TORTOISE MLP FUND, INC.
Form N-CSR
January 22, 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)

David J. Schulte
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, 2012

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 80 MLPs in the market, mostly 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, 2012

Dear Fellow Stockholders,

Our fiscal year ended Nov. 30, 2012 was a positive one for midstream MLPs, which continued to demonstrate solid growth and produced healthy cash flows. In fact, more than 80 percent of midstream MLPs grew their distributions in 2012, supported by stable fundamentals and visible growth profiles. The recent performance of these assets in periods of volatility and uncertainty once again demonstrates how their desirable operating characteristics can translate into an attractive, diversifying, long-term investment.

Although the market struggled with significant challenges during 2012, including sluggish global economic growth, escalating geopolitical concerns and a contentious U.S. presidential election, excitement continues to grow about the transformation underway in U.S. energy. These fundamental strengths, technological advances and optimism about the future of energy in America have not been overlooked by investors who have continued to recognize quality over longer periods, an approach that ultimately drove positive performance of midstream MLPs during the year.

Master Limited Partnership sector review and outlook

The Tortoise MLP Index® posted a solid 14.6 percent total return for the fiscal year ending Nov. 30, 2012. After a relatively flat first half of the year, MLPs rebounded for much of the second half, until general uncertainty clouded the market following the election in November. The broad equity market, as represented by the S&P 500 Index®, returned 16.1 percent for the same period, following a lethargic 2011.

Despite macro uncertainties, increased energy production in the U.S. is an exciting and promising event, providing a potential boost for the economy along with other benefits for Americans, such as creating jobs, generating federal, state and local tax revenues and improving national security. Importantly, the U.S. is now the world s leading producer of natural gas, and approximately 98 percent of the natural gas we use in the U.S. is domestically produced. The positive implications of this dramatic growth in U.S. production for the midstream portion of the energy value chain and for pipeline MLPs are significant. The pace of projects continues to be strong as pipeline infrastructure build-out is critical to support expanding production, with a clear need for increased pipeline takeaway capacity from this growing production. In just the next three years, we estimate more than $40 billion in midstream MLP capital investment.

Merger and acquisition (M&A) activity remains elevated compared to the long-term historical average. MLP acquisitions in fiscal 2012 totaled $40.9 billion, a figure that excludes several deals announced in December.

Fund performance review and outlook

Our total assets were $1.6 billion on Nov. 30, 2012, a slight increase from one year ago. For fiscal year 2012, our market-based total return was 7.1 percent and our NAV-based total return was 6.7 percent (both including the reinvestment of distributions). The difference between the market value total return as compared to the NAV total return reflects the change in the market s premium or discount over the period.

During the year, natural gas pipeline MLPs and gathering and processing MLPs, our two largest sector exposures, contributed positively to our asset performance, although faced some headwinds due to a more modest near-term growth outlook. Although natural gas MLPs underperformed liquids pipeline MLPs this year, we continue to believe in their longer-term opportunity. Natural gas consumption continued to displace coal as an energy source, a trend which bodes well for natural gas MLPs in the years ahead. We were also positively impacted by our midstream strategy with no holdings in upstream MLPs.

We paid a distribution of $0.4150 per common share ($1.66 annualized) to our stockholders on Nov. 30, 2012, which is in line with last quarter s distribution and an increase of 0.6 percent year-over-year. This represented an annualized yield of 6.7 percent based on our fiscal year closing price of $24.91. Our distribution coverage (distributable cash flow divided by distributions) for the fourth fiscal quarter was 102.4 percent, reflective of our emphasis on sustainability. For tax purposes, distributions to stockholders for 2012 were 100 percent qualified dividend income.

We ended our fiscal year with leverage (including bank debt, senior notes and preferred stock), at 22.6 percent of total assets, below our long-term target of 25 percent. This provides us flexibility in managing the portfolio during market cycles and allows us to add leverage when compelling opportunities arise. As of Nov. 30, 2012, our leverage had a weighted average maturity of 5.0 years and a weighted average cost of leverage of 3.6 percent, with 82.7 percent at fixed rates.

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

Conclusion

We believe we are in the early stages of a significant transformation of North American energy. As this exciting scenario continues to unfold, we look forward to serving you as your professional investment adviser in navigating the course ahead, which a strategy anchored in natural gas infrastructure MLPs.

Sincerely,

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

H. Kevin Birzer　　Zachary A. Hamel　　Kenneth P. Malvey

Terry Matlack　　David J. Schulte

(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,		2011	2012		
	2011	**2012**	**Q4(1)**	**Q1(1)**	**Q2(1)**	**Q3(1**
Total Income from Investments						
Distributions received from master limited partnerships	$ 96,561	$ 97,092	$24,030	$24,217	$23,945	$24
Dividends paid in stock	5,634	7,062	1,543	1,635	1,749	1
Other income	280					
Total from investments	102,475	104,154	25,573	25,852	25,694	26
Operating Expenses Before Leverage Costs and Current Taxes						
Advisory fees, net of fees waived	11,235	12,236	2,825	3,107	3,094	2
Other operating expenses	1,441	1,128	359	286	286	
	12,676	13,364	3,184	3,393	3,380	3
Distributable cash flow before leverage costs and current taxes	89,799	90,790	22,389	22,459	22,314	22
Leverage costs(2)	13,552	13,571	3,372	3,401	3,400	3
Current income tax expense(3)	28		2			
Distributable Cash Flow(4)	$ 76,219	$ 77,219	$19,015	$19,058	$18,914	$19
As a percent of average total assets(5)						
Total from investments	6.44%	6.33%	6.67%	6.24%	6.18%	
Operating expenses before leverage costs and current taxes	0.80%	0.81%	0.83%	0.82%	0.81%	
Distributable cash flow before leverage costs and current taxes	5.64%	5.52%	5.84%	5.42%	5.37%	
As a percent of average net assets(5)						
Total from investments	8.98%	9.00%	9.31%	8.75%	8.79%	
Operating expenses before leverage costs and current taxes	1.11%	1.15%	1.16%	1.15%	1.16%	
Leverage costs and current taxes	1.19%	1.17%	1.23%	1.15%	1.16%	
Distributable cash flow	6.68%	6.68%	6.92%	6.45%	6.47%	
Selected Financial Information						
Distributions paid on common stock	$ 74,580	$ 76,404	$18,883	$18,954	$18,997	$19
Distributions paid on common stock per share	1.6375	1.6550	0.4125	0.4125	0.4125	0.
Distribution coverage percentage for period(6)	102.2%	101.1%	100.7%	100.5%	99.6%	1
Net realized gain (loss), net of income taxes, for the period	18,830	21,015	1,691	(5,314)	(6,034)	12
Total assets, end of period	1,566,608	1,633,815	1,566,608	1,731,580	1,530,564	1,633
Average total assets during period(7)	1,590,874	1,644,445	1,537,375	1,664,967	1,652,843	1,601
Leverage(8)	355,100	368,900	355,100	355,700	349,200	345
Leverage as a percent of total assets	22.7%	22.6%	22.7%	20.5%	22.8%	
Net unrealized appreciation, end of period	121,871	193,475	121,871	237,227	137,300	198
Net assets, end of period	1,127,592	1,140,635	1,127,592	1,214,853	1,085,816	1,140
Average net assets during period(9)	1,140,951	1,157,421	1,101,261	1,188,060	1,162,876	1,126
Net asset value per common share	24.54	24.50	24.54	26.44	23.58	2
Market value per common share	24.84	24.91	24.84	26.45	24.51	2
Shares outstanding	45,949,783	46,559,833	45,949,783	45,949,783	46,052,502	46,203

(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 were relatively unchanged during the 4th quarter. Distribution increases from our MLP investments were in-line with our expectations and asset-based expenses and other operating expenses increased slightly from the previous quarter. Total leverage as a percent of total assets increased and we maintained our quarterly distribution of $0.415 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 net investment income of the Company, 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

Management s Discussion *(Unaudited)*
(Continued)

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 2012 was approximately $26.5 million, representing an increase of 3.4 percent as compared to 4th quarter 2011 and an increase of 1.2 percent as compared to 3rd quarter 2012. On an annualized basis, total distributions for the quarter equate to 6.45 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 0.81 percent of average total assets for the 4th quarter 2012, unchanged as compared to the 3rd quarter 2012 and a decrease of 0.02 percent as compared to 4th quarter 2011. While the contractual advisory fee is 0.95 percent of average monthly managed assets, the Adviser has agreed to waive an amount equal to 0.20 percent of average monthly managed assets from July 28, 2011 through December 31, 2012, 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 decreased 0.4 percent as compared to the 3rd quarter 2012.

The weighted average annual rate of our leverage at November 30, 2012 was 3.62 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 4th quarter 2012, our DCF was approximately $19.8 million, an increase of 3.9 percent as compared to 4th quarter 2011 and an increase of 1.3 percent as compared to 3rd quarter 2012. The changes are the net result of changes in distributions and expenses as outlined above. We declared a distribution of $19.3 million, or $0.415 per share, during the quarter. This represents an increase of $0.0025 per share as compared to 4th quarter 2011 and is unchanged from 3rd quarter 2012.

Our distribution coverage ratio was 102.4 percent for 4th quarter 2012, compared to a coverage ratio of 101.7 percent for 3rd 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. In 2013, we expect to allocate a portion of the projected 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 2012 YTD and 4th quarter 2012 (in thousands):

	2012 YTD	**4th Qtr 2012**
Net Investment Loss, before Income Taxes	$(26,830)	$ (5,342)
Adjustments to reconcile to DCF:		
Dividends paid in stock	7,062	1,875
Distributions characterized as return of capital	96,601	23,126
Amortization of debt issuance costs	386	96
DCF	$ 77,219	$19,755

Management s Discussion *(Unaudited)*
(Continued)

Liquidity and Capital Resources

We had total assets of $1.634 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 2012, total assets were relatively unchanged.

We issued 182,615 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 used the proceeds to partially fund net purchases during the quarter. We are waiving our advisory fees on the net proceeds from shares issued under our at-the-market equity program for six months.

Total leverage outstanding at November 30, 2012 was $368.9 million, an increase of $23.3 million as compared to August 31, 2012. On an adjusted basis to reflect the payment of the 3rd quarter 2012 distribution at the beginning of the 4th quarter 2012, total leverage increased by approximately $6.3 million. The increase in leverage is primarily due to the utilization of our bank credit facility to partially fund net purchases during the quarter. Outstanding leverage is comprised of $255 million in senior notes, $90 million in preferred shares and $23.9 million outstanding under the credit facility, with 82.7 percent of leverage with fixed rates and a weighted average maturity of 5.0 years. Total leverage represented 22.6 percent of total assets at November 30, 2012, as compared to 21.2 percent as of August 31, 2012 and 22.7 percent as of November 30, 2011. 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 3.75 percent and remaining weighted average laddered maturity of approximately 5.3 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 Note 9 and Note 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 currently be taxable at the 15 percent Qualified Dividend Income (QDI) rate, assuming various holding requirements are met by the stockholder. The 15 percent QDI rate is currently effective through 2012. As a result of legislative changes, starting in 2013, 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.

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. 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, 2012, our investments are valued at approximately $1.631 billion, with an adjusted cost of $1.326 billion. The $305 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 November 30, 2012, the balance sheet reflects a net deferred tax liability of approximately $118.7 million or $2.55 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, 2012

	Shares	Fair Value
Master Limited Partnerships and Related Companies 143.0%[1]		
Natural Gas/Natural Gas Liquids Pipelines 83.2%[1]		
United States 83.2%[1]		
Boardwalk Pipeline Partners, LP	3,523,800	$ 90,878,802
El Paso Pipeline Partners, L.P.	3,720,900	138,901,197
Energy Transfer Equity, L.P.	446,621	20,307,857
Energy Transfer Partners, L.P.	2,893,600	127,000,104
Enterprise Products Partners L.P.	2,382,100	123,464,243
EQT Midstream Partners, L.P.	333,286	10,238,546
Inergy Midstream, L.P.	812,700	19,114,704
ONEOK Partners, L.P.	1,349,000	78,579,250
Regency Energy Partners LP	4,520,433	101,122,086
Spectra Energy Partners, LP	2,704,180	80,557,522
TC PipeLines, LP	715,200	29,816,688
Williams Partners L.P.	2,543,700	129,499,767
		949,480,766
Natural Gas Gathering/Processing 28.9%[1]		
United States 28.9%[1]		
Access Midstream Partners, L.P.	1,140,000	39,888,600
Copano Energy, L.L.C.	1,646,300	51,907,839
Crestwood Midstream Partners LP[2]	1,522,646	35,538,558
DCP Midstream Partners, LP	1,109,400	46,461,672
MarkWest Energy Partners, L.P.	924,600	47,783,328
Southcross Energy Partners, L.P.	188,170	4,418,232
Summit Midstream Partners, LP	330,500	6,530,680
Targa Resources Partners LP	1,224,600	46,130,682
Western Gas Partners LP	1,040,131	50,924,814
		329,584,405
Crude/Refined Products Pipelines 30.9%[1]		
United States 30.9%[1]		
Buckeye Partners, L.P.	923,400	46,410,084
Enbridge Energy Partners, L.P.	1,728,900	50,172,678
Holly Energy Partners, L.P.	572,336	38,432,362
Kinder Morgan Management, LLC[2]	898,978	68,232,450
Magellan Midstream Partners, L.P.	787,400	35,023,552
MPLX LP	496,382	14,325,584
NuStar Energy L.P.	631,500	28,947,960
Plains All American Pipeline, L.P.	1,515,400	70,587,332
		352,132,002
Total Master Limited Partnerships and Related Companies (Cost $1,326,134,065)		1,631,197,173
Short-Term Investment 0.0%[1]		
United States Investment Company 0.0%[1]		
Fidelity Institutional Money Market Portfolio Class I, 0.14%[3] (Cost $74,323)	74,323	74,323
Total Investments 143.0%[1] (Cost $1,326,208,388)		1,631,271,496

Other Assets and Liabilities (12.8%)[1]		(145,636,106)
Long-Term Debt Obligations (22.3%)[1]		(255,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value (7.9%)[1]		(90,000,000)
Total Net Assets Applicable to Common Stockholders 100.0%[1]	$	1,140,635,390

(1)Calculated as a percentage of net assets applicable to common stockholders.
(2)Security distributions are paid-in-kind.
(3)Rate indicated is the current yield as of November 30, 2012.

See accompanying Notes to Financial Statements.

Statement of Assets & Liabilities

November 30, 2012

Assets		
Investments at fair value (cost $1,326,208,388)	$	1,631,271,496
Receivable for Adviser fee waiver		554,649
Prepaid expenses and other assets		1,988,787
Total assets		1,633,814,932
Liabilities		
Payable to Adviser		2,598,204
Accrued expenses and other liabilities		3,003,224
Deferred tax liability		118,678,114
Short-term borrowings		23,900,000
Long-term debt obligations		255,000,000
Mandatory redeemable preferred stock ($25.00 liquidation value per share; 3,600,000 shares outstanding)		90,000,000
Total liabilities		493,179,542
Net assets applicable to common stockholders	$	1,140,635,390
Net Assets Applicable to Common Stockholders Consist of:		
Capital stock, $0.001 par value; 46,559,833 shares issued and outstanding (100,000,000 shares authorized)	$	46,560
Additional paid-in capital		943,101,998
Accumulated net investment loss, net of income taxes		(36,041,646)
Undistributed realized gain, net of income taxes		40,053,370
Net unrealized appreciation of investments, net of income taxes		193,475,108
Net assets applicable to common stockholders	$	1,140,635,390
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	$	24.50

Statement of Operations

Year Ended November 30, 2012

Investment Income	
Distributions from master limited partnerships	$ 97,091,512
Less return of capital on distributions	(96,600,736)
Net distributions from master limited partnerships	490,776
Dividends from money market mutual funds	326
Total Investment Income	491,102
Operating Expenses	
Advisory fees	15,512,241
Administrator fees	456,730
Professional fees	190,653
Stockholder communication expenses	159,688
Directors fees	140,416
Fund accounting fees	84,203
Custodian fees and expenses	70,137
Registration fees	47,763
Stock transfer agent fees	11,806
Franchise fees	(151,366)
Other operating expenses	117,357
Total Operating Expenses	16,639,628
Leverage Expenses	
Interest expense	9,684,568
Distributions to mandatory redeemable preferred stockholders	3,737,002
Amortization of debt issuance costs	385,548

Other leverage expenses	149,883
Total Leverage Expenses	13,957,001
Total Expenses	30,596,629
Less fees waived by Adviser	(3,275,763)
Net Expenses	27,320,866
Net Investment Loss, before Income Taxes	(26,829,764)
Deferred tax benefit	8,343,656
Net Investment Loss	(18,486,108)
Realized and Unrealized Gain on Investments	
Net realized gain on investments, before income taxes	33,044,830
Deferred tax expense	(12,030,172)
Net realized gain on investments	21,014,658
Net unrealized appreciation of investments, before income taxes	112,594,830
Deferred tax expense	(40,990,835)
Net unrealized appreciation of investments	71,603,995
Net Realized and Unrealized Gain on Investments	92,618,653
Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations	$ 74,132,545

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

Year Ended November 30

	2012	2011
Operations		
Net investment loss	$ (18,486,108)	$ (15,661,729)
Net realized gain on investments	21,014,658	18,830,309
Net unrealized appreciation of investments	71,603,995	54,475,263
Net increase in net assets applicable to common stockholders resulting from operations	74,132,545	57,643,843
Distributions to Common Stockholders		
Return of capital	(76,403,671)	(74,579,942)
Total distributions to common stockholders	(76,403,671)	(74,579,942)
Capital Stock Transactions		
Proceeds from shelf offerings of 234,045 common shares	6,095,538	
Underwriting discounts and offering expenses associated with the issuance of common stock	(128,623)	
Issuance of 376,005 and 545,595 common shares from reinvestment of distributions to stockholders	9,348,018	13,407,746
Net increase in net assets applicable to common stockholders from capital stock transactions	15,314,933	13,407,746
Total increase (decrease) in net assets applicable to common stockholders	13,043,807	(3,528,353)
Net Assets		
Beginning of year	1,127,591,583	1,131,119,936
End of year	$1,140,635,390	$1,127,591,583
Accumulated net investment loss, net of income taxes, end of year	$ (36,041,646)	$ (17,555,538)

See accompanying Notes to Financial Statements.

Statement of Cash Flows
Year Ended November 30, 2012

Cash Flows From Operating Activities	
Distributions received from master limited partnerships	$ 97,091,512
Dividend income received	465
Purchases of long-term investments	(273,646,058)
Proceeds from sales of long-term investments	250,719,353
Proceeds from sales of short-term investments, net	67,879
Interest expense paid	(9,663,418)
Distributions to mandatory redeemable preferred stockholders	(3,737,000)
Other leverage expenses paid	(83,237)
Operating expenses paid	(13,471,355)
Net cash provided by operating activities	47,278,141
Cash Flows From Financing Activities	
Advances from revolving line of credit	165,300,000
Repayments on revolving line of credit	(151,500,000)
Issuance of common stock	6,095,538
Common stock issuance costs	(118,030)
Distributions paid to common stockholders	(67,055,649)
Net cash used in financing activities	(47,278,141)
Net change in cash	
Cash beginning of year	
Cash end of year	$
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities	
Net increase in net assets applicable to common stockholders resulting from operations	$ 74,132,545
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities:	
Purchases of long-term investments	(269,298,527)
Proceeds from sales of long-term investments	247,825,199
Proceeds from sales of short-term investments, net	67,879
Return of capital on distributions received	96,600,736
Deferred tax expense	44,677,351
Net unrealized appreciation of investments	(112,594,830)
Net realized gain on investments	(33,044,830)
Amortization of debt issuance costs	385,548
Changes in operating assets and liabilities:	
Decrease in interest and dividend receivable	152
Decrease in receivable for investments sold	2,894,154
Increase in prepaid expenses and other assets	(6,039)
Decrease in payable for investments purchased	(4,347,531)
Increase in payable to Adviser, net of fee waiver	129,427
Decrease in accrued expenses and other liabilities	(143,093)
Total adjustments	(26,854,404)
Net cash provided by operating activities	$ 47,278,141
Non-Cash Financing Activities	
Reinvestment of distributions by common stockholders in additional common shares	$ 9,348,018

See accompanying Notes to Financial Statements.

Financial Highlights

	Year Ended November 30, 2012	Year Ended November 30, 2011	Period from July 30, 2010[1] through November 30, 2010
Per Common Share Data[2]			
Net Asset Value, beginning of period	$ 24.54	$ 24.91	$
Public offering price			25.00
Income (Loss) from Investment Operations			
Net investment loss[3]	(0.40)	(0.34)	(0.04)
Net realized and unrealized gain on investments[3]	2.02	1.61	1.49
Total income from investment operations	1.62	1.27	1.45
Distributions to Common Stockholders			
Return of capital	(1.66)	(1.64)	(0.36)
Total distributions to common stockholders	(1.66)	(1.64)	(0.36)
Underwriting discounts and offering costs on issuance of common stock[4]			(1.18)
Premiums less underwriting discounts and offering costs on issuance of common stock[5][6]	0.00		
Total capital stock transactions	0.00		(1.18)
Net Asset Value, end of period	$ 24.50	$ 24.54	$ 24.91
Per common share market value, end of period	$ 24.91	$ 24.84	$ 24.14
Total Investment Return Based on Market Value[7]	7.14%	9.88%	(2.02)%
Supplemental Data and Ratios			
Net assets applicable to common stockholders, end of period (000 s)	$ 1,140,635	$ 1,127,592	$ 1,131,120
Average net assets (000 s)	$ 1,157,421	$ 1,140,951	$ 1,087,459
Ratio of Expenses to Average Net Assets[8]			
Advisory fees	1.34%	1.30%	1.07%
Other operating expenses	0.10	0.13	0.12
Fee waiver	(0.28)	(0.32)	(0.28)
Subtotal	1.16	1.11	0.91
Leverage expenses	1.20	1.22	0.48
Income tax expense[9]	3.86	3.11	10.44
Total expenses	6.22%	5.44%	11.83%
Ratio of net investment loss to average net assets before fee waiver[8]	(1.88)%	(1.69)%	(0.79)%
Ratio of net investment loss to average net assets after fee waiver[8]	(1.60)%	(1.37)%	(0.51)%
Portfolio turnover rate	15.14%	19.57%	1.24%
Short-term borrowings, end of period (000 s)	$ 23,900		