TORTOISE MLP FUND, INC.
Form N-CSR
January 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22409

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

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

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

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

Date of fiscal year end: November 30

Date of reporting period: November 30, 2013

Item 1. Report to Stockholders.

Company at a Glance

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

Investment Focus

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

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

About Energy Infrastructure Master Limited Partnerships

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

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

An NTG Investment Versus a Direct Investment in MLPs

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

Additional features include:

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

December 31, 2013

Dear Fellow Stockholders,

The fiscal year ending Nov. 30, 2013 was a solid one for natural gas infrastructure MLPs, which continued to benefit from natural gas production that is driving substantial energy infrastructure build-out needs, particularly in the Northeast. MLPs performance during the year was again reflective of the strength of their underlying fundamentals.

Despite some periods of volatility, the broad equity market also enjoyed a positive year, supported by continued low interest rates, strengthening corporate balance sheets and improvements in employment and manufacturing. The year also presented some macroeconomic challenges, chief among them geopolitical tension at times in the Middle East and continued partisan gridlock in Washington that resulted in a partial shutdown of the government in the final fiscal quarter of the year. Despite these transitory headwinds, investors remained upbeat about the domestic energy renewal underway in North America, where increasing production requires additional pipeline infrastructure to connect the growing volumes of newly discovered gas and oil from production areas to end users.

Master Limited Partnership Sector Review and Outlook

The Tortoise MLP Index® posted a strong 24.1 percent total return for the fiscal year ending Nov. 30, 2013, but nonetheless trailed the broader market as represented by the S&P 500 Index®, which posted a 30.3 percent total return for the same period. MLPs enjoyed generally upward momentum during the fiscal year, although performance slowed a bit in the third quarter in response to the looming government shutdown and interest rate uncertainty. However, those concerns abated as the fiscal year wound to a close, with both equities and MLPs ending the year solidly in positive territory. During the fiscal year, midstream MLPs significantly outperformed upstream MLPs, as reflected by the Tortoise Midstream MLP Index s 27.2 percent gain relative to the Tortoise Upstream MLP Index s 2.2 percent total return. Some upstream MLPs continued to battle significant market and regulatory headwinds from concerns around accounting for hedging and maintenance capital spending, which ultimately restrained their performance.

North America s natural gas supply is so abundant that it effectively has eliminated U.S. dependency on foreign gas imports and also made it one of the world s leading producers of this valuable resource.[1] It is estimated that U.S. natural gas production will reach nearly 74 billion cubic feet per day by the end of this decade, an increase of 50 percent since 2005.[2] Importantly, North America s prolific natural gas production has resulted in stable and globally competitive prices for natural gas and associated liquids. This dynamic, along with labor market stability, is expected to drive an increased use in natural gas from a myriad of sources, including power generation and a renaissance in U.S. manufacturing. As demand increases, it s anticipated that global demand for liquefied natural gas (LNG) exports also will expand due to its relatively low domestic cost compared to other places in the world. All of this bodes well for the midstream sector of the energy value chain. The Marcellus shale in the Northeastern part of the U.S. is an area where natural gas pipeline and related infrastructure needs are particularly critical due to rapidly increasing supply.

Capital markets continued to underpin sector strength, with MLPs raising nearly $73 billion in equity and debt offerings during the fiscal year, surpassing the total for 2012. There were 18 MLP IPOs in fiscal 2013, six of them occurring in the fourth quarter, bringing the total for the year to approximately $4.6 billion. Merger and acquisition (M&A) activity has also been healthy; approximately $59 billion in MLP transactions were announced during the fiscal year, also surpassing 2012 totals. The largest announced transactions during the year included Spectra Energy s drop-down of its U.S. midstream assets to its MLP in a deal valued at $12.3 billion, Regency Energy Partners plans to acquire PVR Partners, a natural gas midstream pipeline MLP, for $5.6 billion, and Kinder Morgan Energy Partners $5 billion acquisition of Copano Energy, L.L.C., a gathering and processing MLP.

Fund Performance Review

The fund s total assets increased from approximately $1.6 billion on Nov. 30, 2012 to $2.0 billion on Nov. 30, 2013, primarily from net realized and unrealized gains on investments as well as approximately $15 million in new equity and leverage proceeds. The fund s 2013 fiscal year market-based total return was 16.3 percent and its NAV-based total return was 21.6 percent (both including the reinvestment of distributions). The difference between the market value total return and the NAV total return reflected the change from a premium of the fund s stock price relative to its NAV to a slight discount over the year.

Robust upstream production of natural gas and natural gas liquids continued to drive pipeline infrastructure build-out, which benefited the fund on several fronts. Natural gas infrastructure MLPs, an integral part of the fund s investment strategy, provided the greatest source of absolute asset performance during the fiscal year. Although they contributed positively, they underperformed the broader MLP index during the year due to a lower relative short-term growth outlook and some recontracting headwinds. We continue to believe in the fund s differentiated strategic focus on natural gas infrastructure MLPs and their longer-term

(Unaudited)

opportunity particularly tied to the long-term demand potential discussed above. Gathering and processing MLPs, whose performance was impacted by both solid fee-based growth profiles as well as demand for and production of natural gas liquids, also added meaningfully to results. The fund s stake in crude oil/refined products pipeline MLPs was also helpful in absolute terms. Additionally, the fund s lack of exposure to exploration and production MLPs proved beneficial.

The fund paid a distribution of $0.42 per common share ($1.68 annualized) to stockholders on Nov. 29, 2013, an increase of 0.3 percent quarter over quarter and of 1.2 percent year over year. This distribution represented an annualized distribution rate of 6.2 percent based on the fund s fiscal year closing price of $27.22 per share. The distribution payout coverage (distributable cash flow divided by distributions) for the fiscal year was 103.5 percent, reflective of our emphasis on sustainability. For tax purposes, distributions to stockholders for 2013 were 95 percent return of capital and 5 percent qualified dividend income.

The fund ended the fiscal year with leverage (including bank debt, senior notes and preferred stock) at 19.0 percent of total assets. Additional information about the fund s financial performance, distributions and leverage is available in the Key Financial Data and Management s Discussion sections of this report.

In Remembrance

We are deeply saddened by the recent loss of our founding board member, Dr. John R. Graham, who died on Dec. 20, 2013 after a courageous battle with cancer. John leaves a lasting legacy of being a diligent board member who cared passionately about the investors he represented. During his decade of service, John played an integral role in creating a high standard of governance as the nominating and governance committee chair for the fund. As importantly, John was a respectful, humble person who enriched the lives of those who knew him. We are extremely grateful for his service. He will be missed.

Sincerely,

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

P. Bradley Adams	H. Kevin Birzer	Zachary A. Hamel
Kenneth P. Malvey	Terry Matlack	David J. Schulte

[1] Energy Information Administration, 2013
[2] CITI, 2013

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

(Unaudited)

Key Financial Data *(Supplemental Unaudited Information)*

(dollar amounts in thousands unless otherwise indicated)

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

	Year Ended November 30,		2012		2013	
	2012	**2013**	**Q4(1)**	**Q1(1)**	**Q2(1)**	**Q**
Total Income from Investments						
Distributions received from master limited partnerships	$ 97,092	$104,394	$24,580	$24,787	$26,111	$26
Dividends paid in stock	7,062	5,617	1,875	1,936	1,187	1
Other income		359				
Total from investments	104,154	110,370	26,455	26,723	27,298	27
Operating Expenses Before Leverage Costs and Current Taxes						
Advisory fees, net of fees waived	12,236	14,656	3,044	3,236	3,753	3
Other operating expenses	1,128	1,287	278	327	324	
	13,364	15,943	3,322	3,563	4,077	4
Distributable cash flow before leverage costs and current taxes	90,790	94,427	23,133	23,160	23,221	23
Leverage costs(2)	13,571	13,333	3,378	3,352	3,343	3
Current income tax expense(3)						
Distributable Cash Flow(4)	$ 77,219	$ 81,094	$19,755	$19,808	$19,878	$19
As a percent of average total assets(5)						
Total from investments	6.33%	5.96%	6.45%	6.39%	5.83%	
Operating expenses before leverage costs and current taxes	0.81%	0.86%	0.81%	0.85%	0.87%	
Distributable cash flow before leverage costs and current taxes	5.52%	5.10%	5.64%	5.54%	4.96%	
As a percent of average net assets(5)						
Total from investments	9.00%	8.66%	9.23%	9.19%	8.39%	
Operating expenses before leverage costs and current taxes	1.15%	1.25%	1.16%	1.23%	1.25%	
Leverage costs and current taxes	1.17%	1.05%	1.18%	1.15%	1.03%	
Distributable cash flow	6.68%	6.36%	6.89%	6.81%	6.11%	
Selected Financial Information						
Distributions paid on common stock	$ 76,404	$ 78,346	$19,287	$19,404	$19,549	$19
Distributions paid on common stock per share	1.6550	1.6725	0.41500	0.41625	0.41750	0.4
Distribution coverage percentage for period(6)	101.1%	103.5%	102.4%	102.1%	101.7%	1
Net realized gain, net of income taxes, for the period	21,015	37,812	19,399	15,101	9,232	5
Total assets, end of period	1,633,815	1,956,493	1,633,815	1,785,448	1,853,489	1,891
Average total assets during period(7)	1,644,445	1,852,919	1,649,297	1,697,239	1,858,008	1,914
Leverage(8)	368,900	372,200	368,900	345,000	345,000	345
Leverage as a percent of total assets	22.6%	19.0%	22.6%	19.3%	18.6%	
Net unrealized appreciation, end of period	193,475	416,628	193,475	288,835	340,955	374
Net assets, end of period	1,140,635	1,315,866	1,140,635	1,229,367	1,270,264	1,287
Average net assets during period(9)	1,157,421	1,274,638	1,152,970	1,178,669	1,290,683	1,320
Net asset value per common share	24.50	28.00	24.50	26.37	27.11	2
Market value per common share	24.91	27.22	24.91	27.59	28.35	2
Shares outstanding (000 s)	46,560	47,000	46,560	46,617	46,861	46

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

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

(3)

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

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

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

(6) Distributable Cash Flow divided by distributions paid.

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

(8) Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.

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

Management s Discussion *(Unaudited)*

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

Overview

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

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

Company Update

Total assets increased approximately $65 million during the 4th quarter, primarily as a result of higher market values of our MLP investments and increased leverage utilization. Distribution increases from our MLP investments were in-line with our expectations and asset-based expenses decreased from the previous quarter. Total leverage as a percent of total assets increased and we increased our quarterly distribution to $0.42 per share. Additional information on these events and results of our operations are discussed in more detail below.

Critical Accounting Policies

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

Determining Distributions to Stockholders

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

Determining DCF

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

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between distributions received from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distribution income from MLPs and common stock on their ex-dates, whereas the DCF calculation may reflect distribution income on their pay dates; GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; and distributions received from investments in the DCF calculation include the value of dividends paid-in-kind (additional stock or MLP units), whereas such amounts are not included as income for GAAP purposes, and includes distributions related to direct investments when the purchase price is reduced in lieu of receiving cash distributions. The treatment of expenses in the DCF calculation also differs from what is reported in the Statement of Operations.

Management s Discussion *(Unaudited)*
(Continued)
In addition to the total operating expenses, including fee waiver, as disclosed in the Statement of Operations, the DCF calculation reflects interest expense, distributions to preferred stockholders, other recurring leverage expenses, as well as taxes paid on net investment income. A reconciliation of Net Investment Loss, before Income Taxes to DCF is included below.

Distributions Received from Investments

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

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

Total distributions received from our investments for the 4th quarter 2013 were approximately $29.0 million, representing an increase of 9.7 percent as compared to 4th quarter 2012 and an increase of 6.2 percent as compared to 3rd quarter 2013. On an annualized basis, total distributions for the quarter equate to 6.02 percent of our average total assets for the quarter. These changes reflect increases in per share distribution rates on our MLP investments and the impact of various portfolio trading activity. These changes also reflect the receipt of non-recurring distributions and other income in 4th quarter 2013 of approximately $1.2 million.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee, and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 0.86 percent of average total assets for the 4th quarter 2013, a decrease of 0.01 percent as compared to the 3rd quarter 2013 and an increase of 0.05 percent as compared to 4th quarter 2012. While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser waived an amount equal to 0.20 percent of average monthly managed assets from July 28, 2011 through December 31, 2012 and has agreed to waive an amount equal to 0.15 percent of average monthly managed assets through December 31, 2013, with further reductions in the fee waiver of 0.05 percent of average managed assets per calendar year through 2015.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately $3.3 million for the 4th quarter 2013, a slight increase as compared to the 3rd quarter 2013.

The weighted average annual rate of our leverage at November 30, 2013 was 3.57 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.125 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable Cash Flow

For 4th quarter 2013, our DCF was approximately $21.6 million, an increase of 9.2 percent as compared to 4th quarter 2012 and an increase of 8.9 percent as compared to 3rd quarter 2013. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of $19.7 million, or $0.42 per share, during the quarter. This represents an increase of $0.005 per share as compared to 4th quarter 2012 and an increase of $0.00125 from 3rd quarter 2013.

Our distribution coverage ratio was 109.3 percent for 4th quarter 2013. Excluding non-recurring income received during 4th quarter 2013, our coverage ratio was 103.2 percent, an increase in the coverage ratio of 0.8 percent as compared to 4th quarter 2012 and an increase of 2.3 percent as compared to 3rd quarter 2013. Our goal is to pay what we believe to be sustainable distributions with any increases safely covered by earned DCF. A distribution coverage ratio of greater than 100 percent provides flexibility for on-going management of the portfolio, changes in leverage costs, the impact of taxes from realized gains and other expenses. An on-going distribution coverage ratio of less than 100 percent will, over time, erode the earning power of a portfolio and may lead to lower distributions. We expect to allocate a portion of the projected future growth in DCF to increase distributions to stockholders while also continuing to build critical distribution coverage to help preserve the sustainability of distributions to stockholders for the years ahead.

Net investment loss before income taxes on the Statement of Operations is adjusted as follows to reconcile to DCF for 2013 YTD and 4th quarter 2013 (in thousands):

	2013 YTD	**4th Qtr 2013**
Net Investment Loss, before Income Taxes	$ (28,463)	$ (5,366)
Adjustments to reconcile to DCF:		
Dividends paid in stock	5,617	1,270
Distributions characterized as return of capital	103,556	25,583
Amortization of debt issuance costs	384	95
DCF	$ 81,094	$ 21,582

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

We had total assets of $1.956 billion at year-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 4th quarter 2013, total assets increased by approximately $65 million. This change was primarily the result of a $53.2 million increase in the value of our investments as reflected by the change in net realized and unrealized gains on investments (excluding return of capital on distributions) and increased leverage utilization during the quarter.

Total leverage outstanding at November 30, 2013 was $372.2 million, an increase of $27.2 million as compared to August 31, 2013. On an adjusted basis to reflect the payment of the 3rd quarter distribution at the beginning of the 4th quarter, total leverage increased approximately $9.4 million. Outstanding leverage is comprised of $255 million in senior notes, $90 million in preferred shares and $27.2 million outstanding under the credit facility, with 81.9 percent of leverage with fixed rates and a weighted average maturity of 4.0 years. Total leverage represented 19.0 percent of total assets at November 30, 2013, as compared to 18.2 percent as of August 31, 2013 and 22.6 percent as of November 30, 2012. Our leverage as a percent of total assets remains below our long-term target level of 25 percent, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in MLP values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of $345 million is comprised of 74 percent private placement debt and 26 percent private placement preferred equity with a weighted average rate of 3.73 percent and remaining weighted average laddered maturity of approximately 4.3 years.

Subsequent to year-end, we entered into amendments to our credit facility to increase the borrowing capacity under the facility from $60 million to $107 million. Other terms of the credit facility were unchanged.

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

Taxation of our Distributions and Income Taxes

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

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

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

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

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

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At November 30, 2013, our investments are valued at approximately $1.954 billion, with an adjusted cost of $1.298 billion. The $656 million difference reflects unrealized gain that would be realized for financial statement purposes if those investments were sold at those values. The Statement of Assets and Liabilities also reflects a net deferred tax liability primarily due to unrealized gains (losses) on investments. At November 30, 2013, the balance sheet reflects a net deferred tax liability of approximately $260 million or $5.53 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes.

Schedule of Investments

November 30, 2013

	Shares	Fair Value
Master Limited Partnerships and Related Companies 147.8%(1)		
Natural Gas/Natural Gas Liquids Pipelines 80.3%(1)		
United States 80.3%(1)		
Boardwalk Pipeline Partners, LP	2,777,645	$ 73,163,169
El Paso Pipeline Partners, L.P.	3,032,500	126,091,350
Energy Transfer Partners, L.P.	2,893,600	156,717,376
Enterprise Products Partners L.P.	2,156,400	135,788,508
EQT Midstream Partners, L.P.	490,271	26,960,002
Kinder Morgan Energy Partners, L.P.	607,600	49,804,972
Kinder Morgan Management, LLC(2)	957,680	73,329,576
ONEOK Partners, L.P.	1,420,300	76,071,268
Regency Energy Partners LP	3,787,200	92,331,936
Spectra Energy Partners, LP	3,358,800	151,011,648
TC PipeLines, LP	145,948	7,151,452
Williams Partners L.P.	1,732,600	89,038,314