as cash distributions from MLPs, paid-in-kind distributions, and dividend and interest payments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses, leverage costs and current income taxes. Current income taxes include taxes paid on 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.

Distributions received from investments decreased approximately 2.9% as compared to 3rd quarter 2017 due primarily to the impact of decreased distribution rates on certain of the fund's investments. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 5.8% during the quarter due to lower asset-based fees. Leverage costs were relatively unchanged as compared to 3rd quarter 2017. As a result of the changes in income and expenses, DCF decreased approximately 3.0% as compared to 3rd quarter 2017. The fund paid a quarterly distribution of \$0.4225 per share, which was equal to the distribution paid in the prior quarter and 4th quarter 2016. The fund has paid cumulative distributions to stockholders of \$12.08 per share since its inception in July 2010.

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, common stock and other investments 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, common stock and other investments 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. Net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). 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.

"Net Investment Income (Loss), before Income Taxes" on the Statement of Operations is adjusted as follows to reconcile to DCF for 4th quarter 2017 (in thousands):

	YTD 2017	4th Qtr 2017
Net Investment Loss, before Income Taxes	\$ (28,058)	\$ (5,608)
Adjustments to reconcile to DCF:		
Distributions characterized as return of capital	103,810	24,284
Net Premiums on options written	571	32
Amortization of debt issuance costs	369	92
DCF	\$76,692	\$18,800

Leverage

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

The fund's leverage utilization increased by \$4.5 million during 4th quarter 2017 and represented 33.4% of total assets at November 30, 2017. The fund has maintained compliance with its applicable coverage ratios. At year-end, approximately 76% of the leverage cost was fixed, the weighted-average maturity was 2.1 years and the weighted-average annual rate on leverage was 3.73%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed. Subsequent to year-end, the fund issued \$57 million Senior Notes with a weighted-average fixed interest rate of approximately 3.31% and \$65 million Mandatory Redeemable Preferred ("MRP") Shares with a weighted-average fixed interest rate of approximately 3.89%. The notes and preferred shares were issued to replace \$57 million of maturing Senior Notes with a fixed interest rate of 3.73% and \$65 million of redeemed MRP Shares with a fixed interest rate of 4.33%.

Income taxes

During 3rd quarter 2017, the fund's deferred tax liability decreased by \$28.7 million to \$122.4 million, primarily as a result of the decrease in value of its investment portfolio. The fund had net realized losses of \$1.1 million during the quarter. As of November 30, 2017, the fund had net operating losses of \$55 million for federal income tax purposes. To the extent that the fund has taxable income in the future that is not offset by net operating losses, it will owe federal and state income taxes. Tax payments can be funded from investment earnings, fund assets, or borrowings.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage, taxes and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions and results and recent tax reform, please visit www.tortoiseadvisors.com.

(unaudited)

8

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

NTG 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 the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes 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 the full financial statements.

	Year Ended November 30,		2016	2017	2016	2017	2016	2017	2016	2017
	2016	2017	Q4 ⁽¹⁾	Q1(1)	Q2(1)	Q3(1)	Q4(1)	Q1(1)	Q2(1)	Q3(1)
Total Income from Investments										
Distributions and dividends from investments	\$ 109,211	\$ 108,230	\$ 27,640	\$ 27,925	\$ 26,705	\$ 27,094	\$ 26,506			
Premiums on options written	—	571	—	—	297	242	32			
Total from investments	109,211	108,801	27,640	27,925	27,002	27,336	26,538			
Operating Expenses Before Leverage										
Costs and Current Taxes										
Advisory fees, net of fees waived	13,398	14,349	3,584	3,752	3,828	3,490	3,279			
Other operating expenses	1,331	1,292	336	324	332	324	312			
	14,729	15,641	3,920	4,076	4,160	3,814	3,591			
Distributable cash flow before leverage costs and current taxes	94,482	93,160	23,720	23,849	22,842	23,522	22,947			
Leverage costs ⁽²⁾	15,940	16,468	4,013	4,051	4,124	4,146	4,147			
Current income tax expense ⁽³⁾	—	—	—	—	—	—	—			
Distributable Cash Flow⁽⁴⁾	\$ 78,542	\$ 76,692	\$ 19,707	\$ 19,798	\$ 18,718	\$ 19,376	\$ 18,800			
As a percent of average total assets⁽⁵⁾										
Total from investments	7.51 %	7.14 %	7.29 %	7.09 %	6.69 %	7.30 %	7.69 %			
Operating expenses before leverage costs and current taxes	1.01 %	1.03 %	1.03 %	1.04 %	1.03 %	1.02 %	1.04 %			
Distributable cash flow before leverage costs and current taxes	6.50 %	6.11 %	6.26 %	6.05 %	5.66 %	6.28 %	6.65 %			
As a percent of average net assets⁽⁵⁾										
Total from investments	12.66 %	12.13 %	12.17 %	11.79 %	11.27 %	12.67 %	13.27 %			
Operating expenses before leverage costs and current taxes	1.71 %	1.75 %	1.73 %	1.72 %	1.74 %	1.77 %	1.80 %			
Leverage costs and current taxes	1.85 %	1.85 %	1.77 %	1.71 %	1.72 %	1.92 %	2.07 %			
Distributable cash flow	9.10 %	8.53 %	8.67 %	8.36 %	7.81 %	8.98 %	9.40 %			
Selected Financial Information										
Distributions paid on common stock	\$ 79,464	\$ 79,670	\$ 19,891	\$ 19,892	\$ 19,891	\$ 19,925	\$ 19,962			
Distributions paid on common stock per share	1.6900	1.6900	0.4225	0.4225	0.4225	0.4225	0.4225			
Distribution coverage percentage for period ⁽⁶⁾	98.8 %	96.3 %	99.1 %	99.5 %	94.1 %	97.2 %	94.2 %			
Net realized gain (loss), net of income taxes, for the period	49,307	29,189	14,157	14,896	2,126	13,289	(1,122)			
Total assets, end of period ⁽⁷⁾	1,514,354	1,327,977	1,514,354	1,657,717	1,509,815	1,437,520	1,327,977			
Average total assets during period ⁽⁷⁾⁽⁸⁾	1,454,091	1,515,484	1,524,805	1,596,610	1,601,462	1,486,578	1,384,718			
Leverage ⁽⁹⁾	440,800	443,800	440,800	439,700	442,700	439,300	443,800			
Leverage as a percent of total assets	29.1 %	33.4 %	29.1 %	26.5 %	29.3 %	30.6 %	33.4 %			
Net unrealized appreciation, end of period	107,907	24,370	107,907	193,975	123,020	69,547	24,370			
Net assets, end of period	904,866	754,085	904,866	981,071	886,964	823,888	754,085			
Average net assets during period ⁽¹⁰⁾	862,527	892,196	913,726	960,910	950,384	855,842	802,165			
Net asset value per common share	19.22	15.96	19.22	20.84	18.81	17.44	15.96			
Market value per common share	18.90	15.90	18.90	20.49	18.99	17.70	15.90			
Shares outstanding (000's)	47,081	47,247	47,081	47,081	47,161	47,247	47,247			

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

- (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").
"Net investment income (loss), before income taxes" on the Statement of Operations is adjusted as follows to reconcile to DCF: increased by the
- (4) return of capital on distributions, the net premiums on options written, the premium on redemption of senior notes 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) Includes deferred issuance and offering costs on senior notes and preferred stock.
- (8) Computed by averaging month-end values within each period.
- (9) Leverage consists of senior notes, preferred stock and outstanding borrowings under the credit facility.
- (10) Computed by averaging daily net assets within each period.

Tortoise Capital Advisors

9

Tortoise

Pipeline & Energy Fund, Inc. (TTP)

Fund description

TTP seeks a high level of total return with an emphasis on current distributions paid to stockholders. TTP invests primarily in equity securities of North American pipeline companies that transport natural gas, natural gas liquids (NGLs), crude oil and refined products and, to a lesser extent, in other energy infrastructure companies.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal year ending November 30, 2017 were -14.2% and -12.6%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Pipeline IndexSM returned 2.8% for the same period. Midstream fundamentals remained steady throughout the fiscal year, supported by consistently strong quarterly earnings reports. However, these solid fundamental results did not translate to positive stock performance. While midstream fundamentals were healthy, uncertainty resulted from simplification and IDR restructuring transactions and the trend towards self-funding. Sometimes these actions also resulted in lower distribution rates.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2017)	\$1.63
Distributions paid per share (4th quarter 2017)	\$0.4075
Distribution rate (as of 11/30/2017)	9.6%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in October 2011	\$10.0975
Market-based total return	(14.2)%
NAV-based total return	(12.6)%
Premium (discount) to NAV (as of 11/30/2017)	(9.6)%

Please refer to the inside front cover of the report for important information about the fund's distribution policy.

The fund's covered call strategy, which focuses on independent energy companies that are key pipeline transporters, enabled the fund to generate current income. In an attempt to generate the same monthly income, the out-of-the-money percentage was approximately 100 basis points inside of last year as volatility was approximately 13% below last year on average. The notional amount of the fund's covered calls averaged approximately 8.9% of total assets, and their out-of-the-money percentage at the time written averaged approximately 5.4% during the fiscal quarter.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

TransCanada Corporation	Midstream natural gas/natural gas liquids pipeline company	Regulated pipeline business with visibility to dividend growth
Pembina Pipeline Corp.	Midstream crude oil pipeline company	Steady cash flow profile and midstream growth projects
VTTI Energy Partners LP	Midstream refined product pipeline MLP	Announced acquisition by parent company
MPLX LP	Midstream gathering and processing MLP	Greater strategic clarity on dropdowns and incentive distribution rights restructuring
Williams Partners L.P.	Midstream gathering and processing MLP	Increased natural gas volume growth

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Plains GP Holdings, L.P. Enbridge Energy Management, L.L.C.	Midstream crude oil pipeline company Midstream crude oil pipeline company Midstream natural gas/natural gas liquids pipeline MLP	Reduced distribution on weaker supply & logistics outlook Strategic review with lower distribution viewed unfavorably
Energy Transfer Partners, L.P.		Concerns about equity funding for project backlog Acquisition of Houston Fuel Oil Terminal resulted in equity overhang
SemGroup Corporation NuStar Energy L.P.	Midstream crude oil pipeline company Midstream crude oil MLP	Concerns about pace of crude oil volume ramp

(unaudited)

10

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company ("RIC") allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund's gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC's. The fund must also distribute at least 90 percent of its investment company income. RIC's are also subject to excise tax rules which require RIC's to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which is included on the inside front cover of this report. To summarize, the fund intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. The fund distributes a fixed amount per common share, currently \$0.4075, each quarter to its common shareholders. This amount is subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds' performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow ("DCF") is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from common stock, master limited partnerships ("MLPs"), affiliates of MLPs, and pipeline and other energy companies in which the fund invests, and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments decreased approximately 5.7% as compared to 3rd quarter 2017, primarily due to decreased distribution rates on several of the fund's investments and lower income on premiums from sales of covered call options. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 4.5% during the quarter primarily due to lower asset-based fees. Leverage costs were relatively unchanged as compared to 3rd quarter 2017. As a result of the changes in income and expenses, DCF decreased approximately 6.9% as compared to 3rd quarter 2017. In addition, the fund had net realized gains on investments of \$0.4 million during 4th quarter 2017. The fund paid a quarterly distribution of \$0.4075 per share, which was unchanged over the prior quarter and 4th quarter 2016. The fund has paid cumulative distributions to stockholders of \$10.0975 per share since its inception in October 2011.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles ("GAAP"), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during the fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

"Net Investment Income (Loss)" on the Statement of Operations is adjusted as follows to reconcile to DCF for 4th quarter 2017 (in thousands):

	YTD 2017	4th Qtr 2017	
Net Investment Income (Loss)	\$ (458)	\$	33
Adjustments to reconcile to DCF:			
Net premiums on options written	4,503		967
	9,137		2,072

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Distributions characterized as return of capital		
Dividends paid in stock	1,194	329
Amortization of debt issuance costs	57	14
DCF	\$ 14,433	\$ 3,415

Leverage

The fund's leverage utilization increased by \$1.3 million during 4th quarter 2017 and represented 26.7% of total assets at November 30, 2017. The fund has maintained compliance with its applicable coverage ratios. At year-end, approximately 64% of the leverage cost was fixed, the weighted-average maturity was 2.2 years and the weighted-average annual rate on leverage was 3.43%. These rates will vary in the future as a result of changing floating rates, utilization of the fund's credit facility and as leverage matures or is redeemed.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise Capital Advisors

11

TTP 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 the fund believes is meaningful to understanding operating performance. The Distributable Cash Flow Ratios include the functional equivalent of EBITDA for non-investment companies, and the fund believes 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 the full financial statements.

	Year Ended November 30,		2016	2017			
	2016	2017	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾
Total Income from Investments							
Dividends and distributions from investments, net of foreign taxes withheld	\$ 14,675	\$ 14,711	\$ 3,606	\$ 3,594	\$ 3,778	\$ 3,780	\$ 3,559
Dividends paid in stock	1,704	1,194	444	385	238	242	329
Net premiums on options written	5,178	4,503	1,284	1,275	1,135	1,126	967
Total from investments	21,557	20,408	5,334	5,254	5,151	5,148	4,855
Operating Expenses Before Leverage Costs							
Advisory fees, net of fees waived	2,707	3,131	768	824	822	756	729
Other operating expenses	561	573	142	150	145	146	132
	3,268	3,704	910	974	967	902	861
Distributable cash flow before leverage costs	18,289	16,704	4,424	4,280	4,184	4,246	3,994
Leverage costs ⁽²⁾	2,180	2,271	544	551	563	578	579
Distributable Cash Flow⁽³⁾	\$ 16,109	\$ 14,433	\$ 3,880	\$ 3,729	\$ 3,621	\$ 3,668	\$ 3,415
Net realized gain (loss) on investments and foreign currency translation, for the period	\$ 3,488	\$ 2,605	\$ 25,178	\$ 2,316	\$ (357)	\$ 292	\$ 354
As a percent of average total assets⁽⁴⁾							
Total from investments	8.08%	7.09%	7.25%	6.94%	6.89%	7.35%	7.28%
Operating expenses before leverage costs	1.22 %	1.29 %	1.24 %	1.29 %	1.29 %	1.29 %	1.29 %
Distributable cash flow before leverage costs	6.86%	5.80%	6.01%	5.65%	5.60%	6.06%	5.99%
As a percent of average net assets⁽⁴⁾							
Total from investments	11.18%	9.30%	9.38%	8.77%	8.88%	9.93%	9.79%
Operating expenses before leverage costs	1.69%	1.69%	1.60%	1.63%	1.67%	1.74%	1.74%
Leverage costs	1.13 %	1.04 %	0.96 %	0.92 %	0.97 %	1.11 %	1.17 %
Distributable cash flow	8.36%	6.57%	6.82%	6.22%	6.24%	7.08%	6.88%
Selected Financial Information							
Distributions paid on common stock	\$ 16,327	\$ 16,327	\$ 4,082	\$ 4,082	\$ 4,081	\$ 4,082	\$ 4,082
Distributions paid on common stock per share	1.6300	1.6300	0.4075	0.4075	0.4075	0.4075	0.4075
Total assets, end of period ⁽⁵⁾	303,989	259,175	303,989	303,685	278,733	274,878	259,175
Average total assets during period ⁽⁵⁾⁽⁶⁾	266,897	288,004	295,803	307,063	296,418	278,007	267,349
Leverage ⁽⁷⁾	66,600	69,300	66,600	66,700	67,400	68,000	69,300
Leverage as a percent of total assets	21.9%	26.7%	21.9%	22.0%	24.2%	24.7%	26.7%
Net unrealized appreciation (depreciation), end of period	6,052	(27,789)	6,052	8,983	(13,246)	(21,276)	(27,789)
Net assets, end of period	234,539	188,517	234,539	235,779	210,076	199,503	188,517
Average net assets during period ⁽⁸⁾	192,888	219,359	228,681	242,897	230,203	205,675	198,953
Net asset value per common share	23.42	18.82	23.42	23.54	20.97	19.92	18.82
Market value per common share	21.55	17.01	21.55	21.45	19.97	18.43	17.01
Shares outstanding (000's)	10,016	10,016	10,016	10,016	10,016	10,016	10,016

(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.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

"Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by (3) net premiums on options written, the return of capital on distributions, the value of paid-in-kind distributions, the premium on redemption of senior notes and amortization of debt issuance costs.

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

(5) Includes deferred issuance and offering costs on senior notes and preferred stock.

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

(7) Leverage consists of senior notes, preferred stock and outstanding borrowings under the revolving credit facility.

(8) Computed by averaging daily net assets within each period.

2017 Annual Report | November 30, 2017

Tortoise

Energy Independence Fund, Inc. (NDP)

Fund description

NDP seeks a high level of total return with an emphasis on current distributions paid to stockholders. NDP invests primarily in equity securities of upstream North American energy companies that engage in the exploration and production of crude oil, condensate, natural gas and natural gas liquids that generally have a significant presence in North American oil and gas fields, including shale reservoirs.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal year ending November 30, 2017 were -11.0% and -13.5%, respectively (including the reinvestment of distributions). Comparatively, the Tortoise North American Oil and Gas Producers IndexSM returned -15.5% for the same period. Although both negative, liquids producers performed better than natural gas producers. Liquids producers in the Permian fared better than most during the period as it has become the lowest cost basin in the U.S. The fund's negative performance was somewhat mitigated by its exposure to midstream companies that it holds to execute its covered call strategy.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2017)	\$1.75
Distributions paid per share (4th quarter 2017)	\$0.4375
Distribution rate (as of 11/30/2017)	14.1%
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0%
Cumulative distributions paid per share to stockholders since inception in July 2012	\$9.1875
Market-based total return	(11.0)%
NAV-based total return	(13.5)%
Premium (discount) to NAV (as of 11/30/2017)	(3.8)%

The fund utilizes a covered call strategy, which seeks to generate income while reducing overall volatility. The premium income generated from this strategy helped to lower NAV volatility during the quarter. The notional amount of the fund's covered calls averaged approximately 65.4% of total assets and their out-of-the-money percentage at the time written averaged approximately 10.7% during the fiscal quarter.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance: past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

Cabot Oil & Gas Corporation	Upstream liquids producer	Provided updated outlook that projects significant free cash flow over the next 3 years
Royal Dutch Shell plc	Upstream oil and gas producer	Benefited from rising oil prices due to the extension of the OPEC production cut agreement through the end of 2018
Continental Resources, Inc.	Upstream liquids producer	Benefited from rising oil prices due to the extension of the OPEC production cut agreement through the end of 2018
Diamondback Energy, Inc.	Upstream liquids producer	Benefited from rising oil prices due to the extension of the OPEC production cut agreement through the end of 2018
Centennial Resource Development, Inc.	Upstream oil and gas producer	Benefited from rising oil prices due to the extension of the OPEC production cut agreement through the end of 2018

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Pioneer Natural Resources Company	Upstream liquids producer	Concerns about oil production percentage relative to natural gas production percentage from the Permian basin
Carrizo Oil & Gas, Inc.	Upstream oil and natural gas producer	Equity overhang due to high leverage and perceived need for acquisition
Anadarko Petroleum Corporation	Upstream oil and natural gas producer	Concerns about Colorado drilling and regulatory outlook
Range Resources Corporation	Upstream natural gas producer	Lower than expected results in Terryville natural gas asset
Enbridge Energy Management, L.L.C.	Midstream crude oil pipeline company	Strategic review with lower distribution viewed unfavorably

(unaudited)

Tortoise Capital Advisors

13

Tortoise

Energy Independence Fund, Inc. (NDP) (continued)

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company (“RIC”) allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund’s gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC’s. The fund must also distribute at least 90 percent of its investment company income. RIC’s are also subject to excise tax rules which require RIC’s to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. Distribution amounts are subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds’ performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow (“DCF”) is income from investments less expenses. Income from investments includes the amount received as cash or paid-in-kind distributions from investments and dividend payments on short-term investments. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out-of-the-money options. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments decreased approximately 1.6% as compared to 3rd quarter 2017, primarily due to trading activity. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 1.8% during the quarter due to lower asset-based fees and other operating expenses. Total leverage costs increased approximately 0.9% as compared to 3rd quarter 2017, primarily due to an increase in interest rates during the quarter. As a result of the changes in income and expenses, DCF decreased by approximately 1.7% as compared to 3rd quarter 2017. In addition, the fund had net realized losses on investments of \$18.8 million during 4th quarter 2017.

The fund maintained its quarterly distribution of \$0.4375 per share during 4th quarter 2017, which was equal to the distribution paid in the prior quarter and 4th quarter 2016. The fund has paid cumulative distributions to stockholders of \$9.1875 per share since its inception in July 2012.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (“GAAP”), recognizes distributions and dividend income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out-of-the-money options) with expiration dates during fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses).

“Net Investment Income (Loss)” on the Statement of Operations is adjusted as follows to reconcile to DCF for 4th quarter 2017 (in thousands):

	YTD 2017	4th Qtr 2017
Net Investment Loss	\$ (2,930)	\$ (748)
Adjustments to reconcile to DCF:		
Net premiums on options written	22,648	5,720
Distributions characterized as		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

return of capital	4,202	1,058
Dividends paid in stock	695	135
DCF	\$24,615	\$6,165

Leverage

The fund's leverage utilization decreased slightly as compared to 3rd quarter 2017. The fund utilizes all floating rate leverage that had an interest rate of 2.17% and represented 25.3% of total assets at year-end. The fund has maintained compliance with its applicable coverage ratios. The interest rate on the fund's leverage will vary in the future along with changing floating rates.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

14

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

NDP 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 the fund believes is meaningful to understanding operating performance. The **Distributable Cash Flow Ratios** include the functional equivalent of EBITDA for non-investment companies, and the fund believes 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 the full financial statements.

	Year Ended November 30,		2016	2017	2016	2017	Q2(1)	Q3(1)	Q4(1)
	2016	2017	Q4 ⁽¹⁾	Q1(1)	Q2(1)	Q3(1)	Q4(1)		
Total Income from Investments									
Distributions and dividends from investments,									
net of foreign taxes withheld	\$6,129	\$5,977	\$1,363	\$1,494	\$1,516	\$1,526	\$1,441		
Dividends paid in stock	1,124	695	293	299	129	132	135		
Net premiums on options written	23,129	22,648	5,645	5,749	5,425	5,754	5,720		
Total from investments	30,382	29,320	7,301	7,542	7,070	7,412	7,296		
Operating Expenses Before Leverage Costs									
Advisory fees, net of fees waived	2,733	2,978	749	820	791	686	681		
Other operating expenses	620	544	151	144	140	135	125		
	3,353	3,522	900	964	931	821	806		
Distributable cash flow before leverage costs	27,029	25,798	6,401	6,578	6,139	6,591	6,490		
Leverage costs ⁽²⁾	783	1,183	212	251	285	322	325		
Distributable Cash Flow⁽³⁾	\$26,246	\$24,615	\$6,189	\$6,327	\$5,854	\$6,269	\$6,165		
Net realized gain (loss) on investments and foreign currency translation, for the period	\$(27,326)	\$(21,311)	\$4,490	\$5,898	\$(6,084)	\$(2,332)	\$(18,793)		
As a percent of average total assets⁽⁴⁾									
Total from investments	10.80 %	10.52 %	9.58 %	9.86 %	9.70 %	11.55 %	11.60 %		
Operating expenses before leverage costs	1.19 %	1.26 %	1.18 %	1.26 %	1.28 %	1.28 %	1.28 %		
Distributable cash flow before leverage costs	9.61 %	9.26 %	8.40 %	8.60 %	8.42 %	10.27 %	10.32 %		
As a percent of average net assets⁽⁴⁾									
Total from investments	14.30 %	13.97 %	12.31 %	12.36 %	12.60 %	15.93 %	15.77 %		
Operating expenses before leverage costs	1.58 %	1.68 %	1.52 %	1.58 %	1.66 %	1.76 %	1.74 %		
Leverage costs	0.37 %	0.56 %	0.36 %	0.41 %	0.51 %	0.69 %	0.70 %		
Distributable cash flow	12.35 %	11.73 %	10.43 %	10.37 %	10.43 %	13.48 %	13.33 %		
Selected Financial Information									
Distributions paid on common stock	\$25,403	\$25,460	\$6,351	\$6,351	\$6,360	\$6,369	\$6,380		
Distributions paid on common stock per share	1.7500	1.7500	0.4375	0.4375	0.4375	0.4375	0.4375		
Total assets, end of period	319,343	255,302	319,343	297,341	264,083	238,932	255,302		
Average total assets during period ⁽⁵⁾	281,272	278,827	306,669	310,231	289,030	254,645	252,191		
Leverage ⁽⁶⁾	63,800	64,500	63,800	65,100	64,600	64,700	64,500		
Leverage as a percent of total assets	20.0 %	25.3 %	20.0 %	21.9 %	24.5 %	27.1 %	25.3 %		
Net unrealized appreciation (depreciation), end of period	1,717	(19,852)	1,717	(16,339)	(40,654)	(63,116)	(19,852)		
Net assets, end of period	246,088	187,889	246,088	230,201	198,379	171,942	187,889		
Average net assets during period ⁽⁷⁾	212,528	209,940	238,453	247,529	222,615	184,587	185,583		
Net asset value per common share	16.95	12.88	16.95	15.84	13.63	11.79	12.88		
Market value per common share	15.85	12.39	15.85	16.33	14.43	12.61	12.39		
Shares outstanding (000's)	14,516	14,584	14,516	14,537	14,559	14,584	14,584		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

- (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 and other recurring leverage expenses.
- (3) "Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by net premiums on options written, the return of capital on distributions and the value of paid-in-kind distributions.
- (4) Annualized for periods less than one full year.
- (5) Computed by averaging month-end values within each period.
- (6) Leverage consists of outstanding borrowings under the revolving credit facility.
- (7) Computed by averaging daily net assets within each period.

Tortoise Capital Advisors 15

Tortoise

Power and Energy Infrastructure Fund, Inc. (TPZ)

Fund description

TPZ seeks to provide a high level of current income to stockholders, with a secondary objective of capital appreciation. TPZ seeks to invest primarily in fixed income and dividend-paying equity securities of power and energy infrastructure companies that provide stable and defensive characteristics throughout economic cycles.

Fund performance review

The fund's market-based and NAV-based returns for the fiscal year ending November 30, 2017 were -0.3% and -4.3%, respectively (including the reinvestment of distributions). Comparatively, the TPZ Benchmark Composite* returned -3.0% for the same period. Midstream fundamentals remained steady throughout the fiscal year, supported by consistently strong quarterly earnings reports. However, these solid fundamental results did not translate to positive stock performance. While midstream fundamentals were healthy, uncertainty resulted from simplification and IDR restructuring transactions and the trend towards self-funding. Sometimes these actions also resulted in lower distribution rates.

Performance was helped by the fund's focus on power and utilities which had positive performance for the fiscal year due to low interest rates. Negative performance was further mitigated by the fund's energy fixed income holdings as they outperformed energy equities throughout the fiscal year.

Fiscal year-end highlights

Distributions paid per share (fiscal year 2017)	\$1.50
Monthly distributions paid per share (4th quarter 2017)	\$0.1250
Distribution rate (as of 11/30/2017)	7.5 %
Quarter-over-quarter distribution increase	0.0%
Year-over-year distribution increase	0.0 %
Cumulative distribution to stockholders since inception in July 2009	\$13.7750
Market-based total return	(0.3)%
NAV-based total return	(4.3)%
Premium (discount) to NAV (as of 11/30/2017)	(6.5 %)

The TPZ Benchmark Composite includes the BofA Merrill Lynch U.S. Energy Index (CIEN), the BofA Merrill Lynch U.S. Electricity Index (CUEL) *and the Tortoise MLP Index® (TMLP). It is comprised of a blend of 70% fixed income and 30% equity securities issued by companies in the power and energy infrastructure sectors.

Please refer to the inside front cover of the report for important information about the fund's distribution policy.

Unlike the fund return, index return is pre-expenses.

Performance data quoted represent past performance; past performance does not guarantee future results. Like any other stock, total return and market value will fluctuate so that an investment, when sold, may be worth more or less than its original cost. Portfolio composition is subject to change due to ongoing management of the fund. References to specific securities or sectors should not be construed as a recommendation by the fund or its adviser. See Schedule of Investments for portfolio weighting at the end of the fiscal quarter.

Key asset performance drivers

ONEOK, Inc. TransCanada Corporation	Midstream natural gas/natural gas liquids pipeline company Midstream natural gas/natural gas liquids pipeline company	Improved outlook for ethane recoveries and higher natural gas liquids (NGL) prices Regulated pipeline business with visibility to dividend growth Greater strategic clarity on dropdowns and incentive distribution rights restructuring
MPLX LP	Midstream gathering and processing MLP	

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

HollyFrontier Corporation	Refining company	Increased refining margins due to wider crude oil price spreads
Cheniere Corp.	Midstream natural gas/natural gas liquids pipeline company	Construction progress continues without delay
Enbridge Energy Management, L.L.C.	Midstream crude oil pipeline company	Strategic review with lower distribution viewed unfavorably
Plains GP Holdings, L.P.	Midstream crude oil pipeline company	Reduced distribution on weaker supply & logistics outlook
Energy Transfer Partners, L.P.	Midstream natural gas/natural gas liquids pipeline MLP	Concerns about equity funding for project backlog
NuStar Energy L.P.	Midstream crude oil MLP	Concerns about pace of crude oil volume ramp
Plains All American Pipeline, L.P.	Midstream crude oil pipeline MLP	Reduced distribution on weaker supply & logistics outlook

(unaudited)

16

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Fund structure and distribution policy

The fund is structured to qualify as a Regulated Investment Company ("RIC") allowing the fund to pass-through to shareholders the income and capital gains earned by the fund, thus avoiding double-taxation. To qualify as a RIC, the fund must meet specific income, diversification and distribution requirements. Regarding income, at least 90 percent of the fund's gross income must be from dividends, interest and capital gains. The fund must meet quarterly diversification requirements including the requirement that at least 50 percent of the assets be in cash, cash equivalents or other securities with each single issuer of other securities not greater than 5 percent of total assets. No more than 25 percent of total assets can be invested in any one issuer other than government securities or other RIC's. The fund must also distribute at least 90 percent of its investment company income. RIC's are also subject to excise tax rules which require RIC's to distribute approximately 98 percent of net income and net capital gains to avoid a 4 percent excise tax.

The fund has adopted a distribution policy which is included on the inside front cover of this report. To summarize, the fund intends to distribute an amount closely approximating the total taxable income for the year and, if so determined by the Board, distribute all or a portion of the return of capital paid by portfolio companies during the year. The fund may designate a portion of its distributions as capital gains and may also distribute additional capital gains in the last calendar quarter of the year to meet annual excise distribution requirements. The fund distributes a fixed amount per common share, currently \$0.125, each month to its common shareholders. This amount is subject to change from time to time at the discretion of the Board. Although the level of distributions is independent of the funds' performance in the short term, the fund expects such distributions to correlate with its performance over time.

Distributable cash flow and distributions

Distributable cash flow ("DCF") is income from investments less expenses. Income from investments includes the accrued interest from corporate bonds, cash distributions and paid-in-kind distributions from master limited partnerships ("MLPs") and other equity investments and dividends earned from short-term investments. The total expenses include current or anticipated operating expenses and leverage costs.

Distributions received from investments decreased approximately 2.1% as compared to 3rd quarter 2017 mainly due to decreased distribution rates on certain of the fund's investments. Operating expenses, consisting primarily of fund advisory fees, decreased approximately 4.6% during the quarter primarily due to lower asset-based fees. Total leverage costs decreased approximately 1.7% as compared to 3rd quarter 2017, primarily due to lower interest rate swap expenses during the quarter. As a result of the changes in income and expenses, DCF decreased approximately 1.4% as compared to 3rd quarter 2017. In addition, the fund had net realized losses on investments of \$4.5 million during 4th quarter 2017.

The fund paid monthly distributions of \$0.125 per share during 4th quarter 2017, which was unchanged over the prior quarter and 4th quarter 2016. The fund's Board of Directors has declared monthly distributions of \$0.125 per share to be paid during 1st quarter 2018. The fund has paid cumulative distributions to stockholders of \$13.775 per share since its inception in July 2009.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) U.S. generally accepted accounting principles ("GAAP"), recognizes distribution income from MLPs, common stock and other investments on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs, common stock and other investments are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) amortization of premium or discount for all securities is calculated using the yield to worst methodology for GAAP purposes while yield to call is used in calculating amortization for long-dated hybrid securities in the DCF calculation. 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 and realized and unrealized gains (losses) on interest rate swap settlements as leverage costs.

"Net Investment Income (Loss)" on the Statement of Operations is adjusted as follows to reconcile to DCF for 4th quarter 2017 (in thousands):

	YTD 2017	4th Qtr 2017
Net Investment Income	\$ 4,090	\$ 1,008
Adjustments to reconcile to DCF:		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Dividends paid in stock	810	218
Distributions characterized as		
return of capital	5,000	1,197
Interest rate swap expenses	(129)	(16)
Change in amortization methodology	14	(4)
DCF	\$9,785	\$2,403

Leverage

The fund's leverage utilization increased \$2.0 million as compared to 3rd quarter 2017 and represented 26.4% of total assets at November 30, 2017. The fund has maintained compliance with its applicable coverage ratios. At year-end, including the impact of interest rate swaps, approximately 28% of the leverage cost was fixed, the weighted-average maturity was 0.8 years and the weighted-average annual rate on leverage was 2.26%. These rates will vary in the future as a result of changing floating rates and as swaps mature or are redeemed.

Please see the Financial Statements and Notes to Financial Statements for additional detail regarding critical accounting policies, results of operations, leverage and other important fund information.

For further information regarding the calculation of distributable cash flow and distributions to stockholders, as well as a discussion of the tax impact on distributions, please visit www.tortoiseadvisors.com.

(unaudited)

Tortoise Capital Advisors

17

TPZ 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 the fund believes is meaningful to understanding operating performance. The **Distributable Cash Flow Ratios** include the functional equivalent of EBITDA for non-investment companies, and the fund believes 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 the full financial statements.

	Year Ended November 30,		2016	2017							
	2016	2017	Q4 ⁽¹⁾	Q1 ⁽¹⁾	Q2 ⁽¹⁾	Q3 ⁽¹⁾	Q4 ⁽¹⁾				
Total Income from Investments											
Interest earned on corporate bonds	\$ 6,430	\$ 5,931	\$ 1,537	\$ 1,519	\$ 1,508	\$ 1,480	\$ 1,420				
Distributions and dividends from investments, net of foreign taxes withheld	6,557	6,672	1,620	1,650	1,657	1,715	1,650				
Dividends paid in stock	1,000	810	258	264	162	166	218				
Total from investments	13,987	13,413	3,415	3,433	3,327	3,361	3,290				
Operating Expenses Before Leverage Costs											
Advisory fees	1,864	2,031	503	518	525	501	487				
Other operating expenses	566	508	140	133	130	130	115				
	2,430	2,539	643	651	655	631	602				
Distributable cash flow before leverage costs	11,557	10,874	2,772	2,782	2,672	2,730	2,690				
Leverage costs ⁽²⁾	910	1,089	221	241	269	292	287				
Distributable Cash Flow⁽³⁾	\$ 10,647	\$ 9,785	\$ 2,551	\$ 2,541	\$ 2,403	\$ 2,438	\$ 2,403				
Net realized gain (loss) on investments and foreign currency translation, for the period	\$ 7,176	\$ 4,325	\$ 8,066	\$ 3,005	\$ 5,008	\$ 815	\$ (4,500)				
As a percent of average total assets⁽⁴⁾											
Total from investments	7.00 %	6.25 %	6.39 %	6.30 %	5.99 %	6.31 %	6.42 %				
Operating expenses before leverage costs	1.22 %	1.18 %	1.20 %	1.20 %	1.18 %	1.18 %	1.17 %				
Distributable cash flow before leverage costs	5.78 %	5.07 %	5.19 %	5.10 %	4.81 %	5.13 %	5.25 %				
As a percent of average net assets⁽⁴⁾											
Total from investments	9.56 %	8.24 %	8.37 %	8.13 %	7.84 %	8.45 %	8.60 %				
Operating expenses before leverage costs	1.66 %	1.56 %	1.58 %	1.54 %	1.54 %	1.59 %	1.57 %				
Leverage costs	0.62 %	0.67 %	0.54 %	0.57 %	0.63 %	0.73 %	0.75 %				
Distributable cash flow	7.28 %	6.01 %	6.25 %	6.02 %	5.67 %	6.13 %	6.28 %				
Selected Financial Information											
Distributions paid on common stock	\$ 10,688	\$ 10,427	\$ 2,607	\$ 2,607	\$ 2,607	\$ 2,606	\$ 2,600				
Distributions paid on common stock per share	1.5375	1.5000	0.3750	0.3750	0.3750	0.3750	0.3750				
Total assets, end of period	217,415	202,291	217,415	223,313	213,441	213,992	202,291				
Average total assets during period ⁽⁵⁾	199,824	214,463	215,113	220,830	220,356	211,408	205,000				
Leverage ⁽⁶⁾	50,600	53,400	50,600	51,100	51,300	51,400	53,400				
Leverage as a percent of total assets	23.3 %	26.4 %	23.3 %	22.9 %	24.0 %	24.0 %	26.4 %				
Net unrealized appreciation, end of period	30,817	15,138	30,817	34,896	21,461	17,555	15,138				
Net assets, end of period	166,073	148,243	166,073	171,566	161,413	155,739	148,243				
Average net assets during period ⁽⁷⁾	146,274	162,708	164,170	171,188	168,319	157,849	153,000				
Net asset value per common share	23.89	21.33	23.89	24.68	23.22	22.40	21.33				
Market value per common share	21.43	19.94	21.43	22.56	21.84	20.33	19.94				
Shares outstanding (000's)	6,951	6,951	6,951	6,951	6,951	6,951	6,951				

(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, interest rate swap expenses and other recurring leverage expenses.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

"Net investment income (loss)" on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow ("DCF"): increased by (3) the return of capital on distributions, the value of paid-in-kind distributions and the change in methodology for calculating amortization of premiums or discounts; and decreased by realized and unrealized gains (losses) on interest rate swap settlements.

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

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

(6) Leverage consists of outstanding borrowings under the revolving credit facility.

(7) Computed by averaging daily net assets within each period.

18 Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

TYG Schedule of Investments

November 30, 2017

	Shares	Fair Value
Master Limited Partnerships — 178.1%		
Crude Oil Pipelines — 34.7%		
United States — 34.7%		
Andeavor Logistics LP	2,697,314	\$ 120,731,775
BP Midstream Partners LP	1,226,047	22,399,879
Enbridge Energy Partners, L.P.	6,083,756	88,944,512
Genesis Energy L.P.	1,393,074	29,909,298
Plains All American Pipeline, L.P.	4,818,784	93,966,288
Shell Midstream Partners, L.P.	2,018,379	54,597,152
		410,548,904
Natural Gas/Natural Gas Liquids Pipelines — 51.6%		
United States — 51.6%		
Dominion Energy Midstream Partners, LP	1,082,833	34,813,081
Energy Transfer Partners, L.P. ⁽²⁾	11,396,024	189,287,959
Enterprise Products Partners L.P.	6,519,892	160,584,940
EQT Midstream Partners, LP	1,272,460	87,316,205
Spectra Energy Partners, LP	1,522,280	62,291,698
Tallgrass Energy Partners, LP	1,701,776	74,742,002
		609,035,885
Natural Gas Gathering/Processing — 48.5%		
United States — 48.5%		
Antero Midstream Partners LP	1,660,647	45,750,825
DCP Midstream, LP	1,817,807	63,877,738
EnLink Midstream Partners, LP	4,587,525	73,354,525
MPLX LP	3,855,529	138,259,270
Noble Midstream Partners LP	272,732	13,486,597
Rice Midstream Partners LP	1,843,425	38,398,543
Western Gas Partners, LP	2,849,396	127,709,929
Williams Partners L.P.	1,966,643	72,175,798
		573,013,225
Refined Product Pipelines — 43.3%		
United States — 43.3%		
Buckeye Partners, L.P.	2,647,499	121,599,629
Holly Energy Partners, L.P.	1,669,996	55,293,568
Magellan Midstream Partners, L.P.	2,790,873	186,988,491
NuStar Energy L.P.	1,365,641	39,685,527
Phillips 66 Partners LP	946,859	44,369,813
Phillips 66 Partners LP ⁽³⁾	583,711	27,160,073
Valero Energy Partners LP	888,135	36,910,890
		512,007,991
Total Master Limited Partnerships (Cost \$1,914,428,819)		2,104,606,005
Common Stock — 3.8%		
Natural Gas/Natural Gas Liquids Pipelines — 3.8%		
United States — 3.8%		
ONEOK, Inc. (Cost \$45,401,107)	870,420	45,174,798
Preferred Stock — 3.1%		
Natural Gas Gathering/Processing — 2.0%		
United States — 2.0%		
Targa Resources Corp., 9.500% ⁽³⁾⁽⁴⁾	21,758	23,396,034
Oil and Gas Production — 1.1%		
United States — 1.1%		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Anadarko Petroleum Corporation, 7.500%, 06/07/2018	392,800	12,809,208
Total Preferred Stock (Cost \$35,391,606)		36,205,242
Private Investment — 2.2%		
Renewables — 2.2%		
United States — 2.2%		
Tortoise HoldCo II, LLC ⁽³⁾⁽⁴⁾⁽⁵⁾ (Cost \$34,916,525)	N/A	25,886,172
Short-Term Investment — 0.0%		
United States Investment Company — 0.0%		
Invesco Government & Agency Portfolio — Institutional Class, 0.98% ⁽⁶⁾ (Cost \$208,128)	208,128	208,128
Total Investments — 187.2% (Cost \$2,030,346,185)		2,212,080,345
Interest Rate Swap Contracts — (0.0)% \$15,000,000 notional — net unrealized depreciation		(157,702)
Other Assets and Liabilities — 0.2%		1,885,079
Deferred Tax Liability — (29.0)%		(342,079,252)
Credit Facility Borrowings — (9.5)%		(112,700,000)
Senior Notes — (34.9)%		(412,500,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (14.0)%		(165,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 1,181,528,470

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

(2) A portion of the security is segregated as collateral for the unrealized depreciation of interest rate swap contracts of \$157,702.

Restricted securities have a total fair value of \$76,442,279, which represents 6.5% of net assets. See Note 6 to the financial statements for (3) further disclosure.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 (4) to the financial statements.

(5) Deemed to be an affiliate of the fund.

(6) Rate indicated is the current yield as of November 30, 2017.

(7) See Note 12 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

19

NTG Schedule of Investments

November 30, 2017

	Shares	Fair Value
Master Limited Partnerships — 167.5%		
Crude Oil Pipelines — 32.0%		
United States — 32.0%		
Andeavor Logistics LP	1,450,409	\$ 64,920,307
BP Midstream Partners LP	713,172	13,029,653
Enbridge Energy Partners, L.P.	3,533,429	51,658,732
Genesis Energy L.P.	1,054,968	22,650,163
Plains All American Pipeline, L.P.	2,991,043	58,325,339
Shell Midstream Partners, L.P.	1,130,841	30,589,249
		241,173,443
Natural Gas/Natural Gas Liquids Pipelines — 52.7%		
United States — 52.7%		
Dominion Energy Midstream Partners, LP	978,545	31,460,222
Energy Transfer Partners, L.P.	7,068,994	117,415,990
Enterprise Products Partners L.P.	4,434,109	109,212,105
EQT Midstream Partners, LP	803,112	55,109,545
Spectra Energy Partners, LP	834,847	34,161,939
Tallgrass Energy Partners, LP	1,135,235	49,859,521
		397,219,322
Natural Gas Gathering/Processing — 51.9%		
United States — 51.9%		
Antero Midstream Partners LP	725,846	19,997,057
DCP Midstream, LP	1,641,517	57,682,907
EnLink Midstream Partners, LP	3,383,588	54,103,572
MPLX LP	2,377,526	85,258,082
Noble Midstream Partners LP	155,562	7,692,541
Rice Midstream Partners LP	1,133,910	23,619,345
Western Gas Partners, LP	1,693,813	75,916,699
Williams Partners L.P.	1,828,781	67,116,263
		391,386,466
Refined Product Pipelines — 30.9%		
United States — 30.9%		
Buckeye Partners, L.P.	1,544,576	70,942,376
Holly Energy Partners, L.P.	1,010,104	33,444,543
Magellan Midstream Partners, L.P.	869,301	58,243,167
NuStar Energy L.P.	793,760	23,066,666
Phillips 66 Partners LP	310,784	14,563,338
Phillips 66 Partners LP ⁽²⁾	537,734	25,020,763
Valero Energy Partners LP	187,891	7,808,750
		233,089,603
Total Master Limited Partnerships (Cost \$1,226,382,703)		1,262,868,834
Common Stock — 5.3%		
Natural Gas/Natural Gas Liquids Pipelines — 5.3%		
United States — 5.3%		
ONEOK, Inc. (Cost \$40,369,910)	773,963	40,168,680
Preferred Stock — 2.6%		
Natural Gas Gathering/Processing — 1.7%		
United States — 1.7%		
Targa Resources Corp., 9.500% ⁽²⁾⁽³⁾	12,252	13,174,382
Oil and Gas Production — 0.9%		
United States — 0.9%		

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Anadarko Petroleum Corporation, 7.500%, 06/07/2018	199,500	6,505,695
Total Preferred Stock (Cost \$19,038,600)		19,680,077
Short-Term Investment — 0.0%		
United States Investment Company — 0.0%		
Invesco Government & Agency Portfolio — Institutional Class, 0.98% ⁽⁴⁾ (Cost \$162,156)	162,157	162,157
Total Investments — 175.4%		
(Cost \$1,285,953,369)		
Other Assets and Liabilities — (0.3)%		
Deferred Tax Liability — (16.2)%		
Credit Facility Borrowings — (6.6)%		
Senior Notes — (37.7)%		
Mandatory Redeemable Preferred Stock at Liquidation Value — (14.6)%		
Total Net Assets Applicable to Common Stockholders — 100.0%		
		\$ 754,085,120

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

Restricted securities have a total fair value of \$38,195,145, which represents 5.1% of net assets. See Note 6 to the financial statements for (2) further disclosure.

Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 (3) to the financial statements.

(4) Rate indicated is the current yield as of November 30, 2017.

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

TTP Schedule of Investments

November 30, 2017

	Shares	Fair Value
Common Stock — 92.9%		
Crude Oil Pipelines — 36.0%		
Canada — 21.2%		
Gibson Energy Inc	188,122	\$ 2,519,667
Enbridge Inc.	503,775	18,997,355
Inter Pipeline Ltd.	502,133	10,547,459
Pembina Pipeline Corporation	226,342	7,882,452
United States — 14.8%		
Plains GP Holdings, L.P.	913,432	18,807,565
SemGroup Corporation	382,241	9,173,784
		67,928,282
Natural Gas Gathering/Processing — 17.5%		
United States — 17.5%		
EnLink Midstream, LLC	530,288	8,855,810
Targa Resources Corp.	280,249	12,162,807
The Williams Companies, Inc.	410,025	11,911,226
		32,929,843
Natural Gas/Natural Gas Liquids Pipelines — 25.9%		
Canada — 10.4%		
Keyera Corp.	18,864	531,640
TransCanada Corporation	396,968	19,066,373
United States — 15.5%		
ONEOK, Inc.	385,387	20,001,585
Tallgrass Energy GP, LP	409,412	9,252,711
		48,852,309
Oil and Gas Production — 13.5%		
United States — 13.5%		
Anadarko Petroleum Corporation ⁽²⁾	23,500	1,130,115
Antero Resources Corporation ⁽²⁾⁽³⁾	60,900	1,157,100
Cabot Oil & Gas Corporation ⁽²⁾	43,300	1,253,535
Carrizo Oil & Gas, Inc. ⁽²⁾⁽³⁾	23,800	460,054
Cimarex Energy Co. ⁽²⁾	14,900	1,730,039
Concho Resources Inc. ⁽²⁾⁽³⁾	21,600	3,020,976
Continental Resources, Inc. ⁽²⁾⁽³⁾	28,300	1,339,439
Diamondback Energy, Inc. ⁽²⁾⁽³⁾	9,100	994,721
EOG Resources, Inc. ⁽²⁾	24,600	2,517,072
EQT Corporation ⁽²⁾	33,100	1,972,760
Laredo Petroleum, Inc. ⁽²⁾⁽³⁾	90,800	970,652
Newfield Exploration Company ⁽²⁾⁽³⁾	33,900	1,048,527
Noble Energy, Inc. ⁽²⁾	45,500	1,196,650
Parsley Energy, Inc. ⁽²⁾⁽³⁾	38,300	1,028,738
PDC Energy, Inc. ⁽²⁾⁽³⁾	14,400	661,680
Pioneer Natural Resources Company ⁽²⁾	8,200	1,279,528
Range Resources Corporation ⁽²⁾	88,800	1,600,176
RSP Permian, Inc. ⁽²⁾⁽³⁾	28,300	1,039,459
WPX Energy, Inc. ⁽²⁾⁽³⁾	80,000	1,013,600
		25,414,821
Total Common Stock (Cost \$195,365,330)		175,125,255
Master Limited Partnerships and Related Companies — 40.5%		
Crude Oil Pipelines — 10.9%		
United States — 10.9%		
Andeavor Logistics LP	22,878	1,024,019
BP Midstream Partners LP	71,626	1,308,607
Enbridge Energy Management, L.L.C. ⁽⁴⁾	963,871	13,012,262

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Genesis Energy L.P.	76,499		1,642,434
Shell Midstream Partners, L.P.		132,089	3,573,008
			20,560,330
Natural Gas/Natural Gas Liquids Pipelines — 10.1%			
United States — 10.1%			
Energy Transfer Equity, L.P.		43,645	707,049
Energy Transfer Partners, L.P.	714,412		11,866,383
Enterprise Products Partners L.P.		154,506	3,805,483
EQT Midstream Partners, LP	3,592		246,483
Tallgrass Energy Partners, LP		52,446	2,303,428
			18,928,826
Natural Gas Gathering/Processing — 10.0%			
United States — 10.0%			
DCP Midstream, LP		58,115	2,042,161
EnLink Midstream Partners, LP	92,339		1,476,501
MPLX LP		245,647	8,808,902
Noble Midstream Partners LP	22,872		1,131,020
Rice Midstream Partners LP		150,313	3,131,020
Western Gas Partners, LP	50,531		2,264,799
			18,854,403
Refined Product Pipelines — 9.5%			
United States — 9.5%			
Buckeye Partners, L.P.	95,105		4,368,173
Holly Energy Partners, L.P.		96,994	3,211,471
Magellan Midstream Partners, L.P.	35,211		2,359,137
NuStar Energy L.P.		135,021	3,923,710
Phillips 66 Partners LP	36,049		1,689,256
Phillips 66 Partners LP ⁽⁵⁾		37,151	1,728,636
Valero Energy Partners LP	15,417		640,731
			17,921,114
Total Master Limited Partnerships and Related Companies (Cost \$83,785,038)			76,264,673

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

21

TTP Schedule of Investments (continued)

November 30, 2017

	Shares	Fair Value
Preferred Stock — 3.7%		
Natural Gas Gathering/Processing — 1.2%		
United States — 1.2%		
Targa Resources Corp., 9.500% ⁽⁵⁾⁽⁶⁾	2,108	\$ 2,266,699
Oil and Gas Production — 2.5%		
United States — 2.5%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	39,500	1,288,095
Hess Corporation, 8.000%, 02/01/2019	60,000	3,393,000
		4,681,095
Total Preferred Stock (Cost \$7,003,895)		6,947,794
Short-Term Investment — 0.1%		
United States Investment Company — 0.1%		
Invesco Government & Agency Portfolio — Institutional Class, 0.98% ⁽⁷⁾ (Cost \$288,054)	288,054	288,054
Total Investments — 137.2% (Cost \$286,442,317)		258,625,776
Total Value of Options Written (Premiums received \$353,524) — (0.2)%		(322,204)
Other Assets and Liabilities — (0.3)%		(486,401)
Credit Facility Borrowings — (10.2)%		(19,300,000)
Senior Notes — (18.0)%		(34,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value — (8.5)%		(16,000,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 188,517,171

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

(2) All or a portion of the security represents cover for outstanding call option contracts written.

(3) Non-income producing security.

(4) Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.

(5) Restricted securities have a total fair value of \$3,995,335, which represents 2.1% of net assets. See Note 6 to the financial statements for further disclosure.

(6) Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.

(7) Rate indicated is the current yield as of November 30, 2017.

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

NDP Schedule of Investments

November 30, 2017

	Shares	Fair Value
Common Stock — 101.5%		
Crude Oil Pipelines — 0.0%		
United States — 0.0%		
SemGroup Corporation	344	\$8,256
Natural Gas Gathering/Processing — 0.6%		
United States — 0.6%		
Targa Resources Corp.	26,507	1,150,404
Oil and Gas Production — 97.3%		
The Netherlands — 3.9%		
Royal Dutch Shell plc (ADR)	114,500	7,341,740
United Kingdom — 1.1%		
BP p.l.c. (ADR)	51,096	2,047,417
United States — 92.3%		
Anadarko Petroleum Corporation ⁽²⁾	111,000	5,337,990
Antero Resources Corporation ⁽²⁾⁽³⁾	302,100	5,739,900
Cabot Oil & Gas Corporation ⁽²⁾	451,100	13,059,345
Carrizo Oil & Gas, Inc. ⁽²⁾⁽³⁾	210,000	4,059,300
Centennial Resource Development, Inc. ⁽³⁾	117,239	2,378,779
Cimarex Energy Co. ⁽²⁾	73,100	8,487,641
Concho Resources Inc. ⁽²⁾⁽³⁾	90,543	12,663,344
Continental Resources, Inc. ⁽²⁾⁽³⁾	177,500	8,401,075
Devon Energy Corporation ⁽²⁾	229,334	8,836,239
Diamondback Energy, Inc. ⁽²⁾⁽³⁾	107,400	11,739,894
EOG Resources, Inc. ⁽²⁾	174,000	17,803,680
EQT Corporation ⁽²⁾	108,100	6,442,760
Laredo Petroleum, Inc. ⁽²⁾⁽³⁾	306,100	3,272,209
Newfield Exploration Company ⁽²⁾⁽³⁾	231,300	7,154,109
Parsley Energy, Inc. ⁽²⁾⁽³⁾	247,600	6,650,536
PDC Energy, Inc. ⁽²⁾⁽³⁾	58,400	2,683,480
Pioneer Natural Resources Company ⁽²⁾	138,500	21,611,540
Range Resources Corporation ⁽²⁾	455,700	8,211,714
RSP Permian, Inc. ⁽²⁾⁽³⁾	233,700	8,583,801
SM Energy Company ⁽²⁾	151,000	3,116,640
Whiting Petroleum Corporation ⁽³⁾	6	150
WPX Energy, Inc. ⁽²⁾⁽³⁾	565,800	7,168,686
		182,791,969
Oilfield Services — 3.6%		
United States — 3.6%		
Fairmount Santrol Holdings Inc. ⁽²⁾⁽³⁾	505,000	2,434,100
U.S. Silica Holdings, Inc. ⁽²⁾	130,600	4,332,002
		6,766,102
Total Common Stock (Cost \$209,599,783)		190,716,731
Master Limited Partnerships and Related Companies — 32.3%		
Crude Oil Pipelines — 8.7%		
United States — 8.7%		
Andeavor Logistics LP	57,607	2,578,489
BP Midstream Partners LP	70,583	1,289,551
Enbridge Energy Management, L.L.C. ⁽⁴⁾	395,599	5,340,591
Plains All American Pipeline, L.P.	168,322	3,282,279
Shell Midstream Partners, L.P.	139,785	3,781,184
		16,272,094
Natural Gas/Natural Gas Liquids Pipelines — 5.5%		
United States — 5.5%		
Energy Transfer Equity, L.P.	44,365	718,713

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Energy Transfer Partners, L.P.	342,200		5,683,942
EQT Midstream Partners, LP		24,303	1,667,672
Spectra Energy Partners, LP	34,627		1,416,937
Tallgrass Energy Partners, LP		20,140	884,549
			10,371,813
Natural Gas Gathering/Processing — 9.4%			
United States — 9.4%			
Antero Midstream Partners LP		75,672	2,084,764
DCP Midstream, LP	155,345		5,458,823
EnLink Midstream Partners, LP		86,700	1,386,333
MPLX LP	121,726		4,365,094
Noble Midstream Partners LP		25,215	1,246,882
Rice Midstream Partners LP	40,357		840,636
Western Gas Partners, LP		17,480	783,454
Williams Partners L.P.	42,688		1,566,650
			17,732,636
Refined Product Pipelines — 7.4%			
United States — 7.4%			
Buckeye Partners, L.P.	49,673		2,281,481
Holly Energy Partners, L.P.		100,261	3,319,642
Magellan Midstream Partners, L.P.	22,216		1,488,472
NuStar Energy L.P.		59,614	1,732,383
Phillips 66 Partners LP	53,277		2,496,560
Phillips 66 Partners LP ⁽⁵⁾		32,400	1,507,572
Valero Energy Partners LP	26,106		1,084,965
			13,911,075
Other — 1.3%			
United States — 1.3%			
Westlake Chemical Partners LP	110,115		2,422,530
Total Master Limited Partnerships and Related Companies (Cost \$61,828,980)			60,710,148

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

23

NDP Schedule of Investments (continued)

November 30, 2017

	Shares	Fair Value
Preferred Stock — 1.8%		
Natural Gas Gathering/Processing — 1.2%		
United States — 1.2%		
Targa Resources Corp., 9.500% ⁽⁵⁾⁽⁶⁾	1,997	\$2,147,342
Oil and Gas Production — 0.6%		
United States — 0.6%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	36,900	1,203,309
Total Preferred Stock (Cost \$3,283,226)		3,350,651
Short-Term Investment — 0.2%		
United States Investment Company — 0.2%		
Invesco Government & Agency Portfolio — Institutional Class, 0.98% ⁽⁷⁾ (Cost \$312,930)	312,930	312,930
Total Investments — 135.8% (Cost \$275,024,919)		255,090,460
Total Value of Options Written (Premiums received \$1,895,945) — (1.0)%		(1,813,409)
Other Assets and Liabilities — (0.5)%		(888,498)
Credit Facility Borrowings — (34.3)%		(64,500,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 187,888,553

- (1) Calculated as a percentage of net assets applicable to common stockholders.
- (2) All or a portion of the security represents cover for outstanding call option contracts written.
- (3) Non-income producing security.
- (4) Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.
- (5) Restricted securities have a total fair value of \$3,654,914, which represents 1.9% of net assets. See Note 6 to the financial statements. for further disclosure.
- (6) Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.
- (7) Rate indicated is the current yield as of November 30, 2017.
- ADR = American Depository Receipts

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

TPZ Schedule of Investments

November 30, 2017

	Principal Amount	Fair Value
Corporate Bonds — 72.2%		
Crude Oil Pipelines — 9.7%		
Canada — 5.7%		
Enbridge Inc., 5.500%, 07/15/2077	\$ 8,500,000	\$8,478,750
United States — 4.0%		
SemGroup Corp., 6.375%, 03/15/2025 ⁽²⁾	6,000,000	5,955,000 14,433,750
Natural Gas/Natural Gas Liquids Pipelines — 27.0%		
Canada — 5.0%		
TransCanada Corporation, 5.625%, 05/20/2075	7,000,000	7,404,600
United States — 22.0%		
Cheniere Corp., 7.000%, 06/30/2024	4,000,000	4,540,000
Cheniere Corp., 5.875%, 03/31/2025	2,000,000	2,167,500
Columbia Pipeline Group, Inc., 3.300%, 06/01/2020	2,000,000	2,032,232
Florida Gas Transmission Co., LLC, 5.450%, 07/15/2020 ⁽²⁾	1,500,000	1,600,091
Kinder Morgan, Inc., 6.500%, 09/15/2020	4,000,000	4,389,200
Midcontinent Express Pipeline LLC, 6.700%, 09/15/2019 ⁽²⁾	2,000,000	2,095,000
ONEOK, Inc., 4.250%, 02/01/2022	4,500,000	4,659,300
ONEOK, Inc., 7.500%, 09/01/2023	2,000,000	2,387,260
Rockies Express Pipeline, LLC, 6.000%, 01/15/2019 ⁽²⁾	4,000,000	4,128,800
Ruby Pipeline, LLC, 6.000%, 04/01/2022 ⁽²⁾	1,420,455	1,517,977
Southern Star Central Corp., 5.125%, 07/15/2022 ⁽²⁾	3,000,000	3,108,750 40,030,710
Natural Gas Gathering/Processing — 10.4%		
United States — 10.4%		
Blue Racer Midstream, LLC, 6.125%, 11/15/2022 ⁽²⁾	4,000,000	4,150,000
DCP Midstream LLC, 9.750%, 03/15/2019 ⁽²⁾	4,000,000	4,340,000
The Williams Companies, Inc., 7.875%, 09/01/2021	5,000,000	5,825,000
The Williams Companies, Inc., 4.550%, 06/24/2024	1,000,000	1,036,250 15,351,250
Oil and Gas Production — 4.2%		
United States — 4.2%		
Carrizo Oil & Gas, Inc., 7.500%, 09/15/2020	1,000,000	1,020,000
EQT Corporation, 8.125%, 06/01/2019	2,000,000	2,166,188

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Hess Corporation, 4.300%, 04/01/2027	3,000,000	2,987,583 6,173,771
Power/Utility — 17.9%		
United States — 17.9%		
The AES Corporation, 5.500%, 04/15/2025	4,000,000	4,215,000
CMS Energy Corp., 8.750%, 06/15/2019	5,185,000	5,673,074
Dominion Resources, Inc., 5.750%, 10/01/2054	4,000,000	4,320,000
Duquesne Light Holdings, Inc., 6.400%, 09/15/2020 ⁽²⁾	3,000,000	3,294,288
Duquesne Light Holdings, Inc., 5.900%, 12/01/2021 ⁽²⁾	2,000,000	2,217,624
NRG Energy, Inc., 6.250%, 07/15/2022	2,000,000	2,082,500
NRG Yield Operating LLC, 5.375%, 08/15/2024	2,500,000	2,593,750
NV Energy, Inc., 6.250%, 11/15/2020	1,000,000	1,103,357
Pattern Energy Group Inc., 5.875%, 02/01/2024 ⁽²⁾	1,000,000	1,057,500 26,557,093
Refining — 3.0%		
United States — 3.0%		
HollyFrontier Corporation, 5.875%, 04/01/2026	4,000,000	4,432,624
Total Corporate Bonds (Cost \$102,090,656)		106,979,198

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

25

TPZ Schedule of Investments (continued)

November 30, 2017

	Shares		Fair Value
Master Limited Partnerships and Related Companies — 38.5%			
Crude Oil Pipelines — 9.2%			
United States — 9.2%			
Andeavor Logistics LP	33,993		\$1,521,527
BP Midstream Partners LP		56,069	1,024,381
Enbridge Energy Management, L.L.C. ⁽³⁾	640,503		8,646,794
Shell Midstream Partners, L.P.		89,044	2,408,640
			13,601,342
Natural Gas/Natural Gas Liquids Pipelines — 9.6%			
United States — 9.6%			
Energy Transfer Equity, L.P.		30,902	500,612
Energy Transfer Partners, L.P.	528,169		8,772,887
Enterprise Products Partners L.P.		119,603	2,945,822
Tallgrass Energy Partners, LP	44,952		1,974,292
			14,193,613
Natural Gas Gathering/Processing — 10.1%			
United States — 10.1%			
DCP Midstream, LP	52,040		1,828,686
EnLink Midstream Partners, LP		128,687	2,057,705
MPLX LP	146,476		5,252,629
Noble Midstream Partners LP		17,176	849,353
Rice Midstream Partners LP	102,565		2,136,429
Western Gas Partners, LP		63,378	2,840,602
			14,965,404
Refined Product Pipelines — 9.6%			
United States — 9.6%			
Buckeye Partners, L.P.		60,959	2,799,847
Holly Energy Partners, L.P.	95,869		3,174,223
Magellan Midstream Partners, L.P.		36,250	2,428,750
NuStar Energy L.P.	102,338		2,973,942
Phillips 66 Partners LP		24,755	1,160,019
Phillips 66 Partners LP ⁽²⁾	28,667		1,333,876
Valero Energy Partners LP		9,774	406,207
			14,276,864
Total Master Limited Partnerships and Related Companies (Cost \$50,300,712)			57,037,223
Common Stock — 21.2%			
Crude Oil Pipelines — 2.4%			
Canada — 1.1%			
Enbridge Inc.	44,286		1,670,025
United States — 1.3%			
SemGroup Corporation	79,830		1,915,920
			3,585,945
Natural Gas/Natural Gas Liquids Pipelines — 11.7%			
United States — 11.7%			
Kinder Morgan, Inc.	385,467		6,641,597
ONEOK, Inc.		148,091	7,685,922
Tallgrass Energy GP, LP	133,814		3,024,196
			17,351,715
Natural Gas Gathering/Processing — 7.1%			
United States — 7.1%			

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

EnLink Midstream LLC	125,234		2,091,408
Targa Resources Corp.		138,091	5,993,149
The Williams Companies, Inc.	83,852		2,435,901
			10,520,458
Total Common Stock (Cost \$28,324,776)			31,458,118

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

TPZ Schedule of Investments (continued)

November 30, 2017

	Shares	Fair Value
Preferred Stock — 3.2%		
Natural Gas Gathering/Processing — 1.2%		
United States — 1.2%		
Targa Resources Corp., 9.500% ⁽²⁾⁽⁴⁾	1,685	\$ 1,811,854
Oil and Gas Production — 0.5%		
United States — 0.5%		
Anadarko Petroleum Corporation, 7.500%, 06/07/2018	24,400	795,684
Power/Utility — 1.5%		
United States — 1.5%		
DTE Energy, 6.500%, 10/01/2019	39,600	2,225,916
Total Preferred Stock (Cost \$4,496,162)		4,833,454
Short-Term Investment — 0.1%		
United States Investment Company — 0.1%		
Invesco Government & Agency Portfolio — Institutional Class, 0.98% ⁽⁵⁾ (Cost \$126,115)	126,115	126,115
Total Investments — 135.2% (Cost \$185,338,421)		200,434,108
Interest Rate Swap Contracts — 0.0%		
\$15,000,000 notional — net unrealized appreciation		42,784
Other Assets and Liabilities — 0.8%		1,165,922
Credit Facility Borrowings — (36.0)%		(53,400,000)
Total Net Assets Applicable to Common Stockholders — 100.0%		\$ 148,242,814

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

(2) Restricted securities have a total fair value of \$36,610,760, which represents 24.7% of net assets. See Note 6 to the financial statements for further disclosure.

(3) Security distributions are paid-in-kind. Rate determined by dividing the cash value of a distribution declared by Enbridge Energy Partners, L.P. by the average closing price of Enbridge Energy Management, L.L.C. shares for the ten consecutive trading days prior to the ex-dividend date.

(4) Securities have been valued by using significant unobservable inputs in accordance with fair value procedures, as more fully described in Note 2 to the financial statements.

(5) Rate indicated is the current yield as of November 30, 2017.

(6) See Note 12 to the financial statements for further disclosure.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

27

Schedule of Interest Rate Swap Contracts

November 30, 2017

TYG

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TYG	Floating Rate Received by TYG	Unrealized Depreciation
The Bank of Nova Scotia	09/02/2018	\$ 5,000,000	1.815 %	1-month U.S. Dollar LIBOR	\$ (9,497)
The Bank of Nova Scotia	09/02/2021	10,000,000	2.381 %	1-month U.S. Dollar LIBOR	(148,205)
		\$ 15,000,000			\$ (157,702)

TPZ

Counterparty	Maturity Date	Notional Amount	Fixed Rate Paid by TPZ	Floating Rate Received by TPZ	Unrealized Appreciation (Depreciation)
Wells Fargo Bank, N.A.	08/06/2018	\$ 6,000,000	1.950 %	3-month U.S. Dollar LIBOR	\$ (14,760)
Wells Fargo Bank, N.A.	11/29/2019	6,000,000	1.330 %	3-month U.S. Dollar LIBOR	73,203
Wells Fargo Bank, N.A.	08/06/2020	3,000,000	2.180 %	3-month U.S. Dollar LIBOR	(15,659)
		\$ 15,000,000			\$ 42,784

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

Schedule of Options Written

November 30, 2017

TTP

Call Options Written	Expiration Date	Strike Price	Contracts	Notional Value	Fair Value
Anadarko Petroleum Corporation	December 2017	\$ 50.60	83	\$ 419,980	\$ (3,180)
Anadarko Petroleum Corporation	December 2017	51.00	152	775,200	(3,344)
Antero Resources Corporation	December 2017	20.00	609	1,218,000	(12,180)
Cabot Oil & Gas Corporation	December 2017	30.50	433	1,320,650	(6,014)
Carrizo Oil & Gas, Inc.	December 2017	20.00	238	476,000	(16,660)
Cimarex Energy Co.	December 2017	122.00	149	1,817,800	(10,286)
Concho Resources Inc.	December 2017	146.00	216	3,153,600	(17,665)
Continental Resources, Inc.	December 2017	48.00	283	1,358,400	(32,545)
Diamondback Energy, Inc.	December 2017	113.00	91	1,028,300	(8,224)
EOG Resources, Inc.	December 2017	107.00	246	2,632,200	(7,872)
EQT Corporation	December 2017	62.50	331	2,068,750	(11,585)
Laredo Petroleum, Inc.	December 2017	10.45	400	418,000	(6,714)
Laredo Petroleum, Inc.	December 2017	11.55	508	586,740	(6,439)
Newfield Exploration Company	December 2017	31.30	82	256,660	(3,549)
Newfield Exploration Company	December 2017	31.00	257	796,700	(21,845)
Noble Energy, Inc.	December 2017	26.90	96	258,240	(2,668)
Noble Energy, Inc.	December 2017	28.50	359	1,023,150	(2,991)
Parsley Energy, Inc.	December 2017	26.75	229	612,575	(19,145)
Parsley Energy, Inc.	December 2017	27.50	154	423,500	(7,700)
PDC Energy, Inc.	December 2017	46.20	53	244,860	(7,321)
PDC Energy, Inc.	December 2017	47.00	91	427,700	(7,853)
Pioneer Natural Resources Company	December 2017	159.00	82	1,303,800	(17,925)
Range Resources Corporation	December 2017	18.50	314	580,900	(14,899)
Range Resources Corporation	December 2017	18.00	574	1,033,200	(34,440)
RSP Permian, Inc.	December 2017	37.90	63	238,770	(2,277)
RSP Permian, Inc.	December 2017	38.00	220	836,000	(10,409)
WPX Energy, Inc.	December 2017	12.90	474	611,460	(16,694)
WPX Energy, Inc.	December 2017	13.00	326	423,800	(9,780)
Total Value of Call Options Written (Premiums received \$353,524)				\$ 26,344,935	\$ (322,204)

NDP

Call Options Written	Expiration Date	Strike Price	Contracts	Notional Value	Fair Value
Anadarko Petroleum Corporation	December 2017	\$ 51.00	1,110	\$ 5,661,000	\$ (24,420)
Antero Resources Corporation	December 2017	20.80	3,021	6,283,680	(32,715)
Cabot Oil & Gas Corporation	December 2017	31.00	4,511	13,984,100	(45,110)
Carrizo Oil & Gas, Inc.	December 2017	20.50	2,100	4,305,000	(118,436)
Cimarex Energy Co.	December 2017	125.00	731	9,137,500	(23,758)
Concho Resources Inc.	December 2017	149.00	905	13,484,500	(35,390)
Continental Resources, Inc.	December 2017	49.00	1,775	8,697,500	(177,500)
Devon Energy Corporation	December 2017	41.00	2,293	9,401,300	(52,739)
Diamondback Energy, Inc.	December 2017	116.00	1,074	12,458,400	(36,304)
EOG Resources, Inc.	December 2017	108.00	1,740	18,792,000	(38,280)
EQT Corporation	December 2017	63.70	1,081	6,885,970	(34,307)
Fairmount Santrol Holdings Inc.	December 2017	5.00	5,050	2,525,000	(131,300)
Laredo Petroleum, Inc.	December 2017	10.75	3,061	3,290,575	(113,718)
Newfield Exploration Company	December 2017	32.00	2,313	7,401,600	(115,650)
Parsley Energy, Inc.	December 2017	27.00	2,476	6,685,200	(175,902)
PDC Energy, Inc.	December 2017	47.70	584	2,785,680	(45,500)
Pioneer Natural Resources Company	December 2017	164.00	1,385	22,714,000	(121,529)
Range Resources Corporation	December 2017	18.40	4,557	8,384,880	(232,234)
RSP Permian, Inc.	December 2017	39.00	2,337	9,114,300	(62,476)
SM Energy Company	December 2017	21.50	1,510	3,246,500	(41,129)
US Silica Holdings Inc	December 2017	36.75	1,306	4,799,550	(26,878)
WPX Energy, Inc.	December 2017	13.25	5,658	7,496,850	(128,134)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Total Value of Call Options Written (Premiums received \$1,895,945) See accompanying Notes to Financial Statements.	\$ 187,535,085	\$ (1,813,409)
---	----------------	----------------

Tortoise Capital Advisors

29

Statements of Assets & Liabilities

November 30, 2017

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Assets		
Investments in unaffiliated securities at fair value(1)	\$ 2,186,194,173	\$ 1,322,879,748
Investments in affiliated securities at fair value(2)	25,886,172	—
Receivable for Adviser fee waiver	7,256	—
Receivable for investments sold	8,610,316	3,747,053
Unrealized appreciation of interest rate swap contracts, net	—	—
Dividends, distributions and interest receivable from investments	718,719	384,463
Current tax asset	13,014,797	534,721
Prepaid expenses and other assets	883,375	431,174
Total assets	2,235,314,808	1,327,977,159
Liabilities		
Call options written, at fair value(3)	—	—
Payable to Adviser	3,660,808	2,169,432
Accrued directors' fees and expenses	69,297	51,951
Payable for investments purchased	11,497,201	1,523,478
Distribution payable to common stockholders	—	1,455,351
Accrued expenses and other liabilities	8,262,079	3,278,954
Unrealized depreciation of interest rate swap contracts	157,702	—
Deferred tax liability	342,079,252	122,372,790
Credit facility borrowings	112,700,000	49,800,000
Senior notes, net(4)	411,762,053	283,713,450
Mandatory redeemable preferred stock, net(5)	163,597,946	109,526,633
Total liabilities	1,053,786,338	573,892,039
Net assets applicable to common stockholders	\$ 1,181,528,470	\$ 754,085,120
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, \$0.001 par value per share	\$ 49,379	\$ 47,247
Additional paid-in capital	853,299,330	563,623,191
Undistributed (accumulated) net investment income (loss), net of income taxes	(239,156,803)	(137,388,906)
Undistributed (accumulated) net realized gain (loss), net of income taxes	985,757,121	303,433,195
Net unrealized appreciation (depreciation), net of income taxes	(418,420,557)	24,370,393
Net assets applicable to common stockholders	\$ 1,181,528,470	\$ 754,085,120
Capital shares:		
Authorized	100,000,000	100,000,000
Outstanding	49,379,408	47,246,780
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	\$ 23.93	\$ 15.96
(1) Investments in unaffiliated securities at cost	\$ 1,995,429,660	\$ 1,285,953,369
(2) Investments in affiliated securities at cost	\$ 34,916,525	\$ —
(3) Call options written, premiums received	\$ —	\$ —
(4) Deferred debt issuance and offering costs	\$ 737,947	\$ 286,550
(5) Deferred offering costs	\$ 1,402,054	\$ 473,367
See accompanying Notes to Financial Statements.		

2017 Annual Report | November 30, 2017

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 258,625,776	\$ 255,090,460	\$ 200,434,108
—	—	—
—	—	—
—	—	42,784
524,739	199,173	1,806,127
—	—	—
24,192	12,272	8,404
259,174,707	255,301,905	202,291,423
322,204	1,813,409	—
485,029	460,451	325,401
25,718	25,605	21,154
—	—	—
—	287,594	—
633,896	326,293	302,054
—	—	—
—	—	—
19,300,000	64,500,000	53,400,000
33,925,435	—	—
15,965,254	—	—
70,657,536	67,413,352	54,048,609
\$ 188,517,171	\$ 187,888,553	\$ 148,242,814
\$ 10,016	\$ 14,584	\$ 6,951
221,651,398	265,375,631	128,799,420
990,851	(2,914,758)	4,655,808
(6,346,349)	(54,734,980)	(357,661)
(27,788,745)	(19,851,924)	15,138,296
\$ 188,517,171	\$ 187,888,553	\$ 148,242,814
100,000,000	100,000,000	100,000,000
10,016,413	14,583,662	6,951,333
\$ 18.82	\$ 12.88	\$ 21.33
\$ 286,442,317	\$ 275,024,919	\$ 185,338,421
\$ —	\$ —	\$ —
\$ 353,524	\$ 1,895,945	\$ —
\$ 74,565	\$ —	\$ —
\$ 34,746	\$ —	\$ —

See accompanying Notes to Financial Statements.

Statements of Operations

Year Ended November 30, 2017

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Investment Income		
Distributions from master limited partnerships	\$ 174,345,027	\$ 104,723,775
Dividends and distributions from common stock	2,461,936	1,592,166
Dividends and distributions from preferred stock	3,540,010	1,912,065
Less return of capital on distributions	(178,393,605)	(103,809,279)
Less foreign taxes withheld	—	—
Net dividends and distributions from investments	1,953,368	4,418,727
Interest from corporate bonds	—	—
Dividends from money market mutual funds	3,416	2,106
Total Investment Income	1,956,784	4,420,833
Operating Expenses		
Advisory fees	24,431,976	14,348,854
Administrator fees	503,822	448,504
Professional fees	358,672	223,965
Directors' fees	241,250	184,946
Stockholder communication expenses	202,059	127,064
Custodian fees and expenses	107,949	65,217
Fund accounting fees	92,415	78,792
Registration fees	51,821	46,443
Stock transfer agent fees	13,404	12,078
Franchise fees	1,439	3,462
Other operating expenses	191,573	101,970
Total Operating Expenses	26,196,380	15,641,295
Leverage Expenses		
Interest expense	17,391,106	11,702,724
Distributions to mandatory redeemable preferred stockholders	6,919,999	4,677,005
Amortization of debt issuance costs	460,190	369,139
Other leverage expenses	276,720	88,850
Total Leverage Expenses	25,048,015	16,837,718
Total Expenses	51,244,395	32,479,013
Less fees waived by Adviser (Note 4)	(35,684)	—
Net Expenses	51,208,711	32,479,013
Net Investment Income (Loss), before Income Taxes	(49,251,927)	(28,058,180)
Deferred tax benefit	17,310,874	8,291,376
Net Investment Income (Loss)	(31,941,053)	(19,766,804)
Realized and Unrealized Gain (Loss) on Investments and Interest Rate Swaps		
Net realized gain (loss) on investments in unaffiliated securities	202,295,304	45,079,395
Net realized gain on options	602,988	384,431
Net realized loss on interest rate swap settlements	(188,170)	—
Net realized gain on foreign currency and translation of other assets and liabilities denominated in foreign currency	—	—
Net realized gain (loss), before income taxes	202,710,122	45,463,826
Current tax expense	(35,365,364)	(440,504)
Deferred tax expense	(48,056,303)	(15,834,537)
Income tax expense	(83,421,667)	(16,275,041)
Net realized gain (loss)	119,288,455	29,188,785
Net unrealized depreciation of investments in unaffiliated securities	(332,359,498)	(130,115,374)
Net unrealized depreciation of investments in affiliated securities	(9,030,353)	—
Net unrealized appreciation of options	—	—
Net unrealized appreciation of interest rate swap contracts	207,349	—
Net unrealized depreciation of other assets and liabilities due to foreign currency translation	—	—

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Net unrealized depreciation, before income taxes	(341,182,502)	(130,115,374)
Deferred tax benefit	140,407,459	46,578,418
Net unrealized depreciation	(200,775,043)	(83,536,956)
Net Realized and Unrealized Loss	(81,486,588)	(54,348,171)
Net Decrease in Net Assets Applicable to Common Stockholders		
Resulting from Operations	\$ (113,427,641)	\$ (74,114,975)

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 5,338,969	\$ 4,532,839	\$ 4,000,281
9,203,618	1,173,852	2,146,727
588,385	328,090	543,190
(9,136,999)	(4,201,670)	(5,000,251)
(423,532)	(64,578)	(20,032)
5,570,441	1,768,533	1,669,915
—	—	5,916,711
3,299	6,589	1,898
5,573,740	1,775,122	7,588,524
3,143,429	3,004,436	2,030,813
114,306	109,252	85,509
149,454	147,511	152,715
87,776	87,828	69,873
68,056	48,691	92,352
21,032	19,320	10,949
52,154	50,969	30,072
24,459	24,459	24,382
12,468	12,392	15,316
—	—	—
43,775	44,097	27,490
3,716,909	3,548,955	2,539,471
1,566,568	1,182,891	959,261
686,401	—	—
57,013	—	—
18,002	—	—
2,327,984	1,182,891	959,261
6,044,893	4,731,846	3,498,732
(12,974)	(26,663)	—
6,031,919	4,705,183	3,498,732
(458,179)	(2,930,061)	4,089,792
(458,179)	(2,930,061)	4,089,792
2,586,784	(21,311,036)	4,322,726
1,999,135	12,144,173	—
—	—	(138,700)
17,830	—	1,794
4,603,749	(9,166,863)	4,185,820
—	—	—
—	—	—
4,603,749	(9,166,863)	4,185,820
(34,863,434)	(27,812,648)	(15,874,586)
—	—	—
1,026,681	6,243,375	—
—	—	196,092
(3,975)	—	(234)

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

(33,840,728)	(21,569,273)	(15,678,728)
<u> </u>	<u> </u>	<u> </u>
(33,840,728)	(21,569,273)	(15,678,728)
(29,236,979)	(30,736,136)	(11,492,908)

\$ (29,695,158) \$ (33,666,197) \$ (7,403,116)

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

33

Statements of Changes in Net Assets

	Tortoise Energy Infrastructure Corp.		Tortoise MLP Fund, Inc.	
	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2017	Year Ended November 30, 2016
Operations				
Net investment income (loss)	\$ (31,941,053)	\$ (38,025,109)	\$ (19,766,804)	\$ (21,714,757)
Net realized gain (loss)	119,288,455	117,748,586	29,188,785	49,307,107
Net unrealized appreciation (depreciation)	(200,775,043)	26,561,096	(83,536,956)	78,801,730
Net increase (decrease) in net assets applicable to common stockholders resulting from operations	(113,427,641)	106,284,573	(74,114,975)	106,394,080
Distributions to Common Stockholders				
Net investment income	—	—	—	—
Net realized gain	—	—	—	—
Return of capital	(128,748,918)	(127,370,405)	(79,670,471)	(79,464,402)
Total distributions to common stockholders	(128,748,918)	(127,370,405)	(79,670,471)	(79,464,402)
Capital Stock Transactions				
Proceeds from issuance of common shares through shelf offerings	4,639,779	24,678,844	—	—
Underwriting discounts and offering expenses associated with the issuance of common stock	(91,276)	(412,770)	—	(46,340)
Issuance of common shares from reinvestment of distributions to stockholders	6,881,998	3,361,039	3,004,499	1,573,688
Other proceeds	180	—	—	—
Net increase in net assets applicable to common stockholders from capital stock transactions	11,430,681	27,627,113	3,004,499	1,527,348
Total increase (decrease) in net assets applicable to common stockholders	(230,745,878)	6,541,281	(150,780,947)	28,457,026
Net Assets				
Beginning of year	1,412,274,348	1,405,733,067	904,866,067	876,409,041
End of year	\$ 1,181,528,470	\$ 1,412,274,348	\$ 754,085,120	\$ 904,866,067
Undistributed (accumulated) net investment income (loss), net of income taxes, end of year	\$ (239,156,803)	\$ (207,215,750)	\$ (137,388,906)	\$ (117,622,102)
Transactions in common shares				
Shares outstanding at beginning of year	48,980,215	48,016,591	47,080,789	47,000,211
Shares issued through shelf offerings	155,743	849,006	—	—
Shares issued through reinvestment of distributions	243,450	114,618	165,991	80,578
Shares outstanding at end of year	49,379,408	48,980,215	47,246,780	47,080,789

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

Tortoise Pipeline & Energy Fund, Inc.		Tortoise Energy Independence Fund, Inc.		Tortoise Power and Energy Infrastructure Fund, Inc.	
Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2017	Year Ended November 30, 2016
\$ (458,179)	\$ 372,171	\$ (2,930,061)	\$ (1,807,587)	\$ 4,089,792	\$ 4,960,755
4,603,749	5,319,164	(9,166,863)	(20,323,202)	4,185,820	6,898,290
(33,840,728)	47,731,706	(21,569,273)	68,212,366	(15,678,728)	17,338,882
(29,695,158)	53,423,041	(33,666,197)	46,081,577	(7,403,116)	29,197,927
(539,043)	(3,810,236)	—	—	(7,224,707)	(8,977,396)
(2,497,430)	(12,516,517)	—	—	(2,519,243)	(1,710,279)
(13,290,280)	—	(25,460,285)	(25,403,124)	(683,050)	—
(16,326,753)	(16,326,753)	(25,460,285)	(25,403,124)	(10,427,000)	(10,687,675)
—	—	—	—	—	—
—	—	—	—	—	—
—	—	927,023	—	—	—
—	—	927,023	—	—	—
(46,021,911)	37,096,288	(58,199,459)	20,678,453	(17,830,116)	18,510,252
234,539,082	197,442,794	246,088,012	225,409,559	166,072,930	147,562,678
\$ 188,517,171	\$ 234,539,082	\$ 187,888,553	\$ 246,088,012	\$ 148,242,814	\$ 166,072,930
\$990,851	\$1,926,853	\$(2,914,758)	\$(182,319)	\$4,655,808	\$6,607,440
10,016,413	10,016,413	14,516,071	14,516,071	6,951,333	6,951,333
—	—	—	—	—	—
—	—	67,591	—	—	—
10,016,413	10,016,413	14,583,662	14,516,071	6,951,333	6,951,333

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

35

Statements of Cash Flows

Year Ended November 30, 2017

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Cash Flows From Operating Activities		
Dividends, distributions and interest received from investments	\$ 180,350,270	\$ 108,229,964
Purchases of long-term investments	(514,202,092)	(314,913,306)
Proceeds from sales of long-term investments	567,584,240	312,426,586
Sales (purchases) of short-term investments, net	158,325	195,331
Call options written, net	602,988	384,431
Payments on interest rate swap contracts, net	(188,170)	—
Interest received on securities sold, net	—	—
Interest expense paid	(17,523,969)	(11,655,273)
Distributions to mandatory redeemable preferred stockholders	(6,920,000)	(4,677,000)
Other leverage expenses paid	(306,415)	(130,093)
Income taxes paid	(38,910,088)	(144,516)
Operating expenses paid	(26,589,148)	(15,896,506)
Net cash provided by operating activities	144,055,941	73,819,618
Cash Flows From Financing Activities		
Advances on credit facilities, net	3,400,000	3,000,000
Issuance of senior notes	25,000,000	—
Maturity of senior notes	(55,000,000)	—
Debt issuance costs	(103,930)	—
Issuance of common stock	4,639,779	—
Common stock issuance costs	(125,109)	—
Distributions paid to common stockholders	(121,866,861)	(76,819,618)
Other proceeds	180	—
Net cash used in financing activities	(144,055,941)	(73,819,618)
Net change in cash	—	—
Cash — beginning of year	—	—
Cash — end of year	\$ —	\$ —

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ 14,641,704	\$ 6,046,779	\$ 13,082,485
(69,375,081)	(179,757,545)	(67,565,515)
72,640,321	190,389,217	65,494,794
27,587	(36,225)	15,040
1,889,664	11,886,556	—
—	—	(138,700)
—	—	177,064
(1,536,606)	(1,103,319)	(884,536)
(686,400)	—	—
(18,000)	—	—
(800)	(850)	—
(3,731,484)	(3,561,483)	(2,553,632)
13,850,905	23,863,130	7,627,000
2,700,000	700,000	2,800,000
—	—	—
—	—	—
—	—	—
—	—	—
(16,550,905)	(24,563,130)	(10,427,000)
(13,850,905)	(23,863,130)	(7,627,000)
—	—	—
\$ —	\$ —	\$ —

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

37

Statements of Cash Flows (continued)

Year Ended November 30, 2017

	Tortoise Energy Infrastructure Corp.	Tortoise MLP Fund, Inc.
Reconciliation of net decrease in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities		
Net decrease in net assets applicable to common stockholders resulting from operations	\$ (113,427,641)	\$ (74,114,975)
Adjustments to reconcile net decrease in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities:		
Purchases of long-term investments	(525,699,293)	(316,436,784)
Proceeds from sales of long-term investments	576,194,556	316,173,639
Sales (purchases) of short-term investments, net	158,325	195,331
Call options written, net	602,988	384,431
Return of capital on distributions received	178,393,605	103,809,279
Deferred tax benefit	(109,662,030)	(39,035,257)
Net unrealized depreciation	341,182,502	130,115,374
Amortization of market premium, net	—	—
Net realized gain	(202,898,292)	(45,463,826)
Amortization of debt issuance costs	460,190	369,139
Changes in operating assets and liabilities:		
(Increase) decrease in dividends, distributions and interest receivable from investments	(119)	(148)
(Increase) decrease in current tax asset	(3,544,725)	295,988
Increase in receivable for investments sold	(8,610,316)	(3,747,053)
Increase (decrease) in prepaid expenses and other assets	(57,632)	(78,586)
Increase in payable for investments purchased	11,497,201	1,523,478
Decrease in payable to Adviser, net of fees waived	(410,008)	(234,139)
Increase (decrease) in accrued expenses and other liabilities	(123,370)	63,727
Total adjustments	257,483,582	147,934,593
Net cash provided by operating activities	\$ 144,055,941	\$ 73,819,618
Non-Cash Financing Activities		
Reinvestment of distributions by common stockholders in additional common shares	\$ 6,881,998	\$ 3,004,499

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

Tortoise Pipeline & Energy Fund, Inc.	Tortoise Energy Independence Fund, Inc.	Tortoise Power and Energy Infrastructure Fund, Inc.
\$ (29,695,158)	\$ (33,666,197)	\$ (7,403,116)
(69,375,081)	(179,757,545)	(67,565,515)
72,640,321	190,389,217	65,494,794
27,587	(36,225)	15,040
1,889,664	11,886,556	—
9,136,999	4,201,670	5,000,251
—	—	—
33,840,728	21,569,273	15,678,728
—	—	542,724
(4,603,749)	9,166,863	(4,324,520)
57,013	—	—
(69,035)	69,987	128,050
—	—	—
—	—	—
109	500	371
—	—	—
(31,237)	(40,388)	(14,270)
32,744	79,419	74,463
43,546,063	57,529,327	15,030,116
\$ 13,850,905	\$ 23,863,130	\$ 7,627,000
\$—	\$ 927,023	\$—

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

39

TYG Financial Highlights

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 2013
Per Common Share Data⁽¹⁾					
Net Asset Value, beginning of year	\$ 28.83	\$ 29.28	\$ 49.34	\$ 43.36	\$ 36.00
Income (Loss) from Investment Operations					
Net investment loss ⁽²⁾	(0.65)	(0.78)	(0.62)	(0.66)	(0.74)
Net realized and unrealized gain (loss) on investments and interest rate swap contracts ⁽²⁾	(1.64)	2.94	(16.85)	9.01	10.27
Total income (loss) from investment operations	(2.29)	2.16	(17.47)	8.35	9.54
Distributions to Common Stockholders					
Return of capital	(2.62)	(2.62)	(2.59)	(2.38)	(2.29)
Capital Stock Transactions					
Premiums less underwriting discounts and offering costs on issuance of common stock ⁽³⁾	0.01	0.01	(0.00)	0.01	0.05
Net Asset Value, end of year	\$ 23.93	\$ 28.83	\$ 29.28	\$ 49.34	\$ 43.36
Per common share market value, end of year	\$ 25.86	\$ 30.63	\$ 26.57	\$ 46.10	\$ 49.70
Total investment return based on market value ⁽⁴⁾	(7.49)%	26.21 %	(37.86)%	(2.54)%	33.77
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000's)	\$ 1,181,528	\$ 1,412,274	\$ 1,405,733	\$ 2,369,068	\$ 1,245,760
Average net assets (000's)	\$ 1,406,724	\$ 1,345,764	\$ 1,974,038	\$ 1,837,590	\$ 1,167,339
Ratio of Expenses to Average Net Assets					
Advisory fees	1.74 %	1.74 %	1.76 %	1.65 %	1.61
Other operating expenses	0.12	0.12	0.10	0.13	0.12
Total operating expenses, before fee waiver	1.86	1.86	1.86	1.78	1.73
Fee waiver ⁽⁵⁾	(0.00)	(0.01)	—	(0.00)	(0.00)
Total operating expenses	1.86	1.85	1.86	1.78	1.73
Leverage expenses	1.78	2.29	1.75	1.38	1.50
Income tax expense (benefit) ⁽⁶⁾	(5.28)	4.64	(24.50)	7.81	14.05
Total expenses	(1.64)%	8.78 %	(20.89)%	10.97 %	17.37

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 2013
Ratio of net investment loss to average net assets before fee waiver	(2.27)%	(2.83)%	(1.50)%	(1.33)%	(1.78)
Ratio of net investment loss to average net assets after fee waiver	(2.27)%	(2.82)%	(1.50)%	(1.33)%	(1.78)
Portfolio turnover rate	20.38%	24.23%	12.94%	15.33%	13.40%
Credit facility borrowings, end of year (000's)	\$ 112,700	\$ 109,300	\$ 66,000	\$ 162,800	\$ 27,600
Senior notes, end of year (000's)	\$ 412,500	\$ 442,500	\$ 545,000	\$ 544,400	\$ 300,000
Preferred stock, end of year (000's)	\$ 165,000	\$ 165,000	\$ 295,000	\$ 224,000	\$ 80,000
Per common share amount of senior notes outstanding, end of year	\$ 8.35	\$ 9.03	\$ 11.35	\$ 11.34	\$ 10.44
Per common share amount of net assets, excluding senior notes, end of year	\$ 32.28	\$ 37.86	\$ 40.63	\$ 60.68	\$ 53.00
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings ⁽⁷⁾	\$ 3,564	\$ 3,858	\$ 3,784	\$ 4,667	\$ 5,047
Asset coverage ratio of senior notes and credit facility borrowings ⁽⁷⁾	356%	386%	378%	467%	504%
Asset coverage, per \$10 liquidation value per share of mandatory redeemable preferred stock ⁽⁸⁾	\$ 27	\$ 30	\$ 26	\$ 35	\$ 41
Asset coverage ratio of preferred stock ⁽⁸⁾	271%	297%	255%	354%	409%

(1) Information presented relates to a share of common stock outstanding for the entire year.

The per common share data for the years ended November 30, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment

(2) income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

Represents the premium on the shelf offerings of \$0.01 per share, less the underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2017. Represents the premium on the shelf offerings of \$0.02 per share, less the underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2016. Represents underwriting and offering costs of less than \$0.01 per share for the year ended November 30, 2015. Represents the premium on the shelf offerings of \$0.02 per share, less the underwriting and offering costs of \$0.01 per share for the year ended November 30, 2014. Represents the premium on the shelf offerings of \$0.06 per share, less the

(3) underwriting and offering costs of \$0.01 per share for the year ended November 30, 2013.

Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices

(4) pursuant to TYG's dividend reinvestment plan.

(5) Less than 0.01% for the years ended November 30, 2017, 2014 and 2013.

For the year ended November 30, 2017, TYG accrued \$35,365,364 for current income tax expense and \$109,662,030 for net deferred income tax benefit. For the year ended November 30, 2016, TYG accrued \$57,075,786 for current income tax expense and \$5,303,392 for net deferred income tax expense. For the year ended November 30, 2015, TYG accrued \$66,785,732 for net current income tax expense and \$550,449,662 for net deferred income tax benefit. For the year ended November 30, 2014, TYG accrued \$52,981,532 for current income tax expense and \$90,477,388 for net deferred income tax expense. For the year ended November 30, 2013, TYG accrued \$23,290,478 for net current income tax

(6) expense and \$140,745,675 for net deferred income tax expense.

Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.

(8) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.

See accompanying Notes to Financial Statements.

NTG Financial Highlights

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Per Common Share Data⁽¹⁾					
Net Asset Value, beginning of year	\$ 19.22	\$ 18.65	\$ 29.83	\$ 28.00	\$ 24.50
Income (Loss) from Investment Operations					
Net investment loss ⁽²⁾	(0.42)	(0.46)	(0.32)	(0.54)	(0.42)
Net realized and unrealized gain (loss) on investments ⁽²⁾	(1.15)	2.72	(9.17)	4.06	5.59
Total income (loss) from investment operations	(1.57)	2.26	(9.49)	3.52	5.17
Distributions to Common Stockholders					
Return of capital	(1.69)	(1.69)	(1.69)	(1.69)	(1.67)
Capital stock transactions					
Premiums less underwriting discounts and offering costs on issuance of common stock ⁽³⁾	—	(0.00)	(0.00)	—	0.00
Net Asset Value, end of year	\$ 15.96	\$ 19.22	\$ 18.65	\$ 29.83	\$ 28.00
Per common share market value, end of year	\$ 15.90	\$ 18.90	\$ 16.18	\$ 27.97	\$ 27.22
Total investment return based on market value ⁽⁴⁾	(7.67)%	27.99 %	(37.08)%	9.08 %	16.27 %

Supplemental Data and Ratios

Net assets applicable to common stockholders, end of year (000's)	\$ 754,085	\$ 904,866	\$ 876,409	\$ 1,401,926	\$ 1,315,866
Average net assets (000's)	\$892,196	\$862,527	\$ 1,174,085	\$ 1,404,751	\$ 1,274,638
Ratio of Expenses to Average Net Assets					
Advisory fees	1.61 %	1.56 %	1.56 %	1.48 %	1.38 %
Other operating expenses	0.14	0.16	0.12	0.10	0.10
Total operating expenses, before fee waiver	1.75	1.72	1.68	1.58	1.48
Fee waiver	—	(0.01)	(0.09)	(0.16)	(0.23)
Total operating expenses	1.75	1.71	1.59	1.42	1.25
Leverage expenses	1.89	1.95	1.42	1.09	1.08
Income tax expense (benefit) ⁽⁵⁾	(4.33)	7.25	(21.92)	7.04	11.09
Total expenses	(0.69)%	10.91 %	(18.91)%	9.55 %	13.42 %

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Ratio of net investment loss to average net assets before fee waiver	(2.22)%	(2.53)%	(1.36)%	(1.97)%	(1.76)%
Ratio of net investment loss to average net assets after fee waiver	(2.22)%	(2.52)%	(1.27)%	(1.81)%	(1.53)%
Portfolio turnover rate	20.94%	35.47%	17.54%	18.09%	13.42%
Credit facility borrowings, end of year (000's)	\$ 49,800	\$ 46,800	\$ 62,800	\$ 68,900	\$ 27,200
Senior notes, end of year (000's)	\$284,000	\$284,000	\$ 348,000	\$ 348,000	\$ 255,000
Preferred stock, end of year (000's)	\$ 110,000	\$ 110,000	\$ 90,000	\$ 90,000	\$ 90,000
Per common share amount of senior notes outstanding, end of year	\$6.01	\$6.03	\$7.40	\$7.40	\$5.43
Per common share amount of net assets, excluding senior notes, end of year	\$ 21.97	\$ 25.25	\$ 26.05	\$ 37.23	\$ 33.43
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings ⁽⁶⁾	\$3,589	\$4,068	\$3,353	\$4,579	\$5,982
Asset coverage ratio of senior notes and credit facility borrowings ⁽⁶⁾	359%	407%	335%	458%	598%
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock ⁽⁷⁾	\$67	\$76	\$69	\$94	\$113
Asset coverage ratio of preferred stock ⁽⁷⁾	270%	305%	275%	377%	454%

(1) Information presented relates to a share of common stock outstanding for the entire year.

The per common share data for the years ended November 30, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment

(2) income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

Represents underwriting and offering costs of less than \$0.01 per share for the years ended November 30, 2016 and 2015. Represents the premiums on the shelf offerings of less than \$0.01 per share, less the underwriter discount and offering costs of less than \$0.01 per share for the

(3) years ended November 30, 2013 and 2012.

Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). This calculation also assumes reinvestment of distributions at actual prices

(4) pursuant to NTG's dividend reinvestment plan.

For the year ended November 30, 2017, NTG accrued \$440,504 for current income tax expense and \$39,035,257 for net deferred income tax benefit. For the year ended November 30, 2016, NTG accrued \$1,891,670 for current income tax expense and \$60,652,872 for net deferred income tax expense. For the year ended November 30, 2015, NTG accrued \$200,550 for current income tax expense and \$257,585,058 for net deferred income tax benefit. For the year ended November 30, 2014, NTG accrued \$581,000 for current income tax expense and \$98,329,597

(5) for net deferred income tax expense. For the year ended November 30, 2013, NTG accrued \$141,332,523 for net deferred income tax expense.

Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred

(6) stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.

Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred

(7) stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

43

TTP Financial Highlights

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Per Common Share Data⁽¹⁾					
Net Asset Value, beginning of year	\$23.42	\$19.71	\$35.04	\$30.33	\$25.24
Income (Loss) from Investment Operations					
Net investment income (loss) ⁽²⁾	(0.05)	0.04	0.22	0.08	0.10
Net realized and unrealized gain (loss) ⁽²⁾	(2.92)	5.30	(13.60)	6.26	6.62
Total income (loss) from investment operations	(2.97)	5.34	(13.38)	6.34	6.72
Distributions to Common Stockholders					
Net investment income	(0.05)	(0.38)	(0.34)	(0.02)	(0.57
Net realized gain	(0.25)	(1.25)	(1.61)	(1.61)	(1.03
Return of capital	(1.33)	—	—	—	(0.03
Total distributions to common stockholders	(1.63)	(1.63)	(1.95)	(1.63)	(1.63
Net Asset Value, end of year	\$18.82	\$23.42	\$19.71	\$35.04	\$30.33
Per common share market value, end of year	\$17.01	\$21.55	\$17.47	\$32.50	\$28.11
Total investment return based on market value ⁽³⁾	(14.18)%	34.89 %	(41.19)%	21.68 %	23.44

Supplemental Data and Ratios

Net assets applicable to common stockholders, end of year (000's)	\$ 188,517	\$ 234,539	\$ 197,443	\$ 350,975	\$ 303,797
Average net assets (000's)	\$ 219,359	\$ 192,888	\$ 292,473	\$ 357,486	\$ 289,876
Ratio of Expenses to Average Net Assets					
Advisory fees	1.43 %	1.48 %	1.44 %	1.37 %	1.42
Other operating expenses	0.26	0.29	0.22	0.18	0.19
Total operating expenses, before fee waiver	1.69	1.77	1.66	1.55	1.61
Fee waiver	(0.00)	(0.07)	(0.14)	(0.19)	(0.26
Total operating expenses	1.69	1.70	1.52	1.36	1.35
Leverage expenses	1.06	1.23	0.93	0.75	0.90
Total expenses	2.75 %	2.93 %	2.45 %	2.11 %	2.25

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Ratio of net investment income (loss) to average net assets before fee waiver	(0.21)%	0.12%	0.60%	0.02%	0.08%
Ratio of net investment income (loss) to average net assets after fee waiver	(0.21)%	0.19%	0.74%	0.21%	0.34%
Portfolio turnover rate	24.23%	90.22%	18.84%	18.45%	31.43%
Credit facility borrowings, end of year (000's)	\$ 19,300	\$ 16,600	\$ 16,900	\$ 26,000	\$ 22,200
Senior notes, end of year (000's)	\$ 34,000	\$ 34,000	\$ 54,000	\$ 49,000	\$ 49,000
Preferred stock, end of year (000's)	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Per common share amount of senior notes outstanding, end of year	\$3.39	\$3.39	\$5.39	\$4.89	\$4.89
Per common share amount of net assets, excluding senior notes, end of year	\$ 22.21	\$ 26.81	\$ 25.10	\$ 39.93	\$ 35.22
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings ⁽⁴⁾	\$4,837	\$5,951	\$4,010	\$5,893	\$5,492
Asset coverage ratio of senior notes and credit facility borrowings ⁽⁴⁾	484%	595%	401%	589%	549%
Asset coverage, per \$25 liquidation value per share of mandatory redeemable preferred stock ⁽⁵⁾	\$93	\$113	\$82	\$121	\$112
Asset coverage ratio of preferred stock ⁽⁵⁾	372%	452%	327%	486%	448%

(1) Information presented relates to a share of common stock outstanding for the entire year.

The per common share data for the years ended November 30, 2016, 2015, 2014, and 2013 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(2) Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TTP's dividend reinvestment plan.

(3) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes and credit facility borrowings outstanding at the end of the year.

(4) Represents value of total assets less all liabilities and indebtedness not represented by senior notes, credit facility borrowings and preferred stock at the end of the year divided by senior notes, credit facility borrowings and preferred stock outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

45

NDP Financial Highlights

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Per Common Share Data⁽¹⁾					
Net Asset Value, beginning of year	\$ 16.95	\$ 15.53	\$ 22.76	\$ 26.49	\$ 22.73
Income (Loss) from Investment Operations					
Net investment income (loss) ⁽²⁾	(0.20)	(0.12)	(0.10)	(0.12)	0.01
Net realized and unrealized gain (loss) ⁽²⁾	(2.12)	3.29	(5.38)	(1.86)	5.50
Total income (loss) from investment operations	(2.32)	3.17	(5.48)	(1.98)	5.51
Distributions to Common Stockholders					
Net investment income ⁽³⁾	—	—	(0.00)	(0.00)	(0.27)
Net realized gain	—	—	—	(1.66)	(1.42)
Return of capital	(1.75)	(1.75)	(1.75)	(0.09)	(0.06)
Total distributions to common stockholders	(1.75)	(1.75)	(1.75)	(1.75)	(1.75)
Net Asset Value, end of year	\$ 12.88	\$ 16.95	\$ 15.53	\$ 22.76	\$ 26.49
Per common share market value, end of year	\$ 12.39	\$ 15.85	\$ 13.18	\$ 21.29	\$ 24.08
Total investment return based on market value ⁽⁴⁾	(11.04)%	36.27%	(31.05)%	(5.16)%	15.83 %

Supplemental Data and Ratios

Net assets applicable to common stockholders, end of year (000's)	\$ 187,889	\$ 246,088	\$ 225,410	\$ 330,458	\$ 384,471
Average net assets (000's)	\$ 209,940	\$ 212,528	\$ 288,672	\$ 413,380	\$ 366,900
Ratio of Expenses to Average Net Assets					
Advisory fees	1.43 %	1.42 %	1.33 %	1.25 %	1.25 %
Other operating expenses	0.26	0.29	0.21	0.16	0.16
Total operating expenses, before fee waiver	1.69	1.71	1.54	1.41	1.41
Fee waiver	(0.01)	(0.13)	(0.13)	(0.17)	(0.17)
Total operating expenses	1.68	1.58	1.41	1.24	1.24
Leverage expenses	0.56	0.37	0.21	0.14	0.16
Total expenses	2.24 %	1.95 %	1.62 %	1.38 %	1.40 %

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 2013
Ratio of net investment income (loss) to average net assets before fee waiver	(1.41)%	(0.98)%	(0.61)%	(0.61)%	(0.1
Ratio of net investment income (loss) to average net assets after fee waiver	(1.40)%	(0.85)%	(0.48)%	(0.44)%	0.0
Portfolio turnover rate	64.88%	47.03%	15.63%	43.21%	45.5
Credit facility borrowings, end of period (000's)	\$ 64,500	\$ 63,800	\$ 61,800	\$ 56,200	\$ 56,30
Asset coverage, per \$1,000 of principal amount of credit facility borrowings ⁽⁵⁾	\$ 3,913	\$ 4,857	\$ 4,647	\$ 6,880	\$ 7,82
Asset coverage ratio of credit facility borrowings ⁽⁵⁾	391%	486%	465%	688%	78

(1) Information presented relates to a share of common stock outstanding for the entire year.

The per common share data for the years ended November 30, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(3) Less than \$0.01 for the years ended November 30, 2015 and 2014.

Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to NDP's dividend reinvestment plan.

Represents value of total assets less all liabilities and indebtedness not represented by credit facility borrowings at the end of the year divided by credit facility borrowings outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

47

TPZ Financial Highlights

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 2013
Per Common Share Data⁽¹⁾					
Net Asset Value, beginning of year	\$23.89	\$21.23	\$31.08	\$28.12	\$26.76
Income (loss) from Investment Operations					
Net investment income ⁽²⁾	0.59	0.71	0.88	0.81	0.76
Net realized and unrealized gain (loss) ⁽²⁾	(1.65)	3.49	(7.87)	3.65	2.10
Total income (loss) from investment operations	(1.06)	4.20	(6.99)	4.46	2.86
Distributions to Common Stockholders					
Net investment income	(1.04)	(1.29)	(0.91)	(0.90)	(0.50)
Net realized gain	(0.36)	(0.25)	(1.95)	(0.60)	(1.00)
Return of capital	(0.10)	—	—	—	—
Total distributions to common stockholders	(1.50)	(1.54)	(2.86)	(1.50)	(1.50)
Net Asset Value, end of year	\$21.33	\$23.89	\$21.23	\$31.08	\$28.12
Per common share market value, end of year	\$19.94	\$21.43	\$18.53	\$26.90	\$24.74
Total investment return based on market value ⁽³⁾	(0.27)%	25.57 %	(22.54)%	14.94 %	3.80
Total investment return based on net asset value ⁽⁴⁾	(4.31)%	22.18 %	(23.19)%	16.84 %	11.36
Supplemental Data and Ratios					
Net assets applicable to common stockholders, end of year (000's)	\$ 148,243	\$ 166,073	\$ 147,563	\$ 216,048	\$ 195,484
Average net assets (000's)	\$ 162,708	\$ 146,274	\$ 187,752	\$ 208,698	\$ 193,671
Ratio of Expenses to Average Net Assets					
Advisory fees	1.25 %	1.27 %	1.20 %	1.12 %	1.13
Other operating expenses	0.31	0.39	0.31	0.26	0.26
Total operating expenses, before fee waiver	1.56	1.66	1.51	1.38	1.39
Fee waiver	—	—	(0.01)	(0.07)	(0.12)
Total operating expenses	1.56	1.66	1.50	1.31	1.27
Leverage expenses	0.59	0.44	0.26	0.19	0.25
Total expenses	2.15 %	2.10 %	1.76 %	1.50 %	1.52

See accompanying Notes to Financial Statements.

2017 Annual Report | November 30, 2017

	Year Ended November 30, 2017	Year Ended November 30, 2016	Year Ended November 30, 2015	Year Ended November 30, 2014	Year Ended November 30, 2013
Ratio of net investment income to average net assets before fee waiver	2.51%	3.39%	3.25%	2.62%	2.62%
Ratio of net investment income to average net assets after fee waiver	2.51%	3.39%	3.26%	2.69%	2.74%
Portfolio turnover rate	30.86%	40.61%	30.99%	18.39%	12.21%
Credit facility borrowings, end of year (000's)	\$ 53,400	\$ 50,600	\$ 49,900	\$ 42,400	\$ 37,400
Asset coverage, per \$1,000 of principal amount of senior notes and credit facility borrowings(5)	\$ 3,776	\$ 4,282	\$ 3,957	\$ 6,095	\$ 6,227
Asset coverage ratio of senior notes and credit facility borrowings(5)	378%	428%	396%	610%	623%

(1) Information presented relates to a share of common stock outstanding for the entire year

The per common share data for the years ended November 30, 2016, 2015, 2014 and 2013 do not reflect the change in estimate of investment income and return of capital, for the respective year. See Note 2C to the financial statements for further disclosure.

(2) Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at the closing price on the last day of the year reported (excluding brokerage commissions). The calculation also assumes reinvestment of distributions at actual prices pursuant to TPZ's dividend reinvestment plan.

(3) Total investment return is calculated assuming a purchase of common stock at the beginning of the year and a sale at net asset value on the last day of the year reported. The calculation also assumes reinvestment of distributions at actual prices pursuant to TPZ's dividend reinvestment plan.

(4) Represents value of total assets less all liabilities and indebtedness not represented by credit facility borrowings at the end of the year divided by

(5) credit facility borrowings outstanding at the end of the year.

See accompanying Notes to Financial Statements.

Tortoise Capital Advisors

49

Notes to Financial Statements

November 30, 2017

1. General Organization

This report covers the following companies, each of which is listed on the New York Stock Exchange ("NYSE"): Tortoise Energy Infrastructure Corp. ("TYG"), Tortoise MLP Fund, Inc. ("NTG"), Tortoise Pipeline & Energy Fund, Inc. ("TTP"), Tortoise Energy Independence Fund, Inc. ("NDP"), and Tortoise Power and Energy Infrastructure Fund, Inc. ("TPZ"). These companies are individually referred to as a "Fund" or by their respective NYSE symbols, or collectively as the "Funds", and each is a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act"). Each of TYG, NTG, TTP and NDP has a primary investment objective to seek a high level of total return with an emphasis on current distributions. TPZ has a primary investment objective to provide a high level of current income, with a secondary objective of capital appreciation.

2. Significant Accounting Policies

The Funds follow accounting and reporting guidance applicable to investment companies under U.S. generally accepted accounting principles ("GAAP").

A. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements, and the amount of income and expenses during the period reported. Actual results could differ from those estimates.

B. Security Valuation

In general, and where applicable, the Funds use readily available market quotations based upon the last updated sales price from the principal market to determine fair value. The Funds primarily own securities that are listed on a securities exchange or are traded in the over-the-counter market. The Funds value those securities at their last sale price on that exchange or over-the-counter market on the valuation date. If the security is listed on more than one exchange, the Funds use the price from the exchange that it considers to be the principal exchange on which the security is traded. Securities listed on the NASDAQ are valued at the NASDAQ Official Closing Price, which may not necessarily represent the last sale price. If there has been no sale on such exchange or over-the-counter market on such day, the security is valued at the mean between the last bid price and last ask price on such day. These securities are categorized as Level 1 in the fair value hierarchy as further described below.

Restricted securities are subject to statutory or contractual restrictions on their public resale, which may make it more difficult to obtain a valuation and may limit a Fund's ability to dispose of them. Investments in private placement securities and other securities for which market quotations are not readily available are valued in good faith by using fair value procedures. Such fair value procedures consider factors such as discounts to publicly traded issues, time until conversion date, securities with similar yields, quality, type of issue, coupon, duration and rating. If events occur that affect the value of a Fund's portfolio securities before the net asset value has been calculated (a "significant event"), the portfolio securities so affected are generally priced using fair value procedures.

An equity security of a publicly traded company acquired in a private placement transaction without registration under the Securities Act of 1933, as amended (the "1933 Act"), is subject to restrictions on resale that can affect the security's liquidity and fair value. If such a security is convertible into publicly traded common shares, the security generally will be valued at the common share market price adjusted by a percentage discount due to the restrictions and categorized as Level 2 in the fair value hierarchy. To the extent that such securities are convertible or otherwise become freely tradable within a time frame that may be reasonably determined, an amortization schedule may be used to determine the discount. If the security has characteristics that are dissimilar to the class of security that trades on the open market, the security will generally be valued and categorized as Level 3 in the fair value hierarchy.

Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity. Unobservable inputs reflect the Funds' own beliefs about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances, which might include the Fund's own data. The Fund's own data are adjusted if information is reasonably available without undue cost and effort that indicates that market participants would use different assumptions. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

Exchange-traded options are valued at the last reported sale price on any exchange on which they trade. If no sales are reported on any exchange on the measurement date, exchange-traded options are valued at the mean between the last highest bid and last lowest asked prices obtained as of the closing of the exchanges on which the option is traded. The value of Flexible Exchange Options (FLEX Options) are determined (i) by an evaluated price as determined by a third-party valuation service; or (ii) by using a quotation provided by a broker-dealer.

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

The Funds generally value debt securities at evaluated bid prices obtained from an independent third-party valuation service that utilizes a pricing matrix based upon yield data for securities with similar characteristics, or based on a direct written broker-dealer quotation from a dealer who has made a market in the security. Debt securities with 60 days or less to maturity at time of purchase are valued on the basis of amortized cost, which approximates market value.

Interest rate swap contracts are valued by using industry-accepted models, which discount the estimated future cash flows based on a forward rate curve and the stated terms of the interest rate swap agreement by using interest rates currently available in the market, or based on dealer quotations, if available, and are categorized as Level 2 in the fair value hierarchy.

2017 Annual Report | November 30, 2017

Notes to Financial Statements (continued)

Various inputs are used in determining the fair value of the Funds' investments and financial instruments. These inputs are summarized in the three broad levels listed below:

Level 1 — quoted prices in active markets for identical investments

Level 2 — other significant observable inputs (including quoted prices for similar investments, market corroborated inputs, etc.)

Level 3 — significant unobservable inputs (including a Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following tables provide the fair value measurements of applicable assets and liabilities by level within the fair value hierarchy as of November 30, 2017. These assets and liabilities are measured on a recurring basis.

TYG:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Master Limited Partnerships(a)	\$ 2,077,445,932	\$ 27,160,073	\$ —	\$ 2,104,606,005
Common Stock(a)	45,174,798	—	—	45,174,798
Preferred Stock(a)	12,809,208	—	23,396,034	36,205,242
Private Investment(a)	—	—	25,886,172	25,886,172
Short-Term Investment(b)	208,128	—	—	208,128
Total Assets	\$ 2,135,638,066	\$ 27,160,073	\$ 49,282,206	\$ 2,212,080,345
Liabilities				
Interest Rate Swap Contracts	\$ —	\$ 157,702	\$ —	\$ 157,702

NTG:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Master Limited Partnerships(a)	\$ 1,237,848,071	\$ 25,020,763	\$ —	\$ 1,262,868,834
Common Stock(a)	40,168,680	—	—	40,168,680
Preferred Stock(a)	6,505,695	—	13,174,382	19,680,077
Short-Term Investment(b)	162,157	—	—	162,157
Total Assets	\$ 1,284,684,603	\$ 25,020,763	\$ 13,174,382	\$ 1,322,879,748

TTP:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Common Stock(a)	\$ 175,125,255	\$ —	\$ —	\$ 175,125,255
Master Limited Partnerships and Related Companies(a)	74,536,037	1,728,636	—	76,264,673
Preferred Stock(a)	4,681,095	—	2,266,699	6,947,794
Short-Term Investment(b)	288,054	—	—	288,054
Total Assets	\$ 254,630,441	\$ 1,728,636	\$ 2,266,699	\$ 258,625,776
Liabilities				
Written Call Options	\$ 157,951	\$ 164,253	\$ —	\$ 322,204

NDP:

Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Common Stock(a)	\$ 190,716,731	\$ —	\$ —	\$ 190,716,731
Master Limited Partnerships and Related Companies(a)	59,202,576	1,507,572	—	60,710,148
Preferred Stock(a)	1,203,309	—	2,147,342	3,350,651

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

Short-Term Investment(b)	312,930	—	—	312,930
Total Assets	\$ 251,435,546	\$ 1,507,572	\$ 2,147,342	\$ 255,090,460
Liabilities				
Written Call Options	\$ 608,757	\$ 1,204,652	\$ —	\$ 1,813,409

Tortoise Capital Advisors

51

Notes to Financial Statements (continued)

TPZ:				
Description	Level 1	Level 2	Level 3	Total
Assets				
Investments:				
Corporate Bonds(a)	\$ —	\$ 106,979,198	\$ —	\$ 106,979,198
Master Limited Partnerships and Related Companies(a)	55,703,347	1,333,876	—	57,037,223
Common Stock(a)	31,458,118	—	—	31,458,118
Preferred Stock(a)	3,021,600	—	1,811,854	4,833,454
Short-Term Investment(b)	126,115	—	—	126,115
Total Investments	90,309,180	108,313,074	1,811,854	200,434,108
Interest Rate Swap Contracts	—	42,784	—	42,784
Total Assets	\$ 90,309,180	\$ 108,355,858	\$ 1,811,854	\$ 200,476,892

(a) All other industry classifications are identified in the Schedule of Investments.

(b) Short-term investment is a sweep investment for cash balances.

The Funds utilize the beginning of reporting period method for determining transfers between levels. During the year ended November 30, 2017, Rice Midstream Partners LP common units held by TYG, NTG, TTP, NDP, and TPZ in the amount of \$37,261,802, \$21,904,472, \$2,844,385, \$2,865,468, and \$2,019,828, respectively, were transferred from Level 2 to Level 1 when they converted into registered and unrestricted common units of Rice Midstream Partners LP. There were no other transfers between levels for the Funds during the year ended November 30, 2017.

The following tables present each Fund's assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended November 30, 2017:

Preferred Stock	TYG	NTG	TTP	NDP	TPZ
Balance — beginning of year	\$ 22,478,411	\$ 12,657,666	\$ 2,177,797	\$ 2,063,121	\$ 1,740,791
Purchases	—	—	—	—	—
Return of capital	—	—	—	—	—
Sales	—	—	—	—	—
Total realized gains	—	—	—	—	—
Change in unrealized gains	917,623	516,716	88,902	84,221	71,063
Balance — end of year	\$ 23,396,034	\$ 13,174,382	\$ 2,266,699	\$ 2,147,342	\$ 1,811,854

Warrants	TYG	NTG	TTP	NDP	TPZ
Balance — beginning of year	\$ 14,662,641	\$ 8,256,558	\$ 1,420,555	\$ 1,345,782	\$ 1,135,487
Purchases	—	—	—	—	—
Return of capital	—	—	—	—	—
Sales	(15,779,244)	(8,885,319)	(1,528,735)	(1,448,266)	(1,221,957)
Total realized gains	12,633,897	7,114,164	1,224,001	1,159,579	978,372
Change in unrealized gains	(11,517,294)	(6,485,403)	(1,115,821)	(1,057,095)	(891,902)
Balance — end of year	\$ —	\$ —	\$ —	\$ —	\$ —

Private Investment	TYG	NTG	TTP	NDP	TPZ
Balance — beginning of year	\$ —	\$ —	\$ —	\$ —	\$ —
Purchases	34,916,525	—	—	—	—
Return of capital	—	—	—	—	—
Sales	—	—	—	—	—
Total realized gains	—	—	—	—	—
Change in unrealized gains	(9,030,353)	—	—	—	—
Balance — end of year	\$ 25,886,172	\$ —	\$ —	\$ —	\$ —

Change in unrealized gains on investments still held at November 30, 2017	TYG	NTG	TTP	NDP	TPZ
	\$ (8,112,730)	\$ 516,716	\$ 88,902	\$ 84,221	\$ 71,063

The Funds own units of preferred stock of Targa Resources Corp. that were issued in a private placement transaction that closed on March 16, 2016. The preferred stock provides the purchaser an option to convert into common stock after 12 years. In addition, the preferred stock can be repurchased by the issuer at a price of \$1,100 per share after five years and \$1,050 per share after six years. As part of the transaction, each Fund

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

received two classes of warrants. On December 29, 2016 each fund exercised warrant shares in full in exchange for common shares of Targa Resources Corp.

52

Tortoise Capital Advisors

2017 Annual Report | November 30, 2017

Notes to Financial Statements (continued)

A lattice model is being utilized to determine fair value of the preferred stock. The Funds estimate future volatility of the underlying common stock price and the discount rate to apply to expected future cash flows. Unobservable inputs used to determine the discount rate include an illiquidity spread due to the shares being issued in the private market and a seniority spread due to the purchased private preferred units being lower in the capital structure than the issuer's public preferred stock. An increase (decrease) in the illiquidity spread or seniority spread would lead to a corresponding decrease (increase) in fair value of the preferred stock. An increase (decrease) in estimated future volatility would lead to a corresponding increase (decrease) in fair value of the preferred stock.

During the year ended November 30, 2017, TYG began investing in Tortoise HoldCo II, LLC, a wholly-owned investment of TYG, which acquired an approximately 40 megawatt commercial and industrial solar portfolio. As of November 30, 2017, TYG has committed a total of \$34,916,525 of equity funding to Tortoise HoldCo II, LLC.

The following tables summarize the fair value and significant unobservable inputs that each Fund used to value its portfolio investments categorized as Level 3 as of November 30, 2017:

Assets at Fair Value	TYG	NTG	TTP	NDP	TPZ
Preferred Stock	\$ 23,396,034	\$ 13,174,382	\$ 2,266,699	\$ 2,147,342	\$ 1,811,854
Private Investment	\$ 25,886,172	\$ —	\$ —	\$ —	\$ —

Assets at Fair Value	Valuation Technique	Unobservable Inputs	Input
Preferred Stock	Lattice model	Illiquidity spread	1.25%
Preferred Stock	Lattice model	Seniority spread	0.25%
Private Investment	Discounted cash flows model	Contracted weighted average cost of capital	7.00%
		Post-contracted weighted average cost of capital	9.00%
	Recent transaction	Purchase price	\$23,359,762

C. Securities Transactions and Investment Income

Securities transactions are accounted for on the date the securities are purchased or sold (trade date). Realized gains and losses are reported on an identified cost basis. Interest income is recognized on the accrual basis, including amortization of premiums and accretion of discounts. Dividend income and distributions are recorded on the ex-dividend date. Distributions received from investments generally are comprised of ordinary income and return of capital. The Funds estimate the allocation of distributions between investment income and return of capital at the time such distributions are received based on historical information or regulatory filings. These estimates may subsequently be revised based on actual allocations received from the portfolio companies after their tax reporting periods are concluded, as the actual character of these distributions is not known until after the fiscal year-end of the Funds.

During the year ended November 30, 2017, the Funds reallocated the amount of 2016 investment income and return of capital they recognized based on the 2016 tax reporting information received. These reclassifications amounted to:

	Increase (Decrease) in Net Investment Income		Increase (Decrease) in Unrealized Appreciation		Increase (Decrease) in Realized Gains	
	Amount	Per Share	Amount	Per Share	Amount	Per Share
TYG						
Pre-tax	\$ (18,247,941)	\$ (0.370)	\$ 15,743,255	\$ 0.319	\$ 2,504,686	\$ 0.051
After-tax	\$ (11,496,203)	\$ (0.233)	\$ 9,918,250	\$ 0.201	\$ 1,577,953	\$ 0.032
NTG						
Pre-tax	\$ (3,490,318)	\$ (0.074)	\$ 3,339,710	\$ 0.071	\$ 150,608	\$ 0.003
After-tax	\$ (2,207,277)	\$ (0.047)	\$ 2,112,033	\$ 0.045	\$ 95,244	\$ 0.002
TTP	\$ (83,274)	\$ (0.008)	\$ 79,038	\$ 0.008	\$ 4,236	\$ 0.000
NDP	\$ 95,499	\$ 0.007	\$ (88,032)	\$ (0.006)	\$ (7,467)	\$ (0.001)
TPZ	\$ (225,224)	\$ (0.032)	\$ 216,014	\$ 0.031	\$ 9,210	\$ 0.001

In addition, the Funds may be subject to withholding taxes on foreign-sourced income. The Funds accrue such taxes when the related income is earned.

D. Foreign Currency Translation

For foreign currency, investments in foreign securities, and other assets and liabilities denominated in a foreign currency, the Funds translate these amounts into U.S. dollars on the following basis: (i) market value of investment securities, assets and liabilities at the current rate of exchange on

Edgar Filing: TORTOISE PIPELINE & ENERGY FUND, INC. - Form N-CSR

the valuation date, and (ii) purchases and sales of investment securities, income and expenses at the relevant rates of exchange on the respective dates of such transactions. The Funds do not isolate the portion of gains and losses on investments that is due to changes in the foreign exchange rates from that which is due to changes in market prices of securities.

Tortoise Capital Advisors

53

Notes to Financial Statements (continued)**E. Federal and State Income Taxation**

Each of TYG and NTG, as corporations, are obligated to pay federal and state income tax on its taxable income. Currently, the highest regular marginal federal income tax rate for a corporation is 35%. Each of TYG and NTG may be subject to a 20% federal alternative minimum tax ("AMT") on its federal alternative minimum taxable income to the extent that its AMT exceeds its regular federal income tax.

TTP, NDP and TPZ each qualify as a regulated investment company ("RIC") under the Internal Revenue Code ("IRC"). As a result, TTP, NDP and TPZ generally will not be subject to U.S. federal income tax on income and gains that they distribute each taxable year to stockholders if they meet certain minimum distribution requirements. RICs are required to distribute substantially all of their income, in addition to meeting certain asset diversification requirements, and are subject to a 4% non-deductible U.S. federal excise tax on certain undistributed income unless the fund makes sufficient distributions to satisfy the excise tax avoidance requirement.

The Funds invest in master limited partnerships ("MLPs"), which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, each Fund reports its allocable share of the MLP's taxable income in computing its own taxable income. The Funds' tax expense or benefit, if applicable, is included in the Statements of Operations based on the component of income or gains (losses) to which such expense or benefit relates. For TYG and NTG, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is recognized if, based on the weight of available evidence, it is more likely than not that some portion or all of the deferred income tax asset will not be realized.

The Funds recognize the tax benefits of uncertain tax positions only when the position is "more likely than not" to be sustained upon examination by the tax authorities based on the technical merits of the tax position. The Funds' policy is to record interest and penalties on uncertain tax positions as part of tax expense. As of November 30, 2017, the Funds had no uncertain tax positions and no penalties or interest was accrued. The Funds do not expect any change in their unrecognized tax positions in the next twelve months. The tax years ended on the following dates remain open to examination by federal and state tax authorities:

TYG — November 30, 2014 through 2017

NTG — November 30, 2012 through 2017

TTP, NDP and TPZ — November 30, 2014 through 2017

F. Distributions to Stockholders

Distributions to common stockholders are recorded on the ex-dividend date. The Funds may not declare or pay distributions to its common stockholders if it does not meet asset coverage ratios required under the 1940 Act or the rating agency guidelines for its debt and preferred stock following such distribution. The amount of any distributions will be determined by the Board of Directors. The character of distributions to common stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

As RICs, TTP, NDP and TPZ each intend to make cash distributions of its investment company taxable income and capital gains to common stockholders. In addition, on an annual basis, TTP, NDP and TPZ each may distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and thus avoid being subject to excise taxes. Distributions paid to stockholders in excess of investment company taxable income and net realized gains will be treated as return of capital to stockholders.

Distributions to mandatory redeemable preferred ("MRP") stockholders are accrued daily based on applicable distribution rates for each series and paid periodically according to the terms of the agreements. The Funds may not declare or pay distributions to its preferred stockholders if it does not meet a 200% asset coverage ratio for its debt or the rating agency basic maintenance amount for the debt following such distribution. The character of distributions to preferred stockholders made during the year may differ from their ultimate characterization for federal income tax purposes.

For tax purposes, distributions to stockholders for the year ended November 30, 2017 were characterized as follows:

	TYG		NTG		TTP*		NDP	TPZ*
	Common	Preferred	Common	Preferred	Common	Preferred	Common	Common
Qualified dividend income	100%	100%	72%	100%	17%	89%	—	13%
Ordinary dividend income	—	—	—	—	—	—	—	56%
Return of capital	—	—	28%	—	81%	—	100%	7%
Long-term capital gain	—	—	—	—	2%	11%	—	24%

* For Federal income tax purposes, distributions of short-term capital gains are included in qualified dividend income.

2017 Annual Report | November 30, 2017

Notes to Financial Statements (continued)

G. Offering and Debt Issuance Costs

Offering costs related to the issuance of common stock are charged to additional paid-in capital when the stock is issued. Debt issuance costs related to senior notes and MRP Stock are capitalized and amortized over the period the debt or MRP Stock is outstanding.

TYG:

Offering costs (excluding underwriter discounts and commissions) of \$91,276 related to the issuance of common stock were recorded to additional paid-in capital during the year ended November 30, 2017. Capitalized costs (excluding underwriter commissions) were reflected during the year ended November 30, 2017 for Series PP Notes (\$103,930) that were issued in September 2017.

There were no offering or debt issuance costs recorded during the year ended November 30, 2017, for NTG, TTP, NDP or TPZ.

H. Derivative Financial Instruments

The Funds have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative financial instrument activities. The Funds do not hold or issue derivative financial instruments for speculative purposes. All derivative financial instruments are recorded at fair value with changes in fair value during the reporting period, and amounts accrued under the agreements, included as unrealized gains or losses in the accompanying Statements of Operations. Derivative instruments that are subject to an enforceable master netting arrangement allow a Fund and the counterparty to the instrument to offset any exposure to the other party with amounts owed to the other party. The fair value of derivative financial instruments in a loss position are offset against the fair value of derivative financial instruments in a gain position, with the net fair value appropriately reflected as an asset or liability within the accompanying Statements of Assets & Liabilities.

TYG and TPZ use interest rate swap contracts in an attempt to manage interest rate risk. Cash settlements under the terms of the interest rate swap contracts and the termination of such contracts are recorded as realized gains or losses in the accompanying Statements of Operations.

TYG, NTG, TTP and NDP seek to provide current income from gains earned through an option strategy that normally consists of writing (selling) call options on selected equity securities held in the portfolio ("covered calls"). The premium received on a written call option is initially recorded as a liability and subsequently adjusted to the then current fair value of the option written. Premiums received from writing call options that expire unexercised are recorded as a realized gain on the expiration date. Premiums received from writing call options that are exercised are added to the proceeds from the sale of the underlying security to calculate the realized gain (loss). If a written call option is repurchased prior to its exercise, the realized gain (loss) is the difference between the premium received and the amount paid to repurchase the option.

I. Indemnifications

Under each of the Funds' organizational documents, its officers and directors are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds may enter into contracts that provide general indemnification to other parties. A Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Funds that have not yet occurred, and may not occur. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

J. Cash and Cash Equivalents

Cash and cash equivalents include short-term, liquid investments with an original maturity of three months or less and money market fund accounts.

K. Recent Accounting and Regulatory Updates

In April 2015, the Financial Accounting Standards Board ("FASB") issued ASU 2015-03 "Interest — Imputation of Interest (Subtopic 835-30), Simplifying the Presentation of Debt Issuance Costs". ASU 2015-03 requires that debt issuance costs related to a note be reported in the balance sheet as a direct deduction from the face amount of that note. ASU 2015-03 is effective for fiscal years beginning on or after December 15, 2015 and interim periods within these fiscal years, and must be applied retrospectively. The funds adopted ASU 2015-03 during the period ended February 28, 2017. For TYG, NTG and TTP, accrued deferred debt issuance and offering costs related to senior notes were reclassified from "Prepaid expenses and other assets" to "Senior notes, net" and accrued deferred offering costs related to mandatory redeemable preferred stock were reclassified from "Prepaid expenses and other assets" to "Mandatory redeemable preferred stock, net" on the Statements of Assets & Liabilities. There was no impact to the financial statements related to the adoption of ASU 2015-03 for NDP and TPZ.

In October 2016, the U.S. Securities and Exchange Commission adopted new rules and amended existing rules (together, "final rules") intended to modernize the reporting and disclosure of information by registered investment companies. In part, the final rules amend Regulation S-X and require standardized, enhanced disclosure about derivatives in investment company financial statements, as well as other amendments. The compliance date for the amendments to Regulation S-X was August 1, 2017. The funds adopted the amendments to Regulation S-X during the period ended August 31, 2017. For TYG and TPZ, the Schedule of Interest Rate Swap Contracts is now being included in the Financial Statements. For TTP and NDP, the notional value of options written is disclosed in the Schedule of Options Written. There was no impact to the financial

statements related to the adoption of the amendments to Regulation S-X for NTG.

3. Concentration Risk

Each of the Funds concentrates its investments in the energy sector. Funds that primarily invest in a particular sector may experience greater volatility than companies investing in a broad range of industry sectors. A Fund may, for defensive purposes, temporarily invest all or a significant portion of its assets in investment grade securities, short-term debt securities and cash or cash equivalents. To the extent a Fund uses this strategy, it may not achieve its investment objective.

Tortoise Capital Advisors

55

Notes to Financial Statements (continued)

4. Agreements

The Funds have each entered into an Investment Advisory Agreement with Tortoise Capital Advisors, L.L.C. (the “Adviser”). The Funds each pay the Adviser a fee based on the Fund’s average monthly total assets (including any assets attributable to leverage and excluding any net deferred tax asset) minus accrued liabilities (other than net deferred tax liability, debt entered into for purposes of leverage and the aggregate liquidation preference of outstanding preferred stock) (“Managed Assets”), in exchange for the investment advisory services provided. Average monthly Managed Assets is the sum of the daily Managed Assets for the month divided by the number of days in the month. Accrued liabilities are expenses incurred in the normal course of each Fund’s operations. Waived fees are not subject to recapture by the Adviser. The annual fee rates paid to the Adviser as of November 30, 2017 are as follows:

TYG — 0.95% up to \$2,500,000,000, 0.90% between \$2,500,000,000 and \$3,500,000,000, and 0.85% above \$3,500,000,000.

NTG — 0.95%.

TTP — 1.10%, less a fee waiver of 0.05% during calendar year 2016.

NDP — 1.10%, less a fee waiver of 0.10% during calendar year 2016.

TPZ — 0.95%.

In addition, the Adviser has contractually agreed to waive all fees due under the Investment Advisory Agreements for TYG and NTG related to the net proceeds received from the issuance of additional common stock under at-the-market equity programs for a six month period following the date of issuance.

U.S. Bancorp Fund Services, LLC serves as each Fund’s administrator. Each Fund pays the administrator a monthly fee computed at an annual rate of 0.04% of the first \$1,000,000,000 of the Fund’s Managed Assets, 0.01% on the next \$500,000,000 of Managed Assets and 0.005% on the balance of the Fund’s Managed Assets.

U.S. Bank, N.A. serves as the Funds’ custodian. Each Fund pays the custodian a monthly fee computed at an annual rate of 0.004% of the Fund’s U.S. Dollar-denominated assets and 0.015% of the Fund’s Canadian Dollar-denominated assets, plus portfolio transaction fees.

5. Income Taxes

TYG and NTG:

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting and tax purposes. Components of TYG’s and NTG’s deferred tax assets and liabilities as of November 30, 2017 are as follows:

	TYG	NTG
Deferred tax assets:		
Net operating loss carryforwards	\$ 878,196	\$ 20,181,278
AMT credit	—	2,782,197
	878,196	22,963,475
Deferred tax liabilities:		
Basis reduction of investment in MLPs	275,769,915	131,762,128
Net unrealized gains on investment securities	67,187,533	13,574,137
	342,957,448	145,336,265
Total net deferred tax liability	\$342,079,252	\$122,372,790

At November 30, 2017, a valuation allowance on deferred tax assets was not deemed necessary because each of TYG and NTG believe it is more likely than not that there is an ability to realize its deferred tax assets through future taxable income. Any adjustments to TYG’s or NTG’s estimates of future taxable income will be made in the period such determination is made.

During the year ending November 30, 2017, TYG received \$8,934,770 in Investment Tax Credits through its investment in Tortoise HoldCo II, LLC. These tax credits are expected to be utilized in the current year against TYG’s federal tax liability.

2017 Annual Report | November 30, 2017

Notes to Financial Statements (continued)

Total income tax expense for each of TYG and NTG differs from the amount computed by applying the federal statutory income tax rate of 35% to net investment loss and net realized and unrealized gains (losses) on investments for the year ended November 30, 2017, as follows:

	TYG	NTG
Application of statutory income tax rate	\$ (65,703,507)	\$ (39,448,405)
State income taxes, net of federal tax effect	(3,754,486)	(1,983,691)
Permanent differences	2,290,690	