TORTOISE MLP FUND, INC.
Form N-2/A
June 28, 2010

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As filed with the Securities and Exchange Commission on June 28, 2010
Securities Act Registration No. 333-166278
Investment Company Act Registration No. 811-22409

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form N-2

þ **REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933**

þ **PRE-EFFECTIVE AMENDMENT NO. 4**

o **POST-EFFECTIVE AMENDMENT NO.**
and/or

þ **REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940**

þ **AMENDMENT NO. 4**

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Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box. o

It is proposed that this filing will become effective (check appropriate box):

o when declared effective pursuant to Section 8(c).

CALCULATION OF REGISTRATION FEE UNDER THE SECURITIES ACT OF 1933

Title of Securities Being Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)

Common Stock	$200,000,000	$14,260.00

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933. In no event will the aggregate initial offering price of all securities offered from time to time pursuant to the prospectus included as a part of this Registration Statement exceed $200,000,000.

(2) Previously paid.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such dates as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS **Subject to Completion**

Preliminary Prospectus dated June 28, 2010

Common Shares

Tortoise MLP Fund, Inc.

$25.00 per Share

Investment Objective. Tortoise MLP Fund, Inc. (the Company, we, us or our) is a newly organized, non-diversified closed-end management investment company. Our investment objective is to provide our stockholders 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 MLPs. Similar to the tax characterization of distributions made by MLPs to their unitholders, a portion of our distributions are expected to be treated as a return of capital to stockholders. We cannot assure you that we will achieve our investment objective. Unlike most investment companies, we have not elected to be treated as a regulated investment company under the Internal Revenue Code.

Investment Policies. Under normal circumstances, we will invest at least 80% of our total assets in equity securities of MLPs in the energy infrastructure sector, with at least 70% of our total assets in equity securities of natural gas infrastructure MLPs. For purposes of these policies, we consider investments in MLPs to include investments in affiliates of MLPs. 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% of their revenue, cash flow or assets related to natural gas or NGL infrastructure assets. We intend to focus primarily on midstream energy infrastructure MLPs that engage in the business of transporting, gathering and processing and storing natural gas and NGL infrastructure assets. We may invest up to 50% of our total assets in restricted securities, primarily through direct investments in securities of listed companies. We will not invest in privately held companies.

No Prior History. **Prior to this offering, there has been no public or private market for our common shares**. Our common shares are expected to be listed on the New York Stock Exchange under the trading or ticker symbol NTG.

Investing in our securities involves certain risks. You could lose some or all of your investment. See Risk Factors beginning on page 25 of this prospectus. You should consider carefully these risks together with all of the other information contained in this prospectus before making a decision to purchase our securities.

Shares of closed-end management investment companies frequently trade at prices lower than their net asset value or initial offering price. Market discount risk applies to all investors, but it may be greater for initial investors expecting to sell shares shortly after the completion of the offering.

	Per Share	Total(1)

Public offering price	$	25.000	$
Sales load[2]	$	1.125	$
Proceeds, before expenses, to the Company[3]	$	23.875	$

(notes on following page)

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the common shares to purchasers on or about , 2010.

Morgan Stanley

Citi

UBS Investment Bank

Wells Fargo Securities

Stifel Nicolaus **Barclays Capital** **Oppenheimer & Co.** **RBC Capital Markets**

BB&T Capital Markets **Comerica Securities** **Davenport & Company LLC** **Dominick & Dominick LLC**
J.J.B. Hilliard, W.L. Lyons, LLC **Janney Montgomery Scott** **Ladenburg Thalman & Co. Inc.** **Maxim Group LLC**
Morgan Keegan & Company, Inc. **Southwest Securities, Inc.** **Wunderlich Securities**

The date of this prospectus is , 2010.

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(notes from previous page)

(1) The underwriters named in this prospectus have the option to purchase up to additional common shares at the public offering price, less the sales load, within 45 days from the date of this prospectus to cover over-allotments. If the over-allotment option is exercised in full, the public offering price, sales load and proceeds, before expenses, to us will be , , and , respectively. See Underwriters .

(2) Tortoise Capital Advisors, L.L.C., the adviser to the Company, has agreed to pay from its own assets an upfront marketing and structuring fee to each of Morgan Stanley & Co. Incorporated, Citigroup Global Markets Inc., UBS Securities LLC, Wells Fargo Securities, LLC and Stifel, Nicolaus & Company, Incorporated. These fees are not reflected under sales load in the table above. See Underwriters Additional Compensation to be Paid by the Adviser.

(3) In addition to the sales load, we will pay offering costs of up to $0.05 per share, estimated to total approximately $, which will reduce the Proceeds, before expenses, to the Company. Tortoise Capital Advisors, L.L.C. has agreed to pay all organizational expenses and the amount by which the aggregate of all of our offering costs (other than the sales load) exceeds $0.05 per share.

(continued from cover page)

Leverage. The borrowing of money and issuance of preferred stock and debt securities represent the leveraging of our common stock. The term total assets includes assets obtained through leverage for each of our investment policies. Our Board of Directors has approved a leverage target of up to 25% of our total assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our total assets to up to 30% of our total assets at the time of incurrence, provided that (i) such leverage is consistent with the limits set forth in the 1940 Act, and (ii) we expect to reduce such increased leverage over time in an orderly fashion. See Risk Factors Leverage Risk.

Investment Adviser. We will be managed by Tortoise Capital Advisors, L.L.C. (the Adviser), a registered investment adviser specializing in managing portfolios of investments in MLPs and other energy companies. As of May 31, 2010, our Adviser managed investments of approximately $3.3 billion in the energy sector, including the assets of five publicly traded closed-end management investment companies. Our Adviser has a 20-person investment team dedicated to the energy sector, and its five managing directors comprise its investment committee.

This prospectus sets forth concisely the information that you should know before investing. You should read this prospectus before deciding whether to invest in our securities. You should retain this prospectus for future reference. A statement of additional information, dated , 2010, as supplemented from time to time, containing additional information, has been filed with the Securities and Exchange Commission (SEC) and is incorporated by reference in its entirety into this prospectus. You may request a free copy of the statement of additional information, the table of contents of which is on page of this prospectus, request a free copy of our annual, semi-annual and quarterly reports, request other information or make stockholder inquiries, by calling toll-free at 1-866-362-9331 or by writing to us at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. Our annual, semi-annual and quarterly reports and the statement of additional information also will be available on our investment adviser s website at *www.tortoiseadvisors.com*. Information included on such website does not form part of this prospectus. You can review and copy documents we have filed at the SEC s Public Reference Room in Washington, D.C. Call 1-202-551-5850 for information. The SEC charges a fee for copies. You can get the same information free from the SEC s website (*http://www.sec.gov*). You may also e-mail requests for these documents to publicinfo@sec.gov or make a request in writing to the SEC s Public Reference Section, 100 F. Street, N.E., Room 1580, Washington, D.C. 20549.

Our securities do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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CAUTIONARY NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and the statement of additional information contain forward-looking statements. Forward-looking statements can be identified by the words may, will, intend, expect, estimate, continue, plan, anticipate, and similar terms and the negative of such terms. By their nature, all forward-looking statements involve risks and uncertainties, and actual results could differ materially from those contemplated by the forward-looking statements. Several factors that could materially affect our actual results are the performance of the portfolio of securities we hold, the time necessary to fully invest the proceeds of this offering the conditions in the U.S. and international financial, natural gas, petroleum and other markets, the price at which our shares will trade in the public markets and other factors.

Although we believe that the expectations expressed in our forward-looking statements are reasonable, actual results could differ materially from those projected or assumed in our forward-looking statements. Our future financial condition and results of operations, as well as any forward-looking statements, are subject to change and are subject to inherent risks and uncertainties, such as those disclosed in the Risk Factors section of this prospectus. All forward-looking statements contained or incorporated by reference in this prospectus are made as of the date of this prospectus. Except for our ongoing obligations under the federal securities laws, we do not intend, and we undertake no obligation, to update any forward-looking statement. The forward-looking statements contained in this prospectus are excluded from the safe harbor protection provided by Section 27A of the Securities Act of 1933, as amended (the 1933 Act).

Currently known risk factors that could cause actual results to differ materially from our expectations include, but are not limited to, the factors described in the Risk Factors section of this prospectus. We urge you to review carefully that section for a more detailed discussion of the risks of an investment in our securities.

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You should rely only on the information contained or incorporated by reference in this prospectus in making your investment decisions. We have not authorized any other person to provide you with different or inconsistent information. If anyone provides you with different or inconsistent information, you should not rely on it. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where the offer or sale is not permitted. The information appearing in this prospectus is accurate only as of the dates on its cover. Our business, financial condition and prospects may have changed since such date. We will advise investors of any material changes to the extent required by applicable law.

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PROSPECTUS SUMMARY

The following summary contains basic information about us and our securities. It is not complete and may not contain all of the information you may want to consider. You should review the more detailed information contained elsewhere in this prospectus and in the statement of additional information, especially the information set forth under the heading Risk Factors beginning on page 25 of this prospectus.

The Company

We are a newly organized Maryland corporation registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940 (the 1940 Act). Our investment objective is to provide our stockholders a high level of total return with an emphasis on current distributions paid to stockholders. For purposes of our investment objective, total return includes capital appreciation on our common stock, and all distributions received from us, regardless of the tax character of the distributions. Similar to the tax characterization of distributions made by MLPs to their unitholders, a portion of our distributions are expected to be treated as a return of capital to stockholders. We cannot assure you that we will achieve our investment objective.

Our Adviser

We will be managed by Tortoise Capital Advisors, L.L.C. (the Adviser), a registered investment adviser specializing in managing portfolios of investments in MLPs and other energy companies. As of May 31, 2010, our Adviser managed investments of approximately $3.3 billion in the energy sector, including the assets of five publicly traded closed-end management investment companies. Our Adviser has a 20-person investment team dedicated to the energy sector, and its five managing directors comprise its investment committee.

Investment Strategy

We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs. MLP affiliates are issuers of MLP I-Shares and general partners of MLPs.

Under normal circumstances, we will invest at least 80% of our total assets in equity securities of MLPs in the energy infrastructure sector, with at least 70% of our total assets in equity securities of natural gas infrastructure MLPs. For purposes of these policies, we consider investments in MLPs to include investments in affiliates of MLPs. Energy infrastructure MLPs own and operate a network of pipeline and energy-related logistical assets that transport, store, gather and process natural gas, 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% of their revenue, cash flow or assets related to natural gas or NGL infrastructure assets. We intend to focus primarily on midstream energy infrastructure MLPs that engage in

	the business of transporting, gathering and processing and storing natural gas and NGL infrastructure assets.
Listing and Symbol	Our common shares are expected to be listed on the New York Stock Exchange under the trading or ticker symbol NTG.

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Use of Proceeds

We expect to use the net proceeds from the sale of our common shares to invest in accordance with our investment objective and policies and for working capital purposes. Approximately % of the net proceeds of this offering (excluding the over-allotment option) is expected to be used to complete the purchase of certain identified direct investments immediately after the closing of this offering. We expect to fully invest the remaining net proceeds of this offering within three to six months after the closing. It may take us up to six months to invest the proceeds of this offering for several reasons, including the lack of availability of suitable investments, difficulty in securing firm commitments for direct investments and the trading market and volumes of securities of MLPs and their affiliates. Pending such investment, we expect that the net proceeds of this offering will be invested in mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations, commercial paper or other liquid debt securities. See Use of Proceeds.

Direct Investment Strategy

We intend to seek direct investment opportunities (direct placements or follow-on offerings) that could take place concurrent with the closing of this offering or soon thereafter. MLPs typically issue new equity in such transactions at some discount to prevailing market price. If we are successful in our efforts to purchase direct investments at a discount, we may benefit from an immediate accretion of the discount and as a result may enhance our NAV. Our Adviser has invested more than $1.5 billion in over 110 direct placements, follow-on offerings and private companies. However, we cannot assure you that it will be successful in this strategy.

Market Opportunity

We believe there is growth potential in the energy infrastructure MLP sector that provides attractive investment opportunities as a result of the following factors:

Natural Gas Infrastructure Emphasis. The United States has an abundant supply of natural gas with enough natural gas to last for approximately 80 to 120 years, according to various industry sources. Natural gas provides a means of energy independence, as nearly 90% of the natural gas consumed in the United States is produced domestically. Demand for natural gas continues to increase as environmentally sensitive power generation companies switch to low-cost cleaner burning fuels. Natural gas is viewed as a reliable back-up energy source to alternative energy (e.g., wind and solar) as it is not dependant on weather patterns. Natural gas is the cleanest fossil fuel, with 50% and 30% fewer carbon dioxide emissions than coal and oil, respectively, as well as lower emissions from sulfur dioxide and other pollutants.

Significant Capital Requirements. Energy infrastructure MLP asset footprints expand with growth in energy demand and changes in geographic areas where energy is produced. ICF International estimates that approximately $100-$175 billion will be spent on U.S. natural gas infrastructure from 2009 to 2030 related to the continued natural gas infrastructure build-out that will be needed to support the development of natural gas shale basins.

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These projects include financing for natural gas pipelines, processing facilities and storage capacity to develop infrastructure that efficiently connects new areas of supply to growing areas of demand. Because MLPs pay out the majority of their cash flow as distributions, they require external financing sources with long-term horizons to finance these internal growth projects. We estimate that U.S. energy infrastructure MLPs will invest approximately $18 billion in internal growth projects between 2010 and 2012.

Substantial Asset Ownership Realignment. Energy infrastructure MLPs are estimated to currently own less than 50% of the natural gas, refined product, and crude oil infrastructure assets in the U.S., with the remaining assets largely owned by major energy and utility companies. As such, there is a significant pool of assets that could be acquired by MLPs. Energy infrastructure assets owned by major energy and utility companies are often underutilized by their affiliated core exploration, production, refining and distribution businesses. MLP ownership of these assets allows energy and utility companies to focus on their core businesses and MLPs to maximize operational output and efficiency at a lower cost of capital. MLPs have averaged over $15 billion of acquisitions per year from 2008 through May 31, 2010. We estimate that the continued migration of energy infrastructure assets to MLPs could result in approximately $32 billion of acquisition growth by MLPs between 2010 and 2012. MLP acquisitions would increase the size of the investable universe available to us and enhance our growth potential.

Experience of the Adviser

Our Adviser has significant experience investing in energy infrastructure MLPs including:

Investment Experience Across Energy Value Chain. Our Adviser has significant expertise in managing energy infrastructure investments and had approximately $3.3 billion of assets under management in the energy sector as of May 31, 2010, including the assets of five publicly traded closed-end management investment companies. As such, our Adviser is one of the largest investment managers dedicated to managing closed-end investment companies focused on U.S. energy infrastructure MLPs. The five members of our Adviser s investment committee have, on average, over 24 years of investment experience. The Adviser s philosophy places extensive focus on quality through proprietary models, including risk, valuation and financial models.

Deep Relationships and Access to Deal Flow. Our Adviser has developed deep relationships with issuers, underwriters and sponsors that we believe will afford us competitive advantages in evaluating and managing investment opportunities. Our Adviser led the first MLP direct placement and has participated in over 110 direct placements, follow-on offerings and private company investments in which it has invested over $1.5 billion since 2002 through its listed funds and other specialty vehicles and accounts.

Capital Markets Innovation. Our Adviser is a leader in providing investment, financing and structuring opportunities through its listed funds. Our Adviser believes its innovation includes the following highlights:

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Formed the first listed, closed-end management investment company focused primarily on investing in energy infrastructure MLPs;

Led the development of institutional MLP direct placements to fund capital projects, acquisitions and sponsor liquidity;

Completed the first follow-on common stock offering in a decade for a closed-end, management investment company; and

Established one of the first registered closed-end management investment company universal shelf registration statements and completed the first registered direct offering from a universal shelf registration statement for a closed-end fund.

Disciplined Investment Philosophy. In making its investment decisions, our Adviser intends to continue the disciplined investment approach that it has utilized since its founding. That investment approach will emphasize current income, low volatility and minimization of downside risk. Our Adviser s investment process involves an assessment of the overall attractiveness of the specific segment in which an energy infrastructure MLP is involved, the company s specific competitive position within that segment, potential commodity price risk, supply and demand, regulatory considerations, the stability and potential growth of the company s cash flows, and the company s management track record.

Fees

Pursuant to our investment advisory agreement, we will pay our Adviser a fee for its investment management services equal to an annual rate of 0.95% of our average monthly Managed Assets (defined as our total assets (including any assets attributable to any leverage that may be outstanding but excluding any net deferred tax assets) minus the sum of accrued liabilities other than (1) net deferred tax liabilities, (2) debt entered into for purposes of leverage and (3) the aggregate liquidation preference of any outstanding preferred stock). The Adviser has agreed to a fee waiver of 0.10% of Managed Assets for the first year following this offering and 0.05% of Managed Assets for the second year following this offering. The fee will be calculated and accrued daily and paid quarterly in arrears. See Management of the Company Investment Adviser Compensation and Expenses.

Comparison with Directly Owning MLPs

We believe that our investors will benefit from a number of portfolio and tax features that would not be available from directly owning MLP units, including the following:

Access to Direct Placements. We will seek to invest in direct placements in publicly traded MLPs. Direct placements offer the potential for increased return, but are typically only available to a limited number of institutional investors such as us.

Simplified Tax Reporting. Each stockholder will receive a single Form 1099, rather than a Form K-1 from each MLP if such stockholder had instead invested directly in the MLP. In addition, whereas limited partners of an MLP may be required to make state filings in states in which the MLP operates, our stockholders will

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not be required to file state income tax returns in each state in which MLPs we own operate.

Diversified Portfolio. An investment in our common shares offers diversification among a number of MLPs within the energy infrastructure sector, with an emphasis on natural gas infrastructure MLPs, through a single investment vehicle.

Active Management by a Leading MLP Adviser. Our Adviser s investment committee has more than 120 years combined investment experience to select and manage a diversified portfolio on behalf of stockholders. The ability to access investment grade credit markets may also lead to greater stockholder returns.

No Unrelated Business Taxable Income. The Internal Revenue Code generally excludes corporate dividends from treatment as unrelated business taxable income (UBTI), unless the stock is debt-financed. Tax-exempt investors, including pension plans, foundations, 401(k)s and IRAs, will not have UBTI upon receipt of distributions from us, whereas a tax-exempt limited partner s allocable share of income of an MLP is treated as UBTI.

Retirement Plan Suitability. 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 and accrue federal and state income taxes based on taxable earnings and profits. Because of this structure, pioneered by our Adviser, institutions and retirement accounts are able to join individual stockholders as investors in MLPs through their investment in us. The tax characteristics of distributions you may receive from us can vary. See Certain Federal Income Tax Matters.

In addition, the passive activity income and loss rules apply to a direct investment in MLPs but not to an investment in our common shares (these rules limit the ability of an investor to use losses to offset other gains).

Unlike MLPs, we will be obligated to pay current and accrue deferred taxes with respect to our income, thereby subjecting our income to a double layer of tax upon distribution to our stockholders. Like other investment companies, our stockholders will bear our operating costs, including management fees, custody and administration fees, and the costs of operating as a public company.

Principal Investment Strategies

We have adopted the following nonfundamental investment policies:

Under normal circumstances, we will invest at least 80% of our total assets in equity securities of MLPs in the energy infrastructure sector, with at least 70% of our total assets in equity securities of natural gas infrastructure MLPs. For purposes of these policies, we consider investments in MLPs to include investments in affiliates of MLPs.

We may invest up to 50% of our total assets in restricted securities, primarily through direct investments in securities of listed companies. We will not invest in privately held companies.

We will not invest more than 10% of our total assets in any single issuer.

We will not engage in short sales.

The term total assets includes assets obtained through leverage for the purpose of each of our nonfundamental investment policies, each of which is set forth above. The Board of Directors may change our nonfundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports), although a change in the policy of investing at least 80% of our total assets in equity securities of energy infrastructure MLPs requires at least 60 days prior written notice to stockholders. Unless otherwise stated, these investment restrictions apply at the time of purchase. Furthermore, we will not be required to reduce a position due solely to market value fluctuations.

During the period in which we are investing the net proceeds of this offering, we may deviate from our investment policies by investing the net proceeds in mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, high quality, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations, commercial paper or other liquid fixed income securities.

Federal Income Tax Status of the Company

Unlike most investment companies, we have not elected to be treated as a regulated investment company under the U.S. Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Therefore, we are obligated to pay federal and applicable state corporate taxes on our taxable income. On the other hand, we are not subject to the Internal Revenue Code s diversification rules limiting the assets in which regulated investment companies can invest. Under current federal income tax law, these rules limit the amount that regulated investment companies may invest directly in the securities of certain MLPs to 25% of the value of their total assets. We will invest a substantial portion of our assets in securities of MLPs. Although MLPs may generate taxable income to us, we expect the MLPs to pay cash distributions in excess of the taxable income reportable by us. Similarly, we expect to distribute substantially all of our distributable cash flow (DCF) to our common stockholders. DCF is the amount we receive as cash or paid-in-kind distributions from MLPs or affiliates of MLPs in which we will invest and interest payments on short-term debt securities we own, less current or anticipated operating expenses, taxes on our taxable income, and leverage costs paid by us (including leverage costs of any preferred stock, debt securities and borrowings under any credit facility). However, unlike regulated investment companies, we are not effectively required by the Internal Revenue Code to distribute substantially all of our income and capital gains. See Certain Federal Income Tax Matters.

Taxation of MLPs and MLP Investors	We will invest primarily in the equity securities of MLPs, which are treated as partnerships for federal income tax purposes. Limited partners, such as us, will be required to pay tax on their allocable share of each MLP s income, gains, losses and deductions, including accelerated depreciation and amortization deductions. Such items

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generally are allocated among the general partner and limited partners in accordance with their percentage interests in the MLP. Partners recognize and must report their allocable share of income regardless of whether any cash distributions are paid out. MLPs typically are required by their charter documents to distribute substantially all of their distributable cash flow. The types of MLPs in which we intend to invest have historically made cash distributions to limited partners that exceed the amount of taxable income allocable to limited partners. This may be due to a variety of factors, including that the MLP may have significant non-cash deductions, such as accelerated depreciation. If the cash distributions exceed the taxable income reported, the MLP investor s basis in MLP units will decrease. This feature will reduce current income tax liability, but potentially will increase the investor s gain upon the sale of its MLP interest.

Stockholder Tax Features

Our stockholders hold common stock of a corporation. Shares of common stock differ substantially from partnership interests for federal income tax purposes. Unlike holders of MLP common units, our stockholders will not recognize an allocable share of our income, gains, losses and deductions. Stockholders recognize income only if we pay out distributions. The tax character of the distributions can vary. If we make distributions from our current or accumulated earnings and profits, such distributions will be taxable to stockholders in the current period as dividend income. Dividend income will be treated as qualified dividends for federal income tax purposes, subject to favorable capital gains rates provided that certain requirements are met. If distributions exceed our current or accumulated earnings and profits, such excess distributions will constitute a tax-deferred return of capital to the extent of a stockholder s basis in its common shares. To the extent excess distributions exceed a stockholder s basis, they will be taxed as capital gain. Based on the historical performance of MLPs, we expect that a portion of distributions to holders of our common shares will constitute a tax-deferred return of capital. There is no assurance that we will make regular distributions or that our expectation regarding the tax character of our distributions will be realized. The provisions of the Internal Revenue Code applicable to qualified dividend income are effective through December 31, 2010. Thereafter, higher federal income tax rates will apply unless further legislative action is taken.

Upon the sale of common shares, a stockholder generally will recognize capital gain or loss measured by the difference between the sale proceeds received by the stockholder and the stockholder s federal income adjusted tax basis in its common shares sold, as adjusted to reflect return(s) of capital. Generally, such capital gain or loss will be long-term capital gain or loss if common shares were held as a capital asset for more than one year. See Certain Federal Income Tax Matters.

Distributions

We expect to distribute substantially all of our DCF to our common stockholders through quarterly distributions. Our Board of Directors has adopted a policy to target distributions to common stockholders in an amount of at least 95% of our DCF on an

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annual basis. It is expected that we will declare a distribution to holders of our common stock approximately 45 to 60 days following the completion of this offering and pay a distribution no later than November 30, 2010. Subsequently, we will pay distributions on our common stock each fiscal quarter out of our DCF, if any. If distributions paid to common stockholders exceed the current and accumulated earnings and profits allocated to the particular shares held by a stockholder, the excess of such distribution will constitute, for federal income tax purposes, a tax-deferred return of capital to the extent of the stockholder s basis in the shares and capital gain thereafter. A return of capital reduces the basis of the shares held by a stockholder, which may increase the amount of gain recognized upon the sale of such shares. See Distributions.

Dividend Reinvestment Plan

We intend to have a dividend reinvestment plan for our stockholders that will be effective after completion of this offering. Our plan will be an opt out dividend reinvestment plan. As a result, if we declare a distribution after the plan is effective, a stockholder s cash distribution will be automatically reinvested in additional common shares, unless the stockholder specifically opts out of the dividend reinvestment plan so as to receive cash distributions. Stockholders who receive distributions in the form of common shares will generally be subject to the same federal, state and local tax consequences as stockholders who elect to receive their distributions in cash. See Automatic Dividend Reinvestment Plan and Certain Federal Income Tax Matters.

Leverage

The borrowing of money and the issuance of preferred stock and debt securities represent the leveraging of our common stock. The issuance of additional common stock may enable us to increase the aggregate amount of our leverage. We reserve the right at any time to use financial leverage to the extent permitted by the 1940 Act (50% of total assets for preferred stock and 331/3% of total assets for senior debt securities) or we may elect to reduce the use of leverage or use no leverage at all. Our Board of Directors has approved a leverage target of up to 25% of our total assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our total assets to up to 30% of our total assets at the time of incurrence, provided that (i) such leverage is consistent with the limits set forth in the 1940 Act, and (ii) we expect to reduce such increased leverage over time in an orderly fashion. The timing and terms of any leverage transactions will be determined by our Board of Directors. In addition, the percentage of our assets attributable to leverage may vary significantly during periods of extreme market volatility and will increase during periods of declining market prices of our portfolio holdings.

The use of leverage creates an opportunity for increased income and capital appreciation for common stockholders, but at the same time creates special risks that may adversely affect common stockholders. Because our Adviser s fee is based upon a percentage of our Managed Assets, our Adviser s fee is higher when we are leveraged. Our Adviser does not charge an advisory fee based on net deferred tax assets. Therefore, our Adviser has a financial

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incentive to use leverage, which will create a conflict of interest between our Adviser and our common stockholders, who will bear the costs of our leverage. There can be no assurance that a leveraging strategy will be successful during any period in which it is used. The use of leverage involves risks, which can be significant. See Leverage and Risk Factors Leverage Risk.

We may use interest rate transactions for economic hedging purposes only, in an attempt to reduce the interest rate risk arising from our leveraged capital structure. We do not intend to hedge the interest rate risk of our portfolio holdings. Interest rate transactions that we may use for hedging purposes may expose us to certain risks that differ from the risks associated with our portfolio holdings. See Leverage Hedging Transactions and Risk Factors Hedging Strategy Risk.

Conflicts of Interest

Conflicts of interest may arise from the fact that our Adviser and its affiliates carry on substantial investment activities for other clients, in which we have no interest. Our Adviser or its affiliates may have financial incentives to favor certain of these accounts over us. Any of their proprietary accounts or other customer accounts may compete with us for specific trades. Our Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for, other accounts and customers, which advice or securities recommended may differ from advice given to, or securities recommended or bought or sold for us, even though their investment objectives may be the same as, or similar to, ours.

Situations may occur when we could be disadvantaged because of the investment activities conducted by our Adviser and its affiliates for their other accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for us or the other accounts, thereby limiting the size of our position; (2) the difficulty of liquidating an investment for us or the other accounts where the market cannot absorb the sale of the combined position; or (3) limits on co-investing in direct placement securities under the 1940 Act. Our investment opportunities may be limited by affiliations of our Adviser or its affiliates with energy infrastructure companies. See Investment Objective and Principal Investment Strategies Conflicts of Interest.

Adviser Information

The offices of our Adviser are located at 11550 Ash Street, Suite 300, Leawood, Kansas 66211. The telephone number for our Adviser is (913) 981-1020 and our Adviser s website is www.tortoiseadvisors.com. Information posted to our Adviser s website should not be considered part of this prospectus.

Who May Want to Invest

Investors should consider their investment goals, time horizons and risk tolerance before investing in our common shares. An investment in our common shares is not appropriate for all investors, and we are not intended to be a complete investment program. We are designed as a long-term investment and not as a trading vehicle. We may be an appropriate investment for investors who are seeking:

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- an efficient investment vehicle for accessing a portfolio of energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs;
- the opportunity for tax deferred distributions and distribution growth;
- simplified tax reporting compared to directly owning MLP units;
- an investment for retirement and other tax exempt accounts;
- potential diversification of their overall investment portfolio; and
- professional securities selection and active management by an experienced adviser.

An investment in our common shares involves a high degree of risk. Investors could lose some or all of their investment.

Risks

Investing in our common shares involves risk, including the risk that you may receive little or no return on your investment, or even that you may lose part or all of your investment. Therefore, before investing in our common shares you should consider carefully the risks set forth in "Risk Factors". We are designed primarily as a long-term investment vehicle, and our common shares are not an appropriate investment for a short-term trading strategy. An investment in our common shares should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

SUMMARY OF COMPANY EXPENSES

The following table and example contain information about the costs and expenses that common stockholders will bear directly or indirectly. In accordance with SEC requirements, the table below shows our expenses, including leverage costs, as a percentage of our net assets and not as a percentage of gross assets or Managed Assets. **We caution you that the percentages in the table below indicating annual expenses are estimates and may vary.**

Stockholder Transaction Expense (as a percentage of offering price):	
Sales Load	4.50%(1)
Offering Expenses Borne by the Company	0.20%(2)
Dividend Reinvestment Plan Expenses	None(3)
Total Stockholder Transaction Expenses Paid	4.70%
Annual Expenses (as a percentage of net assets attributable to common shares)(4):	
Management Fee (payable under investment advisory agreement)	1.27%(5)
Leverage Costs	1.22%(6)
Other Expenses	0.34%(7)
Current Income Tax Expenses	0.00%
Deferred Income Tax Expense	0.00%(8)
Total Annual Expenses	2.83%(9)
Less Fee and Expense Reimbursement	(0.13)%(10)
Net Annual Expenses	2.70%(9)

(1) For a description of the sales load and of other compensation paid to the underwriters by the Company, see Underwriters.

(2) We will pay offering costs of up to $0.05 per share, estimated to total approximately $. The Adviser has agreed to pay all organizational expenses and the amount by which the aggregate of all of our offering costs (other than the sales load) exceeds $0.05 per share.

(3) The expenses associated with the administration of our dividend reinvestment plan are included in Other Expenses. The participants in our dividend reinvestment plan will pay a per share fee with respect to open market purchases, if any, made by the plan agent under the plan. For more details about the plan, see Automatic Dividend Reinvestment Plan.

(4) Assumes leverage of approximately $127 million determined using the assumptions set forth in footnote (6) below. We have not included a line item for Acquired Fund Fees and Expenses as such expenses are not anticipated to exceed one basis point.

(5) Although our management fee is 0.95% (annualized) of our average monthly Managed Assets, the table above reflects expenses as a percentage of net assets. Managed Assets means our total assets (including any assets

attributable to any leverage that may be outstanding, but excluding any net deferred tax assets) minus the sum of accrued liabilities other than (1) net deferred tax liability, (2) debt entered into for the purpose of leverage and (3) the aggregate liquidation preference of any outstanding preferred shares. Net assets is defined as Managed Assets minus net deferred taxes, debt entered into for the purposes of leverage and the aggregate liquidation preference of any outstanding preferred shares. See Management of the Company Investment Advisory Agreement Management Fee.

(6) We may borrow money or issue debt securities and/or preferred stock to provide us with additional funds to invest. The borrowing of money and the issuance of preferred stock and debt securities represent the leveraging of our common stock. The table above assumes we borrow approximately $127 million, which reflects leverage in an amount representing approximately 25% of our total assets (including such leverage) assuming an annual interest rate of 3.66% on the amount borrowed and assuming we issue 16 million common shares.

(7) Other Expenses includes our estimated overhead expenses, including payments to our transfer agent, our administrator and legal and accounting expenses for our first year of operation assuming we

issue 16 million common shares. The holders of our common shares indirectly bear the cost associated with such other expenses as well as all other costs not specifically assumed by our Adviser and incurred in connection with our operations.

(8) As of the date of this prospectus, we have not commenced investment operations. Because it cannot be predicted whether we will incur a benefit or liability in the future, a deferred tax expense of 0.00% has been assumed.

(9) The table presented above estimates what our annual expenses would be, stated as a percentage of our net assets attributable to our common shares. The table presented below, unlike the table presented above, estimates what our annual expenses would be stated as a percentage of our Managed Assets, excluding current and deferred income tax expense. As a result, our estimated total annual expenses would be as follows:

Management Fee	0.95%
Leverage Costs	0.92%
Other Expenses	0.25%
Total Annual Expenses (excluding current and deferred income tax expense)	2.12%
Less Fee and Expense Reimbursement	(0.10)%
Net Annual Expenses	2.02%

(10) The Adviser has agreed to a fee waiver of 0.10% of Managed Assets for the first year following this offering and 0.05% of Managed Assets for the second year following this offering.

As of the date of this Prospectus, we have not commenced investment operations. If we issue fewer common shares, all other things being equal, certain of these percentages would increase. For additional information with respect to our expenses, see Management of the Company and Automatic Dividend Reinvestment Plan.

Example

The following example demonstrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in our common shares. These amounts are based upon assumed offering expenses of 0.20% and our payment of annual operating expenses at the levels set forth in the table above.

	1 Year	3 Years	5 Years	10 Years
You would pay the following expenses on a $1,000 investment, assuming a 5% annual return	$ 73	$ 129	$ 188	$ 346

The example and the expenses in the tables above are intended to assist you in understanding the various costs and expenses an investor in our common shares may bear and should not be considered a representation of our future expenses. Actual expenses may be greater or less than those shown. Moreover, while the example assumes, as required by the applicable rules of the SEC, a 5% annual return, our performance will vary and may result in a return greater or less than 5%. In addition, while the example assumes reinvestment of all distributions at net asset value, participants in our dividend reinvestment plan may receive common shares valued at the market price in effect at that time. This price may be at, above or below net asset value. See Automatic Dividend Reinvestment Plan for additional information regarding our dividend reinvestment plan.

THE COMPANY

We are a newly organized, non-diversified, closed-end management investment company registered under the 1940 Act. We were organized as a Maryland corporation on April 23, 2010 pursuant to articles of incorporation. Our fiscal year ends on November 30. We expect our common stock to be listed on the New York Stock Exchange (NYSE) under the symbol NTG.

USE OF PROCEEDS

We expect to use the net proceeds from the sale of our common shares to invest in accordance with our investment objectives and policies and for working capital purposes. Approximately % of the net proceeds of this offering (excluding the over-allotment option) is expected to be used to complete the purchase of certain identified direct investments immediately after the closing of this offering. See Direct Investment Contracts for a list of direct investment contracts we are a party to as of the date of this prospectus. We expect to fully invest the net proceeds of this offering within three to six months after the closing. It may take us up to six months to invest the proceeds of this offering for several reasons, including the lack of availability of suitable investments, difficulty in securing firm commitments for direct investments and the trading market and volumes of the securities of MLPs and their affiliates. Pending such investment, we expect that the net proceeds of this offering will be invested in mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations, commercial paper or other liquid debt securities. See Risk Factors Delay in the Use of Proceeds Risk. The three to six month timeframe associated with the anticipated use of proceeds could lower returns and reduce the amount of cash available to make distributions.

INVESTMENT OBJECTIVE AND PRINCIPAL INVESTMENT STRATEGIES

Investment Objective

Our investment objective is to provide our stockholders a high level of total return with an emphasis on current distributions paid to stockholders. For purposes of our investment objective, total return includes capital appreciation on our common stock, and all distributions received from us, regardless of the tax character of the distributions. We seek to provide our stockholders with an efficient vehicle to invest in a portfolio consisting primarily of energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs. Similar to the tax characterization of cash distributions made by MLPs to the MLPs unitholders, a portion of our distributions to stockholders are expected to be treated as return of capital.

Energy Infrastructure Sector

We will invest primarily in the energy infrastructure sector, with a focus on midstream energy infrastructure MLPs. The energy infrastructure sector can be broadly categorized as follows:

Upstream:	the production of energy resources, including crude oil, natural gas and coal from proved reserves by companies with mature, developed and long-lived assets.
Midstream:	the transportation, gathering, processing and storing of natural gas, NGLs, crude oil, refined petroleum products and other resources in a form that is usable by wholesale power generation, utility, petrochemical, industrial and gasoline customers, including pipelines, gas processing plants, liquefied natural gas storage facilities and others.
Downstream:	the refining, marketing and distribution of refined energy sources, such as customer-ready natural gas, propane and gasoline, to end-user customers, and the generation, transmission and distribution of power and electricity.

We intend to focus primarily on midstream energy infrastructure MLPs that engage in the business of transporting, gathering and processing and storing natural gas and NGL infrastructure assets.

We will pursue our objective by investing principally in a portfolio of equity securities issued by MLPs and their affiliates. We may invest in restricted securities, primarily through direct investments in securities of listed companies. MLP common units historically have generated higher average total returns than domestic common stock (as measured by the S&P 500) and fixed income securities. Restricted securities are expected to provide us a higher total return than securities traded in the open market, although restricted securities are subject to risks not associated with listed securities. A more detailed description of investment policies and restrictions, including those deemed to be fundamental and thus subject to change only with the approval of the holders of a majority of our outstanding voting securities, and more detailed information about portfolio investments are contained later in this prospectus and in the statement of additional information.

Energy Infrastructure MLP Sector. Energy infrastructure MLPs own and operate a network of pipeline and energy-related logistical assets that transport, store, gather and process natural gas, NGLs, crude oil, refined petroleum products and other resources or distribute, market, explore, develop or produce such commodities. Most pipelines are subject to government regulation concerning the construction, pricing and operation of pipelines. Pipelines are able to set rates to cover operating costs, depreciation and taxes, and provide a return on investment. Intrastate pipelines are generally subject to state regulation to ensure rates charged are just and reasonable. Interstate pipeline rates are monitored by the Federal Energy Regulatory Commission (FERC) which seeks to ensure that consumers receive adequate and reliable supplies of energy at the lowest possible price while providing energy suppliers and transporters a just and reasonable return on capital investment. In the absence of regulated rates, competitive pricing could reduce revenues and adversely affect profitability.

Master Limited Partnerships. Under normal circumstances, we will invest at least 80% of our total assets in equity securities of MLPs in the energy infrastructure sector, with at least 70% of our total assets in equity securities of natural gas infrastructure MLPs. For purposes of these policies, we consider investments in MLPs to include investments in affiliates of MLPs. MLPs are generally taxed as partnerships for federal income tax purposes, thereby eliminating income tax at the entity level. The typical MLP has two classes of partners, the general partner and the limited partners. The general partner is usually a major energy company, investment fund or the direct management of the MLP. The general partner normally controls the MLP through a 2% equity interest plus units that are subordinated to the common (publicly traded) units for at least the first five years of the partnership s existence and that only convert to common units if certain financial tests are met.

As a motivation for the general partner to manage the MLP successfully and increase cash flows, the terms of most MLP partnership agreements typically provide that the general partner receives a larger portion of the net income as distributions reach higher target levels. As cash flow grows, the general partner receives a greater interest in the incremental income compared to the interest of limited partners. The general partner s incentive compensation typically increases up to 50% of incremental income. Nevertheless, the aggregate amount distributed to limited partners will increase as MLP distributions reach higher target levels. Given this structure, the general partner has an incentive to streamline operations and undertake acquisitions and growth projects in order to increase distributions to all partners.

MLPs in which we may invest can generally be classified in the following categories:

Pipeline MLPs. Pipeline MLPs are common carrier transporters of natural gas, NGLs (primarily propane, ethane, butane and natural gasoline), crude oil or refined petroleum products (gasoline, diesel fuel and jet fuel). Pipeline MLPs may also operate ancillary businesses such as storage and marketing of such products. Revenue is derived from capacity and transportation fees. Historically, pipeline output has been less exposed to cyclical economic forces due to its low cost structure and government-regulated nature. In addition, pipeline MLPs do not have direct commodity price exposure because they do not own the product being shipped.

Processing MLPs. Processing MLPs are gatherers and processors of natural gas as well as providers of transportation, fractionation and storage of NGLs. Revenue is derived from providing services to natural gas producers, which require treatment or processing before their natural gas commodity can be marketed to utilities and other end user markets. Revenue for the processor is fee based, although it is not uncommon to have some participation in the prices of the natural gas and NGL commodities for a portion of revenue.

Propane MLPs. Propane MLPs are distributors of propane to homeowners for space and water heating. Revenue is derived from the resale of the commodity at a margin over wholesale cost. The ability to maintain margin is a key to profitability. Propane serves approximately 3% of the household energy needs in the United States, largely for homes beyond the geographic reach of natural gas distribution pipelines. Approximately 70% of annual cash flow is earned during the winter heating season (October through March). Accordingly, volumes are weather dependent, but have utility type functions similar to electricity and natural gas.

Marine Shipping MLPs. Marine shipping MLPs are primarily marine transporters of natural gas, crude oil or refined petroleum products. Marine shipping MLPs derive revenue from charging customers for the transportation of these products utilizing the MLPs vessels. Transportation services are typically provided pursuant to a charter or contract, the terms of which vary depending on, for example, the length of use of a particular vessel, the amount of cargo transported, the number of voyages made, the parties operating a vessel or other factors.

Exploration and Production MLPs. Exploration and production MLPs (E&P) produce energy resources, including natural gas and crude oil, from long-life basins throughout the United States. Revenue is generated by the sale of natural gas or crude oil, resulting in direct commodity price exposure. E&P MLPs reduce cash flow volatility associated with commodity prices by executing multi-year hedging strategies that fix the price of gas and oil produced.

Investment Process and Risk Management

Our Adviser seeks to invest in securities that offer a combination of quality, growth and yield intended to result in superior total returns over the long run. Our Adviser s securities selection process includes a comparison of quantitative, qualitative, and relative value factors. Although our Adviser intends to use research provided by broker-dealers and investment firms, primary emphasis will be placed on proprietary analysis and valuation models conducted and maintained by our Adviser s in-house investment analysts. To determine whether a company meets its criteria, our Adviser generally will look for a strong record of distribution growth, a solid ratio of debt to equity and coverage ratio with respect to distributions to unitholders, and a proven track record, incentive structure and management team. It is anticipated that all of the MLPs in which we invest will have a market capitalization greater than $200 million at the time of investment.

Our Adviser s investment decisions are driven by proprietary financial, risk, and valuation models developed and maintained by our Adviser and its investment committee. Financial models are based on business drivers and include historical and five year operational and financial projections. The models quantify growth, facilitate sensitivity and credit analysis, and aid in MLP peer comparisons. The risk models assess an MLP s asset quality, management, and stability of cash flows. The combination of these assessments results in a tier rating which guides portfolio weightings. Valuation models are multiple stage dividend growth models based on a discounted cash flow framework. Our Adviser also uses traditional valuation metrics such as cash flow multiples and current yield in its investment process. We believe the combination of our Adviser s three proprietary models assists in its evaluation of risk.

Our Adviser s investment committee is responsible for the origination, transaction development and monitoring of our investments. In conducting due diligence, our Adviser primarily relies on first-hand sources of information, such as company filings, meetings with management, site visits, government information, etc. The due diligence process followed by our Adviser is comprehensive and includes:

- review of historical and prospective financial information;
- quarterly updates and conference calls;
- analysis of financial models and projections;
- meetings with management and key employees;
- on-site visits; and
- screening of relevant partnership and other key documents.

Investment Policies

We seek to achieve our investment objective by investing primarily in securities of MLPs and their affiliates that our Adviser believes offer attractive distribution rates and capital appreciation potential.

We have adopted the following nonfundamental investment policies:

Under normal circumstances, we will invest at least 80% of our total assets in equity securities of MLPs in the energy infrastructure sector, with at least 70% of our total assets in equity securities of natural gas infrastructure MLPs. For purposes of these policies, we consider investments in MLPs to include investments in affiliates of MLPs.

We may invest up to 50% of our total assets in restricted securities, primarily through direct investments in securities of listed companies. We will not invest in privately held companies.

We will not invest more than 10% of our total assets in any single issuer.

We will not engage in short sales.

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As used in the bullets above, the term total assets includes assets to be obtained through leverage for the purpose of each nonfundamental investment policy. During the period in which we are investing the net proceeds of this offering, we will deviate from our investment policies with respect to the net proceeds by investing the net proceeds in mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations, commercial paper or other liquid securities.

The Board of Directors may change our nonfundamental investment policies without stockholder approval and will provide notice to stockholders of material changes (including notice through stockholder reports), although a change in the policy of investing at least 80% of our total assets, in equity securities of energy infrastructure MLPs requires at least 60 days prior written notice to stockholders. Unless otherwise stated, these investment restrictions apply at the time of purchase, and we will not be required to reduce a position due solely to market value fluctuations in order to comply with these restrictions.

We intend to seek direct investment opportunities (direct placements or follow-on offerings) that could take place concurrent with the closing of this offering or soon thereafter. MLPs typically issue new equity in such transactions at some discount to prevailing market price. If we are successful in our efforts to purchase direct investments at a discount, we may benefit from an immediate accretion of the discount and as a result may enhance our NAV. However, we cannot assure you that we will be successful in this strategy.

Investment Securities

The types of securities in which we may invest include, but are not limited to, the following:

Equity Securities of MLPs. Consistent with our investment objective, we may invest up to 100% of our total assets in equity securities issued by MLPs, including common units, convertible subordinated units, and equity securities issued by affiliates of MLPs, including I-Shares.

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The table below summarizes the features of these securities, and a further discussion of these securities follows:

	Common Units (for MLPs Taxed as Partnerships)[1]	Convertible Subordinated Units (for MLPs Taxed as Partnerships)	I-Shares
Voting Rights	Limited to certain significant decisions; no annual election of directors	Same as common units	No direct MLP voting rights
Dividend Priority	First right to MQD specified in Partnership Agreement; arrearage rights	Second right to MQD; no arrearage rights; may be paid in additional units	Equal in amount and priority to common units but paid in additional I-Shares at current market value of I-Shares
Dividend Rate	Minimum set in Partnership Agreement; participate pro rata with subordinated after both MQDs are met	Equal in amount to common units; participate pro rata with common units above the MQD	Equal in amount to common units
Trading	Listed on NYSE, NYSE Alternext U.S. and NASDAQ National Market	Not publicly traded	Listed on NYSE
Federal Income Tax Treatment	Generally, ordinary income to the extent of taxable income allocated to holder; distributions are tax-deferred return of capital to extent of holder s basis; remainder as capital gain	Same as common units	Full distribution treated as return of capital; since distribution is in shares, total basis is not reduced
Type of Investor	Retail; creates unrelated business taxable income for tax-exempt investor; investment by regulated investment companies limited to 25% of total assets	Same as common units	Retail and institutional; does not create unrelated business taxable income; qualifying income for regulated investment companies
Liquidity Priority	Intended to receive return of all capital first	Second right to return of capital; pro rata with common units thereafter	Same as common units (indirect right through I-Share issuer)
Conversion Rights	None	Typically one-to-one ratio into common units	None

(1)

Some energy infrastructure companies in which we may invest have been organized as LLCs. Such LLCs are treated in the same manner as MLPs for federal income tax purposes. Common units of LLCs have similar characteristics of those of MLP common units, except that LLC common units typically have voting rights with respect to the LLC, and LLC common units held by management are not entitled to increased percentages of cash distributions as increased levels of cash distributions are received by the LLC. The characteristics of LLCs and their common units are more fully discussed below.

MLP Common Units. MLP common units represent an equity ownership interest in a partnership, providing limited voting rights and entitling the holder to a share of the company s success through distributions and/or capital appreciation. Unlike stockholders of a corporation, common unitholders do not elect directors annually and generally have the right to vote only on certain significant events, such as a merger, a sale of substantially all of the assets, removal of the general partner or material amendments to the partnership agreement. MLPs are required by their partnership agreements to distribute a large percentage of their current operating earnings. Common unitholders generally have first right to a minimum quarterly distribution (MQD) prior to distributions to the convertible subordinated unitholders or the general partner (including incentive distributions). Common unitholders typically have arrearage rights if the MQD is not met. In the event of liquidation, MLP common unitholders have first rights to the partnership s remaining assets after bondholders, other debt holders, and preferred unitholders have been paid in full. MLP common units trade on a national securities exchange or over-the-counter. In addition, like common stock, prices of MLP common units are sensitive to general movements in the stock market and a drop in the stock market may depress the price of MLP common units to which we have exposure.

Limited Liability Company Units. Some energy infrastructure companies in which we may invest have been organized as LLCs. Such LLCs are treated in the same manner as MLPs for federal income tax purposes. Consistent with its investment objective and policies, we may invest in common units or other securities of such LLCs. LLC common units represent an equity ownership interest in an LLC, entitling the holder to a share of the LLC s success through distributions and/or capital appreciation. Similar to MLPs, LLCs typically do not pay federal income tax at the entity level and are required by their operating agreements to distribute a large percentage of their earnings. LLC common unitholders generally have first rights to a MQD prior to distributions to subordinated unitholders and typically have arrearage rights if the MQD is not met. In the event of liquidation, LLC common unitholders have first rights to the LLC s remaining assets after bond holders, other debt holders and preferred unitholders, if any, have been paid in full. LLC common units may trade on a national securities exchange or over-the-counter.

In contrast to MLPs, LLCs have no general partner, and there are generally no incentives that entitle management or other unitholders to increased percentages of cash distributions as distributions reach higher target levels. In addition, LLC common unitholders typically have voting rights with respect to the LLC, whereas MLP common units have limited voting rights.

MLP Convertible Subordinated Units. MLP convertible subordinated units are typically issued by MLPs to founders, corporate general partners of MLPs, entities that sell assets to the MLP, and institutional investors. The purpose of the convertible subordinated units is to increase the likelihood that during the subordination period there will be available cash to be distributed to common unitholders. Convertible subordinated units generally are not entitled to distributions until holders of common units have received specified MQD, plus any arrearages, and may receive less than common unitholders in distributions upon liquidation. Convertible subordinated unitholders generally are entitled to MQD prior to the payment of incentive distributions to the general partner but are not entitled to arrearage rights. Therefore, convertible subordinated units generally entail greater risk than MLP common units. They are generally convertible automatically into the senior common units of the same issuer at a one-to-one ratio upon the passage of time and/or the satisfaction of certain financial tests. These units generally do not trade on a national exchange or over-the-counter, and there is no active market for convertible subordinated units. Although the means by which convertible subordinated units convert into senior common units depend on a security s specific terms, MLP convertible subordinated units typically are exchanged for common units. The value of a convertible security is a function of its worth if converted into the underlying common units. Convertible subordinated units generally have similar voting rights as MLP common units. Distributions may be paid in cash or in-kind.

Equity Securities of MLP Affiliates. In addition to equity securities of MLPs, we may also invest in equity securities of MLP affiliates. MLP affiliates are issuers of MLP I-Shares and general partners of MLPs.

MLP I-Shares. I-Shares represent an indirect investment in MLP I-units. I-units are equity securities issued to an affiliate of an MLP, typically a limited liability company, that owns an interest in and manages the MLP. The I-Shares issuer has management rights but is not entitled to incentive distributions. The I-Share issuer s assets consist exclusively of MLP I-units. Distributions by MLPs to I-unitholders are made in the form of additional I-units, generally equal in amount to the cash received by common unitholders of MLPs. Distributions to I-Share holders are made in the form of additional I-Shares, generally equal in amount to the I-units received by the I-Share issuer. The issuer of the I-Shares is taxed as a corporation; however, the MLP does not allocate income or loss to the I-Share issuer. Accordingly, investors receive a Form 1099, are not allocated their proportionate share of income of the MLPs and are not subject to state income tax filing obligations based solely on the issuer s operations within a state.

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General Partner Interests. General partner interests of MLPs are typically retained by an MLP s original sponsors, such as its founders, corporate partners, entities that sell assets to the MLP and investors. An entity holding general partner interests, but not its investors, can be liable under certain circumstances for amounts greater than the amount of the entity s investment in the general partner interest. General partner interests often confer direct board participation rights and in many cases, operating control, over the MLP. These interests themselves are generally not publicly traded, although they may be owned by publicly traded entities. General partner interests receive cash distributions, typically 2% of the MLP s aggregate cash distributions, which are contractually defined in the partnership agreement. In addition, holders of general partner interests typically hold incentive distribution rights (IDRs), which provide them with a larger share of the aggregate MLP cash distributions as the distributions to limited partner unitholders are increased to prescribed levels. General partner interests generally cannot be converted into common units. The general partner interest can be redeemed by the MLP if the MLP unitholders choose to remove the general partner, typically with a supermajority vote by limited partner unitholders.

Other Non-MLP Equity Securities. In addition to equity securities of MLPs and their affiliates, we may also invest up to 20% of our total assets in common and preferred stock, limited partner interests, convertible securities, warrants and depository receipts of companies that are organized as corporations, limited liability companies or limited partnerships. Common stock generally represents an equity ownership interest in an issuer. Although common stocks have historically generated higher average total returns than fixed-income securities over the long term, common stocks also have experienced significantly more volatility in those returns and may under-perform relative to fixed-income securities during certain periods. An adverse event, such as an unfavorable earnings report, may depress the value of a particular common stock we hold. In addition, prices of common stocks are sensitive to general movements in the stock market, and a drop in the stock market may depress the price of common stocks to which we have exposure. Common stock prices fluctuate for several reasons including changes in investors perceptions of the financial condition of an issuer or the general condition of the relevant stock market, or when political or economic events affecting an issuer occur. In addition, common stock prices may be particularly sensitive to rising interest rates, which increases borrowing costs and the costs of capital.

Restricted Securities. We may invest up to 50% of our total assets in restricted securities, primarily through direct investments in securities of listed companies. An issuer may be willing to offer the purchaser more attractive features with respect to securities issued in direct investments because it has avoided the expense and delay involved in a public offering of securities. Adverse conditions in the public securities markets also may preclude a public offering of securities. MLP convertible subordinated units typically are purchased in private placements and do not trade on a national exchange or over-the-counter, and there is no active market for convertible subordinated units. MLP convertible subordinated units typically are purchased from affiliates of the issuer or other existing holders of convertible units rather than directly from the issuer.

Restricted securities obtained by means of direct investments are less liquid than securities traded in the open market because of statutory and contractual restrictions on resale. Such securities are, therefore, unlike securities that are traded in the open market, which can be expected to be sold immediately if the market is adequate. This lack of liquidity creates special risks for us. However, we could sell such securities in private transactions with a limited number of purchasers or in public offerings under the 1933 Act. MLP convertible subordinated units generally also convert to publicly traded common units upon the passage of time and/or satisfaction of certain financial tests. We intend to seek direct investment opportunities (direct placements or follow-on offerings) that could take place concurrent with the closing of this offering or soon thereafter. MLPs typically issue new equity in such transactions at some discount to prevailing market price. If we are successful in our efforts to purchase direct investments at a discount, we may be able to both mitigate the costs of this offering to our common stockholders and increase our net asset value per common share. However, we cannot assure you that we will be successful in this strategy.

Temporary Investments and Defensive Investments. Pending investment of the proceeds of this offering (which we expect may take up to approximately three to six months following the closing of this offering), we may invest offering proceeds in mutual funds, cash, cash equivalents, securities issued or guaranteed by the U.S. Government or its instrumentalities or agencies, short-term money market instruments, short-term debt securities, certificates of deposit, bankers acceptances and other bank obligations, commercial or other liquid securities all of which are expected to provide a lower yield than the securities of MLPs and their affiliates. We may also invest in these instruments on a temporary basis to meet working capital needs, including, but not limited to, for collateral in connection with certain investment techniques, to hold a reserve pending payment of distributions, and to facilitate the payment of expenses and settlement of trades. We anticipate that under normal market conditions and following the investment of the proceeds of this offering not more than 5% of our total assets will be invested in these instruments.

Under adverse market or economic conditions, we may invest 100% of our total assets in these securities. The yield on these securities may be lower than the returns on MLPs or yields on lower rated fixed income securities. To the extent we invest in these securities on a temporary basis or for defensive purposes, we may not achieve our investment objective.

Portfolio Turnover

Our annual portfolio turnover rate may vary greatly from year to year. Although we cannot accurately predict our annual portfolio turnover rate, it is not expected to exceed 30% under normal circumstances. Portfolio turnover rate is not considered a limiting factor in the execution of investment decisions for us. A higher turnover rate results in correspondingly greater brokerage commissions and other transactional expenses. High portfolio turnover may result in our recognition of gains (losses) that will increase (decrease) our tax liability and thereby impact the amount of our after-tax distributions. In addition, high portfolio turnover may increase our current and accumulated earnings and profits, resulting in a greater portion of our distributions being treated as taxable dividends for federal income tax purposes. See Certain Federal Income Tax Matters.

Conflicts of Interest

Conflicts of interest may arise from the fact that our Adviser and its affiliates carry on substantial investment activities for other clients in which we have no interest, some of which may have investment strategies similar to ours. Our Adviser or its affiliates may have financial incentives to favor certain of such accounts over us. For example, our Adviser may have an incentive to allocate potentially more favorable investment opportunities to other funds and clients that pay our Adviser an incentive or performance fee. Performance and incentive fees also create the incentive to allocate potentially riskier, but potentially better performing, investments to such funds and other clients in an effort to increase the incentive fee. Our Adviser also may have an incentive to make investments in one fund, having the effect of increasing the value of a security in the same issuer held by another fund, which, in turn, may result in an incentive fee being paid to our Adviser by that other fund. Any of the Adviser s or its affiliates proprietary accounts and other customer accounts may compete with us for specific trades. Our Adviser or its affiliates may give advice and recommend securities to, or buy or sell securities for us which advice or securities may differ from advice given to, or securities recommended or bought or sold for, other accounts and customers, even though their investment objectives may be the same as, or similar to our objectives. Our Adviser has written allocation policies and procedures designed to address potential conflicts of interest. For instance, when two or more clients advised by our Adviser or its affiliates seek to purchase or sell the same publicly traded securities, the securities actually purchased or sold will be allocated among the clients on a good faith equitable basis by our Adviser in its discretion and in accordance with the client s various investment objectives and our Adviser s procedures. In some cases, this system may adversely affect the price or size of the position we may obtain. In other cases, the ability to participate in volume transactions may produce better execution for us. When possible, our Adviser combines all of the trade orders into one or more block orders, and each account participates at the average unit or share price obtained in a block order. When block orders are only partially filled, our Adviser considers a number of factors in determining how allocations are made, with the overall goal to allocate in a manner so that accounts are not preferred or disadvantaged over time. Our Adviser also has allocation policies for transactions involving private placement securities, which are designed to result in a fair and equitable participation in offerings or sales for each participating client.

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Our Adviser also serves as investment adviser for five other publicly traded and one privately held closed-end management investment companies, all of which invest in the energy sector. See Management of the Company Investment Adviser.

Our Adviser will evaluate a variety of factors in determining whether a particular investment opportunity or strategy is appropriate and feasible for the relevant account at a particular time, including, but not limited to, the following: (1) the nature of the investment opportunity taken in the context of the other investments at the time; (2) the liquidity of the investment relative to the needs of the particular entity or account; (3) the availability of the opportunity (i.e., size of obtainable position); (4) the transaction costs involved; and (5) the investment or regulatory limitations applicable to the particular entity or account. Because these considerations may differ when applied to us and relevant accounts under management in the context of any particular investment opportunity, our investment activities, on the one hand, and other managed accounts, on the other hand, may differ considerably from time to time. In addition, our fees and expenses will differ from those of the other managed accounts. Accordingly, stockholders should be aware that our future performance and the future performance of the other accounts of our Adviser may vary.

Situations may occur when we could be disadvantaged because of the investment activities conducted by our Adviser and its affiliates for its other funds or accounts. Such situations may be based on, among other things, the following: (1) legal or internal restrictions on the combined size of positions that may be taken for us or the other accounts, thereby limiting the size of our position; or (2) the difficulty of liquidating an investment for us or the other accounts where the market cannot absorb the sale of the combined position, or (3) limits on co-investing in negotiated transactions under the 1940 Act, as discussed further below.

Under the 1940 Act, we may be precluded from co-investing in negotiated private placements of securities with our affiliates, including other funds managed by the Adviser. As such, we will not co-invest with our affiliates in negotiated private placement transactions. The Adviser will observe a policy for allocating negotiated private placement opportunities among its clients that takes into account the amount of each client s available cash and its investment objectives.

To the extent that our Adviser sources and structures private investments in MLPs, certain employees of our Adviser may become aware of actions planned by MLPs, such as acquisitions, that may not be announced to the public. It is possible that we could be precluded from investing in or selling securities of an MLP about which our Adviser has material, non-public information; however, it is our Adviser s intention to ensure that any material, non-public information available to certain employees of our Adviser is not shared with those employees responsible for the purchase and sale of publicly traded MLP securities. Our investment opportunities may also be limited by affiliations of our Adviser or its affiliates with energy infrastructure companies.

Our Adviser and its principals, officers, employees, and affiliates may buy and sell securities or other investments for their own accounts and may have actual or potential conflicts of interest with respect to investments made on our behalf. As a result of differing trading and investment strategies or constraints, positions may be taken by principals, officers, employees, and affiliates of our Adviser that are the same as, different from, or made at a different time than positions taken for us. Furthermore, our Adviser may at some time in the future manage other investment funds with the same investment objective as ours.

LEVERAGE

Use of Leverage

The borrowing of money and the issuance of preferred stock and debt securities represents the leveraging of our common stock. The issuance of additional common stock may enable us to increase the aggregate amount of our leverage or to maintain any existing leverage. We reserve the right at any time to use financial leverage to the extent permitted by the 1940 Act (50% of total assets for preferred stock and 331/3% of total assets for senior debt securities) or we may elect to reduce the use of leverage or use no leverage at all. Our Board of Directors has approved a leverage target of up to 25% of our total assets at the time of incurrence and has also approved a policy permitting temporary increases in the amount of leverage we may use from 25% of our total assets to up to 30% of our total assets at the time of incurrence, provided (i) that such leverage is consistent with the limits set forth in the 1940 Act, and (ii) that we expect to reduce such increased leverage over time in an orderly fashion. We generally will not use leverage unless we believe that leverage will serve the best interests of our stockholders. The principal factor used in making this determination is whether the potential return is likely to exceed the cost of leverage. We will not issue additional leverage where the estimated costs of issuing such leverage and the on-going cost of servicing the payment obligations on such leverage exceed the estimated return on the proceeds of such leverage. We note, however, that in making the determination of whether to issue leverage, we must rely on estimates of leverage costs and expected returns. Actual costs of leverage vary over time depending on interest rates and other factors. In addition, the percentage of our assets attributable to leverage may vary significantly during periods of extreme market volatility and will increase during periods of declining market prices of our portfolio holdings. Actual returns vary depending on many factors. The Board of Directors also will consider other factors, including whether the current investment opportunities will help us achieve our investment objective and strategies.

Under the 1940 Act, we are not permitted to issue preferred stock unless immediately after such issuance, the value of our total assets (including the proceeds of such issuance) less all liabilities and indebtedness not represented by senior securities is at least equal to 200% of the total of the aggregate amount of senior securities representing indebtedness plus the aggregate liquidation value of any outstanding preferred stock. Stated another way, we may not issue preferred stock that, together with outstanding preferred stock and debt securities, has a total aggregate liquidation value and outstanding principal amount of more than 50% of the value of our total assets, including the proceeds of such issuance, less liabilities and indebtedness not represented by senior securities. In addition, we are not permitted to declare any distribution on our common stock, or purchase any of our shares of common stock (through tender offers or otherwise) unless we would satisfy this 200% asset coverage requirement test after deducting the amount of such distribution or share price, as the case may be. We may, as a result of market conditions or otherwise, be required to purchase or redeem preferred stock, or sell a portion of our investments when it may be disadvantageous to do so, in order to maintain the required asset coverage. Common stockholders would bear the costs of issuing additional preferred stock, which may include offering expenses and the ongoing payment of distributions. Under the 1940 Act, we may only issue one class of preferred stock.

Under the 1940 Act, we are not permitted to issue debt securities or incur other indebtedness constituting senior securities unless immediately thereafter, the value of our total assets (including the proceeds of the indebtedness) less all liabilities and indebtedness not represented by senior securities is at least equal to 300% of the amount of the outstanding indebtedness. Stated another way, we may not issue debt securities or incur other indebtedness with an aggregate principal amount of more than 331/3% of the value of our total assets, including the amount borrowed, less all liabilities and indebtedness not represented by senior securities. We also must maintain this 300% asset coverage for as long as the indebtedness is outstanding. The 1940 Act provides that we may not declare any distribution on common or preferred stock, or purchase any of our shares of stock (through tender offers or otherwise), unless we would satisfy this 300% asset coverage requirement test after deducting the amount of the distribution or share purchase price, as the case may be. If the asset coverage for indebtedness declines to less than 300% as a result of market fluctuations or otherwise, we may be required to redeem debt securities, or sell a portion of our investments when it may be disadvantageous to do so. Under the 1940 Act, we may only issue one class of senior securities representing indebtedness.

Hedging Transactions

In an attempt to reduce the interest rate risk arising from our leveraged capital structure, we may use interest rate transactions such as swaps, caps and floors. There is no assurance that the interest rate hedging transactions into which we enter will be effective in reducing our exposure to interest rate risk. Hedging transactions are subject to correlation risk, which is the risk that payment on our hedging transactions may not correlate exactly with our payment obligations on senior securities. The use of interest rate transactions is a highly specialized activity that involves investment techniques and risks different from those associated with ordinary portfolio security transactions. In an interest rate swap, we would agree to pay to the other party to the interest rate swap (known as the counterparty) a fixed rate payment in exchange for the counterparty agreeing to pay to us a variable rate payment intended to approximate our variable rate payment obligations on outstanding leverage. The payment obligations would be based on the notional amount of the swap. In an interest rate cap, we would pay a premium to the counterparty up to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate of interest, would receive from the counterparty payments equal to the difference based on the notional amount of such cap. In an interest rate floor, we would be entitled to receive, to the extent that a specified index falls below a predetermined interest rate, payments of interest on a notional principal amount from the party selling the interest rate floor. Depending on the state of interest rates in general, our use of interest rate transactions could affect our ability to make required interest or distribution payments on our outstanding leverage. To the extent there is a decline in interest rates, the value of the interest rate transactions could decline. If the counterparty to an interest rate transaction defaults, we would not be able to use the anticipated net receipts under the interest rate transaction to offset our cost of financial leverage.

We may, but are not obligated to, enter into interest rate swap transactions intended to reduce our interest rate risk with respect to our interest and distribution payment obligations under our outstanding leverage. See Risk Factors Hedging Strategy Risk.

Effects of Leverage

The following table is designed to illustrate the effect of leverage on the return to a common stockholder, assuming hypothetical annual returns (net of expenses) of our portfolio of (10)% to 10%. As the table shows, the leverage generally increases the return to common stockholders when portfolio return is positive or greater than the cost of leverage and decreases the return when the portfolio return is negative or less than the cost of leverage. The figures appearing in the table are hypothetical, and actual returns may be greater or less than those appearing in the table.

	Assumed Portfolio Return (Net of Expenses)				
	(10)%	**(5)%**	**0%**	**5%**	**10%**
Corresponding Common Share Return	(15.27)%	(8.92)%	(2.56)%	3.79%	10.14%

If we use leverage, the amount of the fees paid to our Adviser for investment advisory and management services will be higher than if we do not use leverage because the fees paid are calculated based on our Managed Assets, which include assets purchased with leverage. Therefore, our Adviser has a financial incentive to use leverage, which creates a conflict of interest between our Adviser and our common stockholders. Because payments on any leverage would be paid by us at a specified rate, only our common stockholders would bear management fees and other expenses we incur.

We cannot fully achieve the benefits of leverage until we have invested the proceeds resulting from the use of leverage in accordance with our investment objective and policies. For further information about leverage, see Risk Factors Leverage Risk.

RISK FACTORS

Investing in our securities involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing in our securities you should consider carefully the following risks.

General. We are a newly organized non-diversified, closed-end management investment company and have no operating history or history of public trading of our common shares. We are designed primarily as a long-term investment vehicle and not as a trading tool. An investment in our securities should not constitute a complete investment program for any investor and involves a high degree of risk. Due to the uncertainty in all investments, there can be no assurance that we will achieve our investment objective.

Concentration Risk. Under normal circumstances, we will concentrate our investments in the energy infrastructure sector, and will invest in a portfolio consisting primarily of energy infrastructure MLPs and their affiliates, with an emphasis on natural gas infrastructure MLPs. Risks inherent in the business of these types of MLPs and their affiliates include the following:

The profitability of MLPs, particularly processing and pipeline MLPs, may be materially impacted by the volume of natural gas or other energy commodities available for transporting, processing, storing or distributing. A significant decrease in the production of natural gas, oil or other energy commodities, due to a decline in production from existing facilities, import supply disruption, depressed commodity prices or otherwise, would reduce revenue and operating income of MLPs and, therefore, the ability of MLPs to make distributions to partners.

Processing MLPs and propane MLPs may be directly affected by energy commodity prices. The volatility of commodity prices can indirectly affect certain other MLPs due to the impact of prices on the volume of commodities transported, processed, stored or distributed. Pipeline MLPs are not subject to direct commodity price exposure because they do not own the underlying energy commodity.

A sustained decline in demand for natural gas, crude oil, and refined petroleum products could adversely affect MLP revenues and cash flows. Factors that could lead to a decrease in market demand include a recession or other adverse economic conditions, an increase in the market price of the underlying commodity, higher taxes or other regulatory actions that increase costs, or a shift in consumer demand for such products. Demand may also be adversely impacted by consumer sentiment with respect to global warming and/or by any state or federal legislation intended to promote the use of alternative energy sources such as bio-fuels, solar and wind.

Climate change regulation could result in increased operations and capital costs for certain companies in which we invest. Voluntary initiatives and mandatory controls have been adopted or are being discussed both in the United States and worldwide to reduce emissions of greenhouse gases such as carbon dioxide, a by-product of burning fossil fuels, which some scientists and policymakers believe contribute to global climate change. These measures and future measures could result in increased costs to certain companies in which we invest to operate and maintain facilities and administer and manage a greenhouse gas emissions program and may reduce demand for fuels that generate greenhouse gases and that are managed or produced by companies in which we may invest.

A portion of any one MLP s assets may be dedicated to natural gas reserves and other commodities that naturally deplete over time, which could have a materially adverse impact on an MLP s ability to make distributions. MLPs often depend upon exploration and development activities by third parties.

MLPs employ a variety of means of increasing cash flow, including increasing utilization of existing facilities, expanding operations through new construction, expanding operations through acquisitions, or securing additional long-term contracts. Thus, some MLPs may be subject to construction risk, acquisition risk or other risk factors arising from their specific business strategies. A significant slowdown in large energy companies disposition of energy infrastructure assets and other merger and

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acquisition activity in the energy MLP industry could reduce the growth rate of cash flows that we receive from MLPs that grow through acquisitions.

The profitability of MLPs could be adversely affected by changes in the regulatory environment. Companies in the energy infrastructure sector are subject to significant federal, state provincial and local government regulation in virtually every aspect of their operations, including how facilities are constructed, maintained and operated, environmental and safety controls, and the prices they may charge for the products and services they provide. Various governmental authorities have the power to enforce compliance with these regulations and the permits issued under them, and violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Stricter laws, regulations or enforcement policies could be enacted in the future which would likely increase compliance costs and may adversely affect the financial performance of companies in the energy sector.

Extreme weather patterns, such as hurricane Ivan in 2004 and hurricane Katrina in 2005, could result in significant volatility in the supply of energy and power and could adversely impact the value of the securities of companies in which we invest. This volatility may create fluctuations in commodity prices and earnings of companies in the energy infrastructure industry.

A rising interest rate environment could adversely impact the performance of MLPs. Rising interest rates could limit the capital appreciation of equity units of MLPs as a result of the increased availability of alternative investments at competitive yields with MLPs. Rising interest rates also may increase an MLP s cost of capital. A higher cost of capital could limit growth from acquisition/expansion projects and limit MLP distribution growth rates.

Since the September 11, 2001 terrorist attacks, the U.S. Government has issued public warnings indicating that energy assets, specifically those related to pipeline infrastructure, production facilities and transmission and distribution facilities, might be specific targets of terrorist activity. The continued threat of terrorism and related military activity likely will increase volatility for prices in natural gas and oil and could affect the market for products of MLPs.

MLPs face operating risks, including the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards. Environmental hazards include pipeline ruptures, gas leaks, oil spills, or discharges of toxic gases. If any of these operating risks occur, it could cause substantial losses to the given energy company. Substantial losses may be caused by injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. In accordance with industry practice, companies in the energy infrastructure sector generally maintain insurance against some, but not all, of the risks described above, and this insurance may not be adequate to cover losses or liabilities.

Industry Specific Risk. Energy infrastructure companies also are subject to risks specific to the industry they serve.

Pipeline MLPs are subject to demand for natural gas, crude oil or refined products in the markets served by the pipeline, sharp decreases in natural gas or crude oil prices that cause producers to curtail production or reduce capital spending for exploration activities, and environmental regulation. Demand for gasoline, which accounts for a substantial portion of refined product transportation, depends on price, prevailing economic conditions in the markets served, and demographic and seasonal factors. Pipeline MLP unit prices are primarily driven by distribution growth rates and prospects for distribution growth. Pipeline MLPs are subject to regulation by FERC with respect to tariff rates these companies may charge for pipeline transportation services. An adverse determination by FERC with respect to the tariff rates of a pipeline MLP could have a material adverse effect on the business, financial condition, results of operations and cash flows of that pipeline MLP and its ability to make cash distributions to its equity owners.

The costs of natural gas pipeline MLPs to perform services may exceed the negotiated rates under negotiated rate contracts, which would decrease their cash flow available for distribution to their unitholders. Under FERC policy, a regulated service provider and a customer may mutually agree to sign a contract for service at a negotiated rate which may be above or below the FERC regulated recourse rate for that service, and that contract must be filed and accepted by FERC. These negotiated rate contracts are not generally subject to adjustment for increased costs which could be produced by inflation, increases in cost of capital and taxes or other factors relating to the specific facilities being used to perform the services. Any shortfall of revenue, representing the difference between recourse rates (if higher) and negotiated rates, under current FERC policy is generally not recoverable from other shippers. In addition, substantially all natural gas pipeline revenues are generated under contracts which expire periodically and must be renegotiated and extended or replaced. If the new terms are not as favorable as the existing contracts, natural gas pipeline MLPs could suffer a material reduction in their revenues, earnings and cash flows.

Processing MLPs are subject to declines in production of natural gas fields, which utilize the processing facilities as a way to market the gas, prolonged depression in the price of natural gas, which curtails production due to lack of drilling activity and declines in the prices of NGL products and natural gas prices, resulting in lower processing margins.

Propane MLPs are subject to earnings variability based upon weather patterns in the locations where the company operates and the wholesale cost of propane sold to end customers. Propane MLP unit prices are based on safety in distribution coverage ratios, interest rate environment and, to a lesser extent, distribution growth.

Marine shipping MLPs are subject to the demand for, and the level of consumption of, natural gas, refined petroleum products or crude oil in the markets served by the marine shipping MLPs, which in turn could affect the demand for tank vessel capacity and charter rates. These MLPs vessels and their cargoes are also subject to the risks of being damaged or lost due to marine disasters, bad weather, mechanical failures, grounding, fire, explosions and collisions, human error, piracy, and war and terrorism.

E&P MLPs are impacted by declines in the demand for and prices of natural gas, crude oil and refined petroleum products. Reductions in prices for natural gas and crude oil can cause a given reservoir to become uneconomic for continued production earlier than it would if prices were higher. The operating margins and cash flows of E&P MLPs may fluctuate widely in response to a variety of factors, including global and domestic economic conditions, weather conditions, natural disasters, the supply and price of imported energy commodities, political instability, conservation efforts and governmental regulation. The accuracy of any reserve estimate is a function of the quality of available data, the accuracy of assumptions regarding future commodity prices and costs, and engineering and geological interpretations and judgments. Due to natural declines in reserves and production, E&P MLPs must economically find or acquire and develop additional reserves in order to maintain and grow their revenues and distributions.

MLP Risk. We will invest primarily in equity securities of MLPs and their affiliates. As a result, we are subject to the risks associated with an investment in MLPs, including cash flow risk, tax risk, deferred tax risk and capital markets risk, as described in more detail below.

Cash Flow Risk. We expect to derive substantially all of our cash flow from investments in equity securities of MLPs and their affiliates. The amount of cash that we will have available to pay or distribute to holders of our securities depends on the ability of the MLPs whose securities we hold to make distributions to their partners and the tax character of those distributions. We will not control the actions of underlying MLPs. The amount of cash that each individual MLP can distribute to its partners will depend on the amount of cash it generates from operations, which will vary from quarter to quarter depending on factors affecting the energy infrastructure market generally and on factors affecting the particular business lines of the MLP. Available cash will also depend on the MLPs level of operating costs (including incentive distributions to the general partner), level of capital expenditures, debt service requirements, acquisition costs (if any), fluctuations in working capital needs and other factors.

Tax Risk of MLPs. Our ability to meet our investment objective will depend on the level of taxable income, dividends and distributions we receive from the MLPs and other securities of energy infrastructure companies in which we invest, a factor over which we have no control. The benefit that we derive from our investment in MLPs depends largely on the MLPs being treated as partnerships for federal income tax purposes. As a partnership, an MLP has no federal income tax liability at the entity level. If, as a result of a change in current law or a change in an MLP s business, an MLP were treated as a corporation for federal income tax purposes, the MLP would be obligated to pay federal income tax on its taxable income at the corporate tax rate. If an MLP were classified as a corporation for federal income tax purposes, the amount of cash available for distribution would be reduced and the distributions we receive might be taxed entirely as dividend income. Therefore, treatment of one or more MLPs as a corporation for federal income tax purposes could affect our ability to meet our investment objective and would reduce the amount of cash available to pay or distribute to holders of our securities.

Deferred Tax Risks of MLPs. As a limited partner in the MLPs in which we invest, we will be required to include in our taxable income a pro rata share of income, gains, losses and deductions from each MLP without regard to cash distributions from the MLP. Historically, a significant portion of income from such MLPs has been offset by tax deductions. We will incur a current tax liability on our share of that portion of an MLP s income and gains that is not offset by tax deductions and losses. The percentage of an MLP s income and gains which is offset by tax deductions and losses will fluctuate over time for various reasons. A significant slowdown in acquisition activity by MLPs held in our portfolio could result in a reduction of accelerated depreciation generated by new acquisitions, which may result in increased current income tax liability to us.

We will accrue deferred income taxes for any future tax liability associated with that portion of MLP distributions considered to be a tax-deferred return of capital as well as capital appreciation of our investments. Upon the sale of an MLP security, we may be liable for previously deferred taxes. We will rely to some extent on infor