TORTOISE PIPELINE & ENERGY FUND, INC.
Form N-30B-2
April 18, 2013

Tortoise
Pipeline & Energy Fund, Inc.

2013 1st Quarter Report February 28, 2013

In today s environment some investments
are more relevant than ever.

Company at a glance

Tortoise believes Tortoise Pipeline & Energy Fund, Inc. (NYSE: TTP) is the first closed-end fund that focuses particularly on the broader $400 billion+ North American pipeline universe.

Investment strategy

TTP seeks to provide stockholders with a high level of total return, with an emphasis on current distributions. Our fund focuses particularly on North American pipeline companies that transport natural gas, natural gas liquids, crude oil and refined products, and to a lesser extent, on other energy infrastructure companies.

Because of our traditional tax flow-through nature as a regulated investment company (RIC), we have the differentiated ability and flexibility to efficiently target and access traditional pipeline corporations alongside master limited partnerships (MLPs). Over 75 percent of our portfolio will generally be in companies structured as corporations or limited liability companies domiciled in the United States, Canada or United Kingdom with the remaining up to 25 percent in MLPs. We believe the broader North American pipeline universe offers strong business fundamentals and expanded growth opportunities.

We also write (sell) covered call options to seek to enhance long-term return potential across economic environments, increase current income and mitigate portfolio risk through option income. Our covered call strategy focuses on other energy infrastructure companies that we believe are integral links in the value chain for pipeline companies.

TTP seeks to provide:

Attractive total return potential with high current income in a defensive sector

Access to real, long-lived pipeline assets essential to the functioning of the US economy

Exposure to expanded energy infrastructure growth projects that connect new areas of supply with demand

Ability to efficiently invest across North American pipeline universe through traditional tax flow-through fund structure

Investor simplicity through one 1099, no K-1s, no unrelated business taxable income, IRA suitability

Expertise of Tortoise Capital Advisors, a leading and pioneering energy infrastructure investment firm

Portfolio statistics by ownership structure

Portfolio statistics by asset type

March 31, 2013

Dear Fellow Stockholders,

Following some weakness in December, the calendar year kicked off with a broad-based rally as most equity markets around the world responded favorably to Washington s successful avoidance of the fiscal cliff. Bullish economic data in the U.S. housing market, strong corporate earnings, continued low interest rates and an uptick in manufacturing further bolstered investor confidence. Momentum continued throughout the quarter, with the markets largely ignoring a second potential cliff sequestration which resulted from ongoing political gridlock in our nation s capital.

Likewise, our fiscal quarter ended Feb. 28, 2013 was a strong one for pipeline companies, which continued to demonstrate healthy growth, produce steady cash flows and benefit from increasing North American energy production.

Pipeline sector review and outlook

During our first fiscal quarter, the Tortoise North American Pipeline Index[SM] posted an 8.0 percent total return, with the bulk of the performance delivered in January as markets rebounded due to greater clarity as the first fiscal cliff was averted. Reversing last year s relative underperformance, pipeline companies outperformed the S&P 500 Index®, which gained 7.6 percent in total return for the same period.

The dramatic change taking place in North American energy production continues to be a significant driver of growth for the midstream portion of the energy value chain and, more specifically, pipeline companies. U.S. crude oil production is increasingly displacing imports, with production up 40 percent since 2008, as noted by the IHS, a global provider of market and economic information. According to the U.S. Energy Information Administration, the U.S. is expected to produce 7.3 million barrels per day in 2013, up from 6.5 million in 2012. This vigorous activity continues to spur aggressive pipeline infrastructure build-out. We project more than $87 billion in total pipeline projects through 2014.

Capital markets remained very active and supportive, as MLP and pipeline companies raised approximately $11.2 billion in equity and $13.0 billion in debt in the first fiscal quarter. Merger and acquisition (M&A) also has been healthy. A total of $17.9 billion in MLP and pipeline transactions was announced during the fiscal quarter, the largest of which was Kinder Morgan Energy Partners $5 billion pending acquisition of Copano Energy, L.L.C., a gathering and processing MLP. The deal s healthy premium drove further M&A speculation in the gathering and processing sector during the quarter.

Fund performance review

Our total assets, net of pending trades, increased from $335.9 million on Nov. 30, 2012, to $361.5 million on Feb. 28, 2013, resulting primarily from market appreciation of our investments. Our market-based total return to stockholders for the first fiscal quarter was 14.1 percent and our NAV-based total return was 11.0 percent per share (both including the reinvestment of distributions). The difference between our market value total return as compared to our NAV total return reflected a narrowing in the market s discount of our stock price relative to our NAV during the period.

During the quarter, our positive asset performance was driven by our exposure to gathering and processing pipeline companies, which were helped by the aforementioned M&A activity and sector speculation as well as by increased natural gas liquids volumes. Our investments in refined product pipeline companies also contributed positively to performance, as they benefitted from an inflation escalator and stable demand. Our exposure to independent energy companies with ancillary businesses supporting our covered call strategy also positively influenced performance during the quarter. Although a low volatility environment reduced our relative net call option premium income, we maintained our average out-of-the-money percentage.

We also completed direct placement investments in Inergy Midstream, L.P. and Rose Rock Midstream, L.P., which together totaled $2.6 million. Inergy Midstream is a natural gas storage and transportation business acquiring logistical assets in the Bakken, while Rose Rock Midstream is a crude oil gathering, transportation and storage business that is acquiring an interest in a pipeline linking the Niobrara shale in the Rockies to Cushing, Okla.

(unaudited)

We paid a distribution of $0.4075 per common share ($1.63 annualized) to our stockholders on March 1, 2013, in line with the previous quarter s distribution and an increase of 0.3 percent year over year. This distribution represented an annualized yield of 6.0 percent based on our fiscal quarter closing price of $27.15. We will provide expectations for the tax characterization of our 2013 distributions later in the year. A final determination of the characterization will be made in January 2014.

We ended the first fiscal quarter with leverage (including bank debt, senior notes and preferred stock) at 22.0 percent of total assets, below our long-term target of 25 percent. This provides us flexibility in managing the portfolio across market cycles and allows us to add leverage when compelling opportunities arise. As of Feb. 28, 2013, our leverage had a weighted average maturity of 4.3 years and a weighted average cost of 3.03 percent, with approximately 69 percent at fixed rates.

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

Conclusion

Please join us for our annual stockholders meeting on May 30, 2013 at 10 a.m. Central time at our offices located at 11550 Ash St., Suite 300, in Leawood, Kan. If you are unable to attend the meeting, you can join us via the closed-end fund section of our Web site at www.tortoiseadvisors.com. We have recently redesigned the site to better serve you, and we welcome your feedback about its new features and functionality.

Sincerely,

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

The Managing Directors
Tortoise Capital Advisors, L.L.C.
The adviser to Tortoise Pipeline & Energy Fund, Inc.

The Tortoise North American Pipeline Index℠ is a float-adjusted, capitalization-weighted index of pipeline companies domiciled in the U.S. and Canada. The S&P 500 Index® is an unmanaged market-value weighted index of stocks, which is widely regarded as the standard for measuring large-cap U.S. stock market performance.

(unaudited)

Key Financial Data (supplemental unaudited information)
(dollar amounts in thousands unless otherwise indicated)

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

	2012				2013
	Q1(1)	Q2(1)	Q3(1)	Q4(1)	Q1(1)
Total Income from Investments					
Distributions received from investments	$ 2,843	$ 2,902	$ 2,952	$ 3,042	$ 3,031
Less foreign withholding taxes	(53)	(49)	(49)	(50)	(49)
Dividends paid in stock	500	517	537	553	570
Net premiums on options written	2,261	2,231	2,189	1,946	1,728
Interest and dividend income	3			1	
Total from investments	5,554	5,601	5,629	5,492	5,280
Operating Expenses Before Leverage Costs					
Advisory fees, net of fees waived	693	714	694	718	759
Other operating expenses	156	126	137	124	146
	849	840	831	842	905
Distributable cash flow before leverage costs	4,705	4,761	4,798	4,650	4,375
Leverage costs(2)	599	629	629	632	625
Distributable Cash Flow(3)	$ 4,106	$ 4,132	$ 4,169	$ 4,018	$ 3,750
Net realized gain (loss) on investments and foreign currency translation, for the period	$ (961)	$ (7)	$ (442)	$ 10,854	$ 1,296
As a percent of average total assets(4)					
Total from investments	6.73%	6.60%	6.83%	6.48%	6.13%
Operating expenses before leverage costs	1.03%	0.99%	1.01%	0.99%	1.05%
Distributable cash flow before leverage costs	5.70%	5.61%	5.82%	5.49%	5.08%
As a percent of average net assets(4)					
Total from investments	8.81%	8.69%	9.10%	8.52%	8.05%
Operating expenses before leverage costs	1.35%	1.30%	1.34%	1.31%	1.38%
Leverage costs and current taxes	0.95%	0.98%	1.02%	0.98%	0.95%
Distributable cash flow	6.51%	6.41%	6.74%	6.23%	5.72%
Selected Financial Information					
Distributions paid on common stock	$ 4,064	$ 4,064	$ 4,077	$ 4,077	$ 4,077
Distributions paid on common stock per share	0.40625	0.40625	0.40750	0.40750	0.40750
Total assets, end of period	345,953	319,074	334,671	374,855	361,540
Average total assets during period(5)	331,879	337,565	327,931	340,698	349,310
Leverage(6)	75,200	75,700	77,100	81,600	79,700
Leverage as a percent of total assets	21.7%	23.7%	23.0%	21.8%	22.0%
Net unrealized appreciation, end of period	32,630	6,977	24,357	16,909	43,584
Net assets, end of period	265,034	237,754	251,748	252,508	276,211
Average net assets during period(7)	253,480	256,553	245,989	259,294	266,070
Net asset value per common share	26.49	23.77	25.16	25.24	27.61
Market value per common share	24.92	23.24	25.00	24.15	27.15
Shares outstanding (actual)	10,004,200	10,004,200	10,004,200	10,004,200	10,004,200

(1) Q1 is the period from December through February. Q2 is the period from March through May. Q3 is the period from June through August. Q4 is the period from September through November.
(2) Leverage costs include interest expense, distributions to preferred stockholders and other recurring leverage expenses.
(3) Net investment income on the Statement of Operations is adjusted as follows to reconcile to Distributable Cash Flow (DCF): increased by net premiums on options written, the return of capital on MLP distributions, the value of paid-in-kind distributions, and amortization of debt issuance costs.
(4) Annualized for periods less than one full year.
(5) Computed by averaging month-end values within each period.
(6) Leverage consists of long-term debt obligations, preferred stock and short-term borrowings.
(7) Computed by averaging daily net assets for the period.

Management s Discussion (unaudited)

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

Overview

Tortoise Pipeline & Energy Fund, Inc. s (TTP) primary investment objective is to provide a high level of total return, with an emphasis on current distributions. We seek to provide stockholders an efficient vehicle to invest in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We focus primarily on pipeline companies that engage in the business of transporting natural gas, natural gas liquids (NGLs), crude oil and refined petroleum products, and, to a lesser extent, on other energy infrastructure companies. Energy infrastructure companies own and operate a network of asset systems that transport, store, distribute, gather, process, explore, develop, manage or produce crude oil, refined petroleum products (including biodiesel and ethanol), natural gas or NGLs or that provide electrical power generation (including renewable energy), transmission and/or distribution. We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio.

TTP is a registered non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act), and expects to qualify as a regulated investment company (RIC) under the U.S. Internal Revenue Code of 1986, as amended (the Code). Tortoise Capital Advisors, L.L.C. (the Adviser) serves as investment adviser.

Company update

Market values of our investments increased during the quarter, contributing to an increase in net assets of approximately $23.7 million since November 30, 2012. Distribution increases from our investments were in line with our expectations while an increase in average total assets during the quarter resulted in increased asset-based expenses. We maintained our quarterly distribution of $0.4075 per share. Additional information on these events and results of our operations are discussed below.

Critical accounting policies

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

Determining distributions to stockholders

We pay quarterly distributions based primarily upon our current and estimated future distributable cash flow (DCF). In addition, and to the extent that the sum of our net investment company taxable income and net realized gains from investments exceed our quarterly distributions, we intend to make an additional distribution to common stockholders in the last quarter of the calendar year in order to avoid being subject to U.S. federal income taxes. Our Board of Directors reviews the distribution rate quarterly and may adjust the quarterly distribution throughout the year.

Determining DCF

DCF is income from investments less expenses. Income from investments includes the amount we receive as cash or paid-in-kind distributions from common stock, MLPs, affiliates of MLPs, and pipeline and other energy companies in which we invest, and dividend payments on short-term investments we own. Income also includes the premiums received from sales of covered call options, net of amounts paid to buy back out of the money options. The total expenses include current or anticipated operating expenses and leverage costs. Each are summarized for you in the Key Financial Data table and are discussed in more detail below.

The Key Financial Data table discloses the calculation of DCF and should be read in conjunction with this discussion. The difference between income from investments in the DCF calculation and total investment income as reported in the Statement of Operations, is reconciled as follows: (1) the Statement of Operations, in conformity with U.S. generally accepted accounting principles (GAAP), recognizes distributions and dividend income from MLPs and common stock on their ex-dates, whereas the DCF calculation may

Management s Discussion (unaudited)
(continued)

reflect distributions and dividend income on their pay dates; (2) GAAP recognizes that a significant portion of the cash distributions received from MLPs are characterized as a return of capital and therefore excluded from investment income, whereas the DCF calculation includes the return of capital; (3) income from investments in the DCF calculation includes the value of dividends paid-in-kind (additional stock or units), whereas such amounts are not included as income for GAAP purposes; and (4) net premiums on options written (premiums received less amounts paid to buy back out of the money options) with expiration dates during our fiscal quarter are included in the DCF calculation, whereas GAAP recognizes the net effect of options written as realized and unrealized gains (losses). A reconciliation of Net Investment Income to DCF is included below.

Income from investments

We seek to achieve our investment objectives by investing in a portfolio consisting primarily of equity securities of pipeline and other energy infrastructure companies. We evaluate each holding based upon its contribution to our investment income and its risk relative to other potential investments.

We focus primarily on pipeline companies that engage in the business of transporting natural gas, NGLs, crude oil and refined products through pipelines, and, to a lesser extent, on other energy infrastructure companies. These pipeline companies own and operate long haul, gathering and local gas distribution pipelines.

We also seek to provide current income from gains earned through a covered call option strategy, which consists of writing (selling) call options on selected equity securities in our portfolio. We focus our covered call strategy on other energy infrastructure companies that we believe are integral links in the energy infrastructure value chain for pipeline companies.

Total distributions received from our investments and option strategy for the 1st quarter 2013 was approximately $5.3 million. This reflects earnings on our investments of $3.6 million and net premiums on options written of approximately $1.7 million. While the dividends and distributions from our long-term investments increased slightly from 4th quarter 2012, total received from investments declined approximately 3.9 percent due to lower net premiums on options written during the quarter. On an annualized basis, the total received from investments equates to 6.13 percent of our average total assets for the quarter.

Expenses

We incur two types of expenses: (1) operating expenses, consisting primarily of the advisory fee; and (2) leverage costs. On a percentage basis, operating expenses before leverage costs were an annualized 1.05 percent of average total assets for the 1st quarter 2013, an increase of 0.02 percent as compared to 1st quarter 2012 and an increase of 0.06 percent as compared to the 4th quarter 2012. The increase in the operating expense ratio is primarily due to the reduction in the Advisory fee waiver rate during the 1st quarter 2012. While the contractual advisory fee is 1.10 percent of average monthly managed assets, the Adviser waived an amount equal to 0.25 percent of average monthly managed assets through December 31, 2012, and has agreed to waive an amount equal to 0.20 percent of average monthly managed assets for calendar year 2013 and 0.15 percent of average monthly managed assets for calendar year 2014. Other operating expenses increased as compared to 4th quarter 2012, primarily as a result of increased professional fees during the quarter.

Leverage costs consist of two major components: (1) the direct interest expense on our senior notes and short-term credit facility, and (2) distributions to preferred stockholders. Other leverage expenses include rating agency fees and commitment fees. Total leverage costs for DCF purposes were approximately $0.6 million for the 1st quarter 2013, a slight decrease as compared to 4th quarter 2012.

The weighted average annual rate of our leverage at February 28, 2013 was 3.03 percent including balances on our bank credit facility which accrue interest at a variable rate equal to one-month LIBOR plus 1.25 percent. Our weighted average rate may vary in future periods as a result of changes in LIBOR, the utilization of our credit facility, and as our leverage matures or is redeemed. Additional information on our leverage is included in the Liquidity and Capital Resources discussion below.

Distributable cash flow and capital gains

For 1st quarter 2013, our DCF was approximately $3.75 million, a decrease of 6.7 percent as compared to 4th quarter 2012. This decrease is the net result of the changes in income and expenses as described above. This equates to an annualized rate of 5.08 percent of average total assets for the quarter and 5.72 percent of average net assets for the quarter. In addition, we had net realized gains on investments of approximately $1.3 million during the quarter.

Management s Discussion (unaudited)
(continued)

We declared a distribution of approximately $4.1 million for 1st quarter 2013. On a per share basis, we declared a $0.4075 distribution on February 11, 2013, unchanged from the 4th quarter 2012.

Net Investment Income on the Statement of Operations is adjusted as follows to reconcile to DCF for 1st quarter 2013 (in thousands):

	1st Qtr 2013
Net Investment Income	$ 347
Adjustments to reconcile to DCF:	
Net premiums on options written	1,728
Distributions characterized as return of capital	1,078
Dividends paid in stock	570
Amortization of debt issuance costs	27
DCF	$ 3,750

Liquidity and capital resources

We had total assets of $362 million at quarter-end. Our total assets reflect the value of our investments, which are itemized in the Schedule of Investments. It also reflects cash, interest and dividends receivable and any expenses that may have been prepaid. During 1st quarter 2013, total assets increased approximately $25.6 million (net of pending trades at November 30, 2012). This change was primarily the result of a $26.8 million increase in the value of our investments as reflected by the change in realized and unrealized gains on investments (excluding return of capital on distributions) and net sales during the quarter of $1.4 million.

Total leverage outstanding at February 28, 2013 was $79.7 million, a decrease of $1.9 million as compared to November 30, 2012. On an adjusted basis to reflect the timing of the payment of our 1st quarter 2013 distribution, leverage increased approximately $2.2 million. Outstanding leverage is comprised of $49 million in senior notes, $16 million in preferred shares and $14.7 million outstanding under the credit facility, with 69 percent of leverage with fixed rates and a weighted average maturity of 4.3 years. Total leverage represented 22.0 percent of total assets at February 28, 2013, as compared to 21.8 percent as of November 30, 2012. This is below our long-term target level of 25 percent of total assets, allowing the opportunity to add leverage when compelling investment opportunities arise. Temporary increases to up to 30 percent of our total assets may be permitted, provided that such leverage is consistent with the limits set forth in the 1940 Act, and that such leverage is expected to be reduced over time in an orderly fashion to reach our long-term target. Our leverage ratio is impacted by increases or decreases in investment values, issuance of equity and/or the sale of securities where proceeds are used to reduce leverage.

Our longer-term leverage (excluding our bank credit facility) of $65 million is comprised of 75 percent private placement debt and 25 percent private placement preferred equity with a weighted average fixed rate of 3.35 percent and remaining weighted average laddered maturity of approximately 5.2 years.

We use leverage to acquire equity investments consistent with our investment philosophy. The terms of our leverage are governed by regulatory and contractual asset coverage requirements that arise from the use of leverage. Additional information on our leverage and asset coverage requirements is discussed in Notes 10, 11 and 12 in the Notes to Financial Statements. Our coverage ratios are updated each week on our Web site at www.tortoiseadvisors.com.

Taxation of our distributions

We expect that distributions paid on common shares will generally consist of: (i) investment company taxable income (ICTI) which includes ordinary income net of deductions plus any short-term capital gains in excess of net long-term capital losses (under current law, distributions of ICTI may be designated as qualified dividend income (QDI) to the extent of any QDI received from our investment in common stocks); (ii) long-term capital gain (net gain from the sale of a capital asset held longer than 12 months over net short-term capital losses) and (iii) return of capital. The QDI and long-term capital gain tax rates are variable based on the taxpayer s taxable income.

We may designate a portion of our quarterly distributions as capital gains and we may also distribute additional capital gains in the last calendar quarter if necessary to meet minimum distribution requirements and to avoid being subject to excise taxes. If, however, we elect to retain any capital gains, we will be subject to U.S. capital gains taxes. The payment of those taxes will flow-through to stockholders as a tax credit to apply against their U.S. income tax payable on the deemed distribution of the retained capital gain.

For tax purposes, distributions paid to common stockholders for the calendar year ended December 31, 2012 were approximately 37 percent QDI, 21 percent ordinary dividend income, 22 percent long-term capital gain, and 20 percent return of capital. A holder of our common stock would reduce their cost basis for income tax purposes by the amount designated as return of capital. This information is reported to stockholders on Form 1099-DIV and is available on our Web site at www.tortoiseadvisors.com.

Schedule of Investments (unaudited)

February 28, 2013

	Shares	Fair Value
Common Stock 86.0%(1)		
Crude/Refined Products Pipelines 6.0%(1)		
Canada 6.0%(1)		
Enbridge Inc.	268,300	$ 11,955,448
Pembina Pipeline Corporation	168,800	4,737,040
		16,692,488
Local Distribution Companies 12.3%(1)		
United States 12.3%(1)		
CenterPoint Energy, Inc.	728,600	15,613,898
NiSource Inc.	663,200	18,370,640
		33,984,538
Marine Transportation 2.2%(1)		
Republic of the Marshall Islands 2.2%(1)		
Teekay Offshore Partners L.P.	223,330	6,251,007
Natural Gas Gathering Pipelines 3.7%(1)		
United States 3.7%(1)		
Targa Resources Corp.	166,600	10,162,600
Natural Gas Pipelines 40.9%(1)		
Canada 6.3%(1)		
Keyera Corp.	17,550	926,640
TransCanada Corporation	350,500	16,301,755
United States 34.6%(1)		
Kinder Morgan, Inc.	266,000	9,860,620
National Fuel Gas Company	13,400	779,746
ONEOK, Inc.	373,900	16,821,761
Questar Corporation	330,750	7,775,932
Spectra Energy Corp	910,300	26,435,112
Williams Companies, Inc.	978,950	33,979,354
		112,880,920
Oil and Gas Production 19.8%(1)		
United Kingdom 1.0%(1)		
BP p.l.c. (ADR)(2)	68,500	2,767,400
United States 18.8%(1)		
Anadarko Petroleum Corporation(2)	63,200	5,029,456
Apache Corporation(2)	50,900	3,780,343
Chevron Corporation	13,300	1,558,095
Continental Resources, Inc.(2)(3)	38,800	3,414,400
Denbury Resources Inc.(2)(3)	184,600	3,344,952
Devon Energy Corporation(2)	48,800	2,647,888
EOG Resources, Inc.(2)	27,100	3,406,741
Exxon Mobil Corporation	16,900	1,513,395
Hess Corporation(2)	49,000	3,258,500
Marathon Oil Corporation(2)	150,400	5,038,400
Newfield Exploration Company(2)(3)	119,300	2,758,216
Occidental Petroleum Corporation(2)	49,200	4,050,636
Pioneer Natural Resources Company(2)	41,800	5,258,858
Range Resources Corporation(2)	43,100	3,310,080
Whiting Petroleum Corporation(2)(3)	71,900	3,501,530
		54,638,890
Refining 1.1%(1)		
United States 1.1%(1)		
HollyFrontier Corporation(2)	52,400	2,944,880
Total Common Stock (Cost $208,675,213)		237,555,323
Master Limited Partnerships and Related Companies 44.3%(1)		
Crude/Refined Products Pipelines 15.3%(1)		
United States 15.3%(1)		
Buckeye Partners, L.P.	48,796	2,717,937

Enbridge Energy Management, L.L.C.(4)	465,647	12,726,130
Holly Energy Partners, L.P.	63,900	2,636,514
Magellan Midstream Partners, L.P.	76,700	3,847,272
MPLX LP	102,268	3,343,141
Plains All American Pipeline, L.P.	240,400	13,161,900
Rose Rock Midstream, L.P.	28,714	976,276
Sunoco Logistics Partners L.P.	45,800	2,863,874
		42,273,044

See accompanying Notes to Financial Statements.

Schedule of Investments (unaudited) (continued)
February 28, 2013

	Shares	Fair Value
Natural Gas/Natural Gas Liquids Pipelines 21.8%[1]		
United States 21.8%[1]		
Energy Transfer Partners, L.P.	179,900	$ 8,619,009
Enterprise Products Partners L.P.	175,093	9,922,520
Inergy Midstream, L.P.	82,000	1,963,080
Inergy Midstream, L.P.[5]	83,333	1,929,992
Kinder Morgan Management, LLC[4]	252,704	20,931,492
ONEOK Partners, L.P.	82,000	4,494,420
Regency Energy Partners LP	219,600	5,224,284
Williams Partners L.P.	141,800	7,047,460
		60,132,257
Natural Gas Gathering/Processing 7.2%[1]		
United States 7.2%[1]		
Access Midstream Partners, L.P.	119,700	4,457,628
Copano Energy, L.L.C.	48,265	1,861,098
DCP Midstream Partners, LP	36,350	1,476,901
MarkWest Energy Partners, L.P.	59,850	3,421,625
Southcross Energy Partners, L.P.	39,112	896,056
Targa Resources Partners LP	84,825	3,493,942
Western Gas Equity Partners, LP	61,652	2,094,319
Western Gas Partners LP	42,905	2,352,910
		20,054,479
Total Master Limited Partnerships and Related Companies (Cost $108,001,300)		122,459,780
Short-Term Investment 0.1%[1]		
United States Investment Company 0.1%[1]		
Fidelity Institutional Money Market Portfolio Class I, 0.12%[6] (Cost $271,724)	271,724	271,724
Total Investments 130.4%[1] (Cost $316,948,237)		360,286,827
Long-Term Debt Obligations (17.7%)[1]		(49,000,000)
Mandatory Redeemable Preferred Stock at Liquidation Value (5.8%)[1]		(16,000,000)
Total Value of Options Written (Premiums received $520,575) (0.1%)[1]		(273,042)
Other Assets and Liabilities (6.8%)[1]		(18,803,133)
Total Net Assets Applicable to Common Stockholders 100.0%[1]		$ 276,210,652

(1) Calculated as a percentage of net assets applicable to common stockholders.
(2) All or a portion of the security represents cover for outstanding call option contracts written.
(3) Non-income producing security.
(4) Security distributions are paid-in-kind.
(5) Restricted securities have been fair valued in accordance with procedures approved by the Board of Directors and have a total fair value of $1,929,992, which represents 0.7% of net assets. See Note 7 to the financial statements for further disclosure.
(6) Rate indicated is the current yield as of February 28, 2013.
Key to abbreviation
ADR = American Depository Receipts

See accompanying Notes to Financial Statements.

Schedule of Options Written (unaudited)

February 28, 2013

Call Options Written	Expiration Date	Strike Price	Contracts	Fair Value
Anadarko Petroleum Corporation	March 2013	$ 87.50	626	$ (14,398)
Apache Corporation	March 2013	82.50	509	(2,036)
BP p.l.c. (ADR)	March 2013	44.00	685	(6,165)
Continental Resources, Inc.	March 2013	90.00	388	(36,860)
Denbury Resources Inc.	March 2013	20.00	1,846	(9,230)
Devon Energy Corporation	March 2013	62.50	488	(1,464)
EOG Resources, Inc.	March 2013	140.00	271	(2,168)
Hess Corporation	March 2013	72.50	490	(10,290)
HollyFrontier Corporation	March 2013	58.50	524	(28,820)
Marathon Oil Corporation	March 2013	36.00	1,504	(7,520)
Newfield Exploration Company	March 2013	29.00	1,193	(3,579)
Occidental Petroleum Corporation	March 2013	90.00	484	(1,452)
Pioneer Natural Resources Company	March 2013	140.00	418	(6,270)
Range Resources Corporation	March 2013	75.00	431	(124,990)
Whiting Petroleum Corporation	March 2013	52.50	712	(17,800)
Total Value of Call Options Written				
(Premiums received $520,575)				$ (273,042)

Key to abbreviation
ADR = American Depository Receipts

See accompanying Notes to Financial Statements.

Statement of Assets & Liabilities (unaudited)
February 28, 2013

Assets	
Investments at fair value (cost $316,948,237)	$360,286,827
Receivable for Adviser fee waiver	115,351
Dividends receivable	641,245
Prepaid expenses and other assets	497,058
Total assets	361,540,481
Liabilities	
Options written, at fair value (premiums received $520,575)	273,042
Payable to Adviser	634,430
Distribution payable to common stockholders	4,076,711
Accrued expenses and other liabilities	645,646
Short-term borrowings	14,700,000
Long-term debt obligations	49,000,000
Mandatory redeemable preferred stock ($25.00 liquidation value per share; 640,000 shares outstanding)	16,000,000
Total liabilities	85,329,829
Net assets applicable to common stockholders	$276,210,652
Net Assets Applicable to Common Stockholders	
Consist of:	
Capital stock, $0.001 par value; 10,004,200 shares issued and outstanding (100,000,000 shares authorized)	$ 10,004
Additional paid-in capital	233,053,475
Accumulated net realized loss	(436,635)
Net unrealized appreciation	43,583,808
Net assets applicable to common stockholders	$276,210,652
Net Asset Value per common share outstanding (net assets applicable to common stock, divided by common shares outstanding)	$ 27.61

Statement of Operations (unaudited)
Period from December 1, 2012 through February 28, 2013

Investment Income	
Distributions from master limited partnerships	$ 1,173,611
Less return of capital on distributions	(1,078,463)
Net distributions from master limited partnerships	95,148
Dividends from common stock (net of foreign taxes withheld of $49,045)	1,808,713
Dividends from money market mutual funds	69
Total Investment Income	1,903,930
Operating Expenses	
Advisory fees	944,940
Professional fees	35,608
Administrator fees	34,739
Directors fees	19,069
Stockholder communication expenses	15,436
Fund accounting fees	12,365
Registration fees	6,304
Custodian fees and expenses	4,996
Stock transfer agent fees	2,901
Other operating expenses	14,225
Total Operating Expenses	1,090,583
Leverage Expenses	
Interest expense	440,377
Distributions to mandatory redeemable preferred stockholders	171,600
Amortization of debt issuance costs	27,374

Other leverage expenses	13,299
Total Leverage Expenses	652,650
Total Expenses	1,743,233
Less fees waived by Adviser	(185,921)
Net Expenses	1,557,312
Net Investment Income	346,618
Realized and Unrealized Gains (Losses)	
Net realized gain on investments, including foreign currency gain (loss)	1,296,290
Net realized loss on options	(538,658)
Net realized loss on foreign currency and translation of other assets and liabilities denominated in foreign currency	(136)
Net realized gain	757,496
Net unrealized appreciation of investments, including foreign currency gain (loss)	26,617,558
Net unrealized appreciation of options	60,571
Net unrealized depreciation of other assets and liabilities due to foreign currency translation	(2,947)
Net unrealized appreciation	26,675,182
Net Realized and Unrealized Gains	27,432,678
Net Increase in Net Assets Applicable to Common Stockholders Resulting from Operations	$ 27,779,296

See accompanying Notes to Financial Statements.

Statement of Changes in Net Assets

	Period from December 1, 2012 through February 28, 2013 (unaudited)	Year Ended November 30, 2012
Operations		
Net investment income	$ 346,618	$ 1,236,571
Net realized gain	757,496	12,411,737
Net unrealized appreciation	26,675,182	10,877,359
Net increase in net assets applicable to common stockholders resulting from operations	27,779,296	24,525,667
Distributions to Common Stockholders		
Net investment income	(2,050,928)	(2,382,329)
Net realized gain		(10,673,567)
Return of capital	(2,025,783)	(3,225,940)
Total distributions to common stockholders	(4,076,711)	(16,281,836)
Total increase in net assets applicable to common stockholders	23,702,585	8,243,831
Net Assets		
Beginning of period	252,508,067	244,264,236
End of period	$276,210,652	$252,508,067
Undistributed net investment income, end of period	$	$ 1,704,310

See accompanying Notes to Financial Statements.

Statement of Cash Flows (unaudited)

Period from December 1, 2012 through February 28, 2013

Cash Flows From Operating Activities		
Distributions received from master limited partnerships	$	1,173,611
Dividend income received		1,812,295
Purchases of long-term investments		(59,432,678)
Proceeds from sales of long-term investments		60,763,552
Purchases of short-term investments, net		(216,492)
Call options written, net		(728,358)
Interest expense paid		(442,655)
Distributions to mandatory redeemable preferred stockholders		(171,600)
Operating expenses paid		(857,675)
Net cash provided by operating activities		1,900,000
Cash Flows From Financing Activities		
Advances from revolving line of credit		5,500,000
Repayments on revolving line of credit		(7,400,000)
Net cash used in financing activities		(1,900,000)
Net change in cash		
Cash beginning of period		
Cash end of period	$	
Reconciliation of net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities		
Net increase in net assets applicable to common stockholders resulting from operations	$	27,779,296
Adjustments to reconcile net increase in net assets applicable to common stockholders resulting from operations to net cash provided by operating activities:		
Purchases of long-term investments		(20,484,090)
Proceeds from sales of long-term investments		21,839,899
Purchases of short-term investments, net		(216,492)
Call options written, net		(728,358)
Return of capital on distributions received		1,078,463
Net unrealized appreciation		(26,675,182)
Net realized gain		(757,496)
Amortization of debt issuance costs		27,374
Changes in operating assets and liabilities:		
Decrease in dividends receivable		3,514

&nbs