TORTOISE MLP FUND, INC.
Form N-CSRS
July 29, 2013

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-22409

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

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

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

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

Date of fiscal year end: November 30

Date of reporting period: May 31, 2013

Item 1. Reports to Stockholders.

Company at a Glance

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

Investment Focus

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

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

About Energy Infrastructure Master Limited Partnerships

MLPs are limited partnerships whose units trade on public exchanges such as the New York Stock Exchange (NYSE), the NYSE Alternext US and NASDAQ. Buying MLP units makes an investor a limited partner in the MLP. There are currently more than 90 MLPs in the market in industries related to energy and natural resources.

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

An NTG Investment Versus a Direct Investment in MLPs

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

Additional features include:

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

June 18, 2013

Dear Fellow Stockholders,

The equity market continued its bullish start in fiscal year 2013, with the S&P 500 Index® gaining 8.2 percent and 16.4 percent for the three and six months ending May 31st. A confluence of events conspired to buoy investor confidence and sustain the market s upward trajectory during the period as fiscal cliff concerns abated and economic data continued to suggest a moderate economic recovery. Natural gas midstream MLPs had a positive first half, continuing to demonstrate the resiliency of underlying fundamentals, with a long-term horizon of infrastructure build-out to connect new domestic supply with demand.

Master Limited Partnership Sector Review

The Tortoise MLP Index® had a total return of 4.8 percent and 15.9 percent for the three months and six months ending May 31, 2013, respectively. Midstream MLPs outperformed upstream MLPs during both periods, supported by strong distribution growth and visible cash flow streams. While MLPs enjoyed a strong out-of-the-gate performance, they took a break late in the second fiscal quarter, underperforming broader equities in May as interest rate concerns began to surface following the release of the Federal Open Market Committee s (FOMC) rather ambiguous statement on quantitative easing. The markets responded with some immediate volatility, particularly impacting yield-oriented securities, a reaction we often see in the wake of uncertain comments out of the FOMC, and attractive yielding MLPs were not immune to this. However, we believe that quality MLPs are different from most yielding securities as they offer the potential for growth in addition to income. While market volatility can prevail in the short term, we believe that those growth-oriented MLPs with quality business models remain fundamentally well positioned over the longer term.

The U.S. has virtually achieved independence in natural gas following success in the Barnett shale in North Texas. While production in this area has leveled, the best economic shale basin has emerged in the Northeast the Marcellus shale. Gas production in this resource-rich shale has grown from almost nothing to more than 7 billion cubic feet per day in the last four years. Future growth is expected to mostly offset declines in conventional natural gas production, with supply largely meeting domestic demand. In all, the U.S. produced approximately 69 billion cubic feet of gas per day in 2012, prompting the International Energy Agency (IEA) to project that within three years, the U.S. will unseat Russia as the world s largest producer of natural gas. This production comes from predictable onshore shale resources resulting in stable and globally competitive prices for natural gas and associated gas liquids.

This, in conjunction with low labor costs, labor market stability and well-developed infrastructure, is driving increased use of natural gas in power generation and a renaissance in manufacturing. At the same time, greater production of natural gas liquids, which are in high demand by the petrochemicals industry, has made North America a global cost leader in the supply of plastics and a leading exporter of liquefied petroleum gas (LPG). This vigorous activity continues to spur infrastructure build-out in the natural gas MLPs we target, with more than $12 billion in natural gas infrastructure MLP growth projects projected in the next three years through 2015.

Capital markets remained very active and supportive, as MLPs raised approximately $19 billion in equity and $17 billion in debt fiscal year-to-date through May 31st. This includes the launch of eight new MLP initial public offerings, which included gathering/ processing and natural gas pipeline MLPs, among other less traditional businesses. Merger and acquisition (M&A) deals also were abundant. Aggregate MLP M&A deals totaling more than $22 billion were announced during the period, the largest of which was Kinder Morgan Energy Partners $5 billion acquisition of Copano Energy, L.L.C., a gathering and processing MLP, which closed on May 1st.

Fund Performance Review

Our total assets increased from $1.6 billion on Nov. 30, 2012, to $1.9 billion on May 31, 2013, resulting primarily from market appreciation of our investments. Our market-based total return to stockholders was 4.3 percent and 17.4 percent (both including the reinvestment of distributions) for the three and six months ending May 31, 2013, respectively. Our NAV-based total return was 4.4 percent and 14.1 percent for the same periods. The difference between our market value total returns as compared to our NAV total returns reflected the increase in the market s premium of our stock price relative to our NAV during the period.

During the fiscal first half of 2013, our asset performance was driven primarily by our exposure to gathering and processing MLPs, which were positively affected by demand for natural gas liquids. Although they contributed to absolute returns, natural gas pipeline MLPs continued to face some short-term growth challenges. We believe near-term projects will be focused on Marcellus

infrastructure build-out, but longer term we see additional natural gas infrastructure needs from new gas-fired power plants and LNG export terminals. With no holdings in upstream, our performance benefited from our overall midstream strategy.

(Unaudited)

We paid a distribution of $0.4175 per common share ($1.67 annualized) to our stockholders on June 3, 2013, an increase of 0.3 percent quarter over quarter and of 1.2 percent year over year. This distribution represented an annualized yield of 5.9 percent based on our second fiscal quarter closing price of $28.35. Our distribution payout coverage (distributable cash flow divided by distributions) for the second fiscal quarter was 101.7 percent. For tax purposes, we currently expect 90 to 100 percent of NTG s 2013 distributions to be characterized as return of capital. A final determination of the characterization will be made in January 2014.

We ended the second fiscal quarter with leverage (including bank debt, senior notes and preferred stock) at 18.6 percent of total assets, below our long-term target of 25 percent. This provides us flexibility in managing the portfolio across market cycles and allows us to add leverage when compelling opportunities arise. As of May 31, 2013, our leverage had a weighted average maturity of 4.8 years and a weighted average cost of 3.77 percent, with more than 88 percent at fixed rates. We believe NTG s balance sheet is strong, with rates fixed on the majority of our leverage, laddered due dates and extended average maturities.

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

Concluding Thoughts

We continue to be excited about the significant transformation underway in North American energy, with midstream MLPs playing a key role in the significant build-out underway. However, we also think it is important to note that while a rising tide may lift all boats, market cycles will separate quality companies from those with weaker business models. We believe this will play out over time, and we look forward to serving you as your professional investment adviser in navigating the course ahead.

As a final note, if you have not yet had a chance to listen to our May webcast, we invite and encourage you to do so at www.tortoiseadvisors.com.

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

The Tortoise MLP Index® is a float-adjusted, capitalization-weighted index of energy master limited partnerships (MLPs). The S&P 500 Index® is an 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.

	2012			2013	
	Q2(1)	Q3(1)	Q4(1)	Q1(1)	Q2(1)
Total Income from Investments					
Distributions received from master limited partnerships	$23,945	$24,350	$24,580	$24,787	$26,111
Dividends paid in stock	1,749	1,803	1,875	1,936	1,187
Total from investments	25,694	26,153	26,455	26,723	27,298
Operating Expenses Before Leverage Costs and Current Taxes					
Advisory fees, net of fees waived	3,094	2,991	3,044	3,236	3,753
Other operating expenses	286	278	278	327	324
	3,380	3,269	3,322	3,563	4,077
Distributable cash flow before leverage costs and current taxes	22,314	22,884	23,133	23,160	23,221
Leverage costs(2)	3,400	3,392	3,378	3,352	3,343
Current income tax expense(3)					
Distributable Cash Flow(4)	$18,914	$19,492	$19,755	$19,808	$19,878
As a percent of average total assets(5)					
Total from investments	6.18%	6.50%	6.45%	6.39%	5.83%
Operating expenses before leverage costs and current taxes	0.81%	0.81%	0.81%	0.85%	0.87%
Distributable cash flow before leverage costs and current taxes	5.37%	5.69%	5.64%	5.54%	4.96%
As a percent of average net assets(5)					
Total from investments	8.79%	9.24%	9.23%	9.19%	8.39%
Operating expenses before leverage costs and current taxes	1.16%	1.15%	1.16%	1.23%	1.25%
Leverage costs and current taxes	1.16%	1.20%	1.18%	1.15%	1.03%
Distributable cash flow	6.47%	6.89%	6.89%	6.81%	6.11%
Selected Financial Information					
Distributions paid on common stock	$18,997	$19,166	$19,287	$19,404	$19,549
Distributions paid on common stock per share	0.41250	0.41500	0.41500	0.41625	0.41750
Distribution coverage percentage for period(6)	99.6%	101.7%	102.4%	102.1%	101.7%
Net realized gain (loss), net of income taxes, for the period	(6,034)	12,964	19,399	15,101	9,232
Total assets, end of period	1,530,564	1,633,486	1,633,815	1,785,448	1,853,489
Average total assets during period(7)	1,652,843	1,601,246	1,649,297	1,697,239	1,858,008
Leverage(8)	349,200	345,600	368,900	345,000	345,000
Leverage as a percent of total assets	22.8%	21.2%	22.6%	19.3%	18.6%
Net unrealized appreciation, end of period	137,300	198,772	193,475	288,835	340,955
Net assets, end of period	1,085,816	1,140,486	1,140,635	1,229,367	1,270,264
Average net assets during period(9)	1,162,876	1,126,062	1,152,970	1,178,669	1,290,683
Net asset value per common share	23.58	24.68	24.50	26.37	27.11

Market value per common share	24.51	26.19	24.91	27.59	28.35
Shares outstanding (actual)	46,052,502	46,203,904	46,559,833	46,617,023	46,860,898

(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, implied distributions included in direct placement discounts, 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 for the 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 $68 million during the 2nd quarter, primarily as a result of higher market values of our MLP investments. Distribution increases from our MLP investments were in-line with our expectations and asset-based expenses increased from the previous quarter along with increased average managed assets. Total leverage as a percent of total assets decreased and we increased our quarterly distribution to $0.4175 per share. Additional information on these events and results of our operations are discussed in more detail below.

Critical Accounting Policies

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

Determining Distributions to Stockholders

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

Determining DCF

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

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

Management s Discussion *(Unaudited)*
(Continued)

Distributions Received from Investments

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

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

Total distributions received from our investments for the 2nd quarter 2013 were approximately $27.3 million, representing an increase of 6.2 percent as compared to 2nd quarter 2012 and an increase of 2.2 percent as compared to 1st quarter 2013. On an annualized basis, total distributions for the quarter equate to 5.83 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.

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 0.87 percent of average total assets for the 2nd quarter 2013, an increase of 0.02 percent as compared to the 1st quarter 2013 and an increase of 0.06 percent as compared to 2nd 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 2nd quarter 2013, a decrease of 0.3 percent as compared to the 1st quarter 2013.

The weighted average annual rate of our leverage at May 31, 2013 was 3.77 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.25 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable Cash Flow

For 2nd quarter 2013, our DCF was approximately $19.9 million, an increase of 5.1 percent as compared to 2nd quarter 2012 and an increase of 0.4 percent as compared to 1st quarter 2013. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of $19.5 million, or $0.4175 per share, during the quarter. This represents an increase of $0.005 per share as compared to 2nd quarter 2012 and an increase of $0.00125 from 1st quarter 2013.

Our distribution coverage ratio was 101.7 percent for 2nd quarter 2013, compared to a coverage ratio of 102.1 percent for 1st quarter 2013 and 99.6 percent for 2nd quarter 2012. 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 2nd quarter 2013 (in thousands):

	2013 YTD	2nd Qtr 2013
Net Investment Loss, before Income Taxes	$(17,090)	$(11,689)
Adjustments to reconcile to DCF:		
Dividends paid in stock	3,123	1,187
Distributions characterized as return of capital	53,461	30,283
Amortization of debt issuance costs	192	97
DCF	$ 39,686	$ 19,878

Liquidity and Capital Resources

We had total assets of $1.853 billion at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 2nd quarter 2013, total assets increased by approximately $68 million. This change was primarily the result of a $66 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 proceeds from the issuance of additional shares of common stock.

We issued 166,698 shares of our common stock during the quarter under our at-the-market equity program for a net total of approximately $4.8 million. We are waiving our advisory fees on the net proceeds from shares issued under our at-the-market equity program for six months.

Management s Discussion *(Unaudited)*
(Continued)

Total leverage outstanding at May 31, 2013 was $345.0 million, unchanged as compared to February 28, 2013. Outstanding leverage is comprised of $255 million in senior notes and $90 million in preferred shares, with 88.4 percent of leverage with fixed rates and a weighted average maturity of 4.8 years. Total leverage represented 18.6 percent of total assets at May 31, 2013, as compared to 19.3 percent as of February 28, 2013 and 22.8 percent as of May 31, 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 3.74 percent and remaining weighted average laddered maturity of approximately 4.8 years.

We use leverage to acquire MLPs consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Notes 9, 10 and 11 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at www.tortoiseadvisors.com.

Subsequent to quarter-end, we entered into an amendment to our bank credit facility that extends the facility through June 16, 2014. Terms of the amendment provide for an unsecured revolving credit facility of $60,000,000. During the extension, outstanding balances generally will accrue interest at a variable annual rate equal to one-month LIBOR plus 1.125 percent and unused portions of the credit facility will accrue a non-usage fee equal to an annual rate of 0.15 percent.

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 2012 were 100 percent return of capital as we had negative E&P for the year. 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 2012 was 100 percent return of capital. We currently estimate that 90 to 100 percent of 2013 distributions will be characterized as return of capital for tax purposes, with the remaining percentage, if any, characterized as qualified dividend income. A final determination of the characterization will be made in January 2014.

As of November 30, 2012, we had approximately $138 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.

The unrealized gain or loss we have in the portfolio is reflected in the Statement of Assets and Liabilities. At May 31, 2013, our investments are valued at approximately $1.851 billion, with an adjusted cost of $1.313 billion. The $538 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 either a net deferred tax liability or net deferred tax asset depending primarily upon unrealized gains (losses) on investments, realized gains (losses) on investments, capital loss carryforwards and net operating losses. At May 31, 2013, the balance sheet reflects a net deferred tax liability of approximately $212.0 million or $4.52 per share. Accordingly, our net asset value per share represents the amount which would be available for distribution to stockholders after payment of taxes. Details of our taxes are disclosed in Note 5 in our Notes to Financial Statements.

Schedule of Investments

May 31, 2013

(Unaudited)

	Shares	Fair Value
Master Limited Partnerships and Related Companies 145.6%(1)		
Natural Gas/Natural Gas Liquids Pipelines 86.0%(1)		
United States 86.0%(1)		
Boardwalk Pipeline Partners, LP	3,523,800	$ 104,304,480
El Paso Pipeline Partners, L.P.	3,591,200	147,562,408
Energy Transfer Partners, L.P.	2,893,600	140,657,896
Enterprise Products Partners L.P.	2,156,400	128,068,596
EQT Midstream Partners, L.P.	434,900	21,249,214
Inergy Midstream, L.P.	812,700	18,277,623
Inergy Midstream, L.P.(2)	321,429	7,206,438
Kinder Morgan Energy Partners, L.P.	665,696	55,519,046
Kinder Morgan Management, LLC(3)	926,557	75,254,935
ONEOK Partners, L.P.	1,112,900	57,603,704
Regency Energy Partners LP	4,520,433	115,903,902
Spectra Energy Partners, LP	2,915,600	103,824,516
TC PipeLines, LP	470,364	20,493,760
Williams Partners L.P.	1,940,900	96,831,501
		1,092,758,019
Natural Gas Gathering/Processing 27.8%(1)		
United States 27.8%(1)		
Access Midstream Partners, L.P.	1,391,000	59,840,820
Crestwood Midstream Partners LP	1,266,035	31,334,366
DCP Midstream Partners, LP	1,283,459	61,349,340
MarkWest Energy Partners, L.P.	924,600	60,875,664
Summit Midstream Partners, LP	330,500	10,301,685
Targa Resources Partners LP	1,224,600	56,956,146
Western Gas Equity Partners, LP	297,091	11,117,145
Western Gas Partners LP	1,036,430	60,973,177
		352,748,343
Crude/Refined Products Pipelines 31.8%(1)		
United States 31.8%(1)		
Buckeye Partners, L.P.	1,111,600	73,521,224
Enbridge Energy Partners, L.P.	1,438,700	42,456,037
Holly Energy Partners, L.P.	1,144,672	41,162,405
Magellan Midstream Partners, L.P.		